



31 January 2011

**Quarterly Activities Report  
Quarter Ended 31 December 2010**

**December 2010 Quarter Highlights**

- Quarterly gold production targets achieved with production increasing to 21,480 ounces
- Modder East cash costs maintained at US\$ 467/oz
- Net cash flow from operations increased by 70% to US\$ 8.35 million
- Cash and gold receivables balance increased by 26% to US\$ 11.55 million
- US\$ 18 million profit before tax for the 2010 financial year, based on unaudited financials
- On-reef development of 270 metres continues to expose ore at 14.6 grams per tonne over an optimised mining width of 147 centimetres
- Excellent plant recoveries maintained at 96%
- 63% increase in Modder East mine life to 13 years total life (until 2022)
- Substantial increase in group mineral resources to 21.71 million ounces, including a 96% increase in measured and indicated resources and a 41% increase in inferred resources (refer to detailed resource table in report)
- Excellent 2010 safety performance resulting in a progressive LTIFR of 0.48 per 200,000 hours
- Convertible bondholders unanimously confirm that they will not exercise their once-off put option to redeem their bonds for cash

**March 2011 Quarter Outlook**

- On track for March quarter production guidance of 25,000 ounces
- Ongoing exploration drilling at Venterburg to continue with a pre-feasibility study due to be completed by end of March 2011
- Modder East shoreline extension drilling programme to resume
- General meeting for White Water Resources shareholders to approve the Goliath Gold transaction is targeted to take place during the March 2011 quarter

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**December Quarter 2010 Key Performance Data  
(Average Exchange Rate of ZAR 6.93 / US\$ 1)**

| <b>December 2010 Quarter</b>      | <b>Modder East</b> | <b>Sub Nigel</b> | <b>Total</b> | <b>September 2010 Quarter</b> |
|-----------------------------------|--------------------|------------------|--------------|-------------------------------|
| Ore Mined Underground             | 96,332 t           | 15,349 t         | 111,681 t    | 98,793 t                      |
| Mined Grade                       | 6.94 g/t           | 2.74 g/t         | 6.36 g/t     | 7.12 g/t                      |
| Milled Tonnes                     | 96,916 t           | 17,456 t         | 114,372 t    | 99,064 t                      |
| Recovered Grade                   | 6.49 g/t           | 2.26 g/t         | 5.84 g/t     | 6.12 g/t                      |
| Gold Recovery                     | 96%                | 92%              | 95.7%        | 96.1%                         |
| Gold Produced                     | 20,211 oz          | 1,269 oz         | 21,480 oz    | 19,470 oz                     |
| Modder East Cash Cost             | US\$ 467/oz        |                  |              | US\$ 483/oz                   |
| Modder East Cash and Capital Cost | US\$ 914/oz        |                  |              | US\$ 945/oz                   |
| Group Development and Capex       | US\$ 9.08 million  |                  |              | US\$ 8.48 million             |
| Group Gold Revenue                | US\$ 29.2 million  |                  |              | US\$ 23.5 million             |
| Average Gold Price Received       | US\$ 1,370/oz      |                  |              | US\$ 1,235/oz                 |

**2010 Annual Key Performance Data  
(Average Exchange Rate of ZAR 7.34 / US\$ 1)**

| <b>2010 Financial Year</b>        | <b>Modder East</b> | <b>Sub Nigel</b> | <b>Total</b>       |
|-----------------------------------|--------------------|------------------|--------------------|
| Ore Mined Underground             | 301,481 t          | 46,847 t         | 348,328 t          |
| Mined Grade                       | 7.58 g/t           | 3.11 g/t         | 6.98 g/t           |
| Milled Tonnes                     | 292,908 t          | 54,397 t         | 347,305 t          |
| Recovered Grade                   | 6.63 g/t           | 2.28 g/t         | 5.95 g/t           |
| Gold Recovery                     | 96%                | 92%              | 95.9%              |
| Gold Produced                     | 62,404 oz          | 3,980 oz         | 66,445 oz*         |
| Modder East Cash Cost             | US\$ 484/oz        |                  |                    |
| Modder East Cash and Capital Cost | US\$ 968/oz        |                  |                    |
| Group Development and Capex       |                    |                  | US\$ 31.46 million |
| Group Gold Revenue                |                    |                  | US\$ 81.91 million |
| Average Gold Price Received       |                    |                  | US\$ 1,252/oz      |
|                                   |                    |                  |                    |

\*An additional 61 ounces were produced from low grade surface stockpile material during the March 2010 quarter

**1. CEO's Review**

Gold One ended the 2010 financial year with a positive quarter that featured both continued build up in production levels from Modder East, upgraded resources for our Megamine and Ventersburg projects and increased resources and reserves at Modder East. These achievements have formed a solid foundation for the company as we enter 2011.

Production ramp up at Modder East continued during the quarter with outputs now approaching 40,000 tonnes per month and 10,000 square meters per month. During the quarter under review, Gold One produced 21,480 ounces, resulting in a total gold production of 66,445 ounces for 2010. The production results for the quarter under review were particularly pleasing given that operations essentially ceased on 23 December, resulting in only 91% of the quarter being available for production.

Development and development efficiencies continue to increase with an ever increasing number of development ends and attack points. Increased on-reef development has increased available face length such that, at the end of December 2010, Modder East had effectively opened up sufficient reserves to support our planned production profile for a period in excess of six months should no further development take place. This level of flexibility, combined with the continuous build up in production levels at Modder East, underpins our confidence in achieving our production guidance of 120,000 ounces for 2011.

While it is disappointing that annual production for 2010 was lower than initial guidance after the 5-week strike in April, I am pleased to report that our cost guidance is well on track. Fourth quarter cash costs of US\$ 467/oz were achieved in a strong exchange rate environment of ZAR 6.93 / US\$ 1. Extremely pleasing is that, for the year, we managed to produce gold at an average cash cost of US\$ 484/oz given an average exchange rate of ZAR 7.34 / US\$ 1. When adjusting actual cash costs using the budgeted exchange rate of ZAR 8.41 / US\$ 1, the average cash cost for 2010 equates to US\$ 423/oz. This was negatively affected by the April strike month and if this period is excluded, the annual cash cost for the balance of 2010 would equate to US\$ 410/oz at our budgeted exchange rate, compared to guidance of US\$ 400/oz. Cash costs guidance for 2011 is US\$ 417/oz at a budgeted exchange rate of ZAR 7.69 / US\$ 1.

I am pleased to report that the company has achieved its maiden annual net profit before tax of US\$ 18 million based on the unaudited financial statements, a great achievement given that this is the first full year of Modder East's commercial production. The full audited annual financial statements are expected to be released toward the end of February 2011. Extremely pleasing too, is that the lower cash costs and higher production levels in the December quarter have resulted in net cash flow from operations increasing by 70% in the December quarter relative to the September 2010 quarter, totalling US\$ 8.35 million. Gold One increased its cash on hand and gold receivables by 26% to US\$ 11.55 million during the December quarter, compared to an end of September 2010 quarter cash on hand and gold receivables balance of US\$ 9.2 million.

Importantly, these achievements were made without compromising our strong safety record, with the 2010 total lost-time injury frequency rate per 200,000 hours (LTIFR) of 0.48, better than the Australian industry benchmark of one LTIFR against which Gold One is measured.

The December quarter also saw the update of our resources and reserves at Modder East, Ventersburg, and Megamine. I am pleased to report that Gold One's total resource base now stands at 21.71 million ounces of gold, including 8.60 million ounces in the measured and indicated resource category (88.09 million tonnes at 3.03 grams per tonne) and 13.11 million ounces in the inferred category (103.06 million tonnes at 3.95 grams per tonne). The company's proved and probable ore reserves have increased to 1.53 million ounces at 4.0 grams per tonne, resulting in an additional five years mine life being added to Modder East.

During the December quarter we announced the planned formation of Goliath Gold Mining Limited. Goliath Gold is intended to develop Gold One's medium-depth assets. This will be achieved through vending our Megamine portfolio into White Water Resources Limited in return for 1.05 billion White Water Resources shares at ZAR 0.25 each (crystallising approximately ZAR 260 million / A\$ 38.6 million of value for Gold One shareholders). White Water Resources will be renamed Goliath Gold once the transaction has been approved by White Water Resources shareholders. It is expected that the general

meeting for White Water Resources shareholders to approve the transaction will take place during the March 2011 quarter.

I would like to highlight that despite recent rains in and around Johannesburg, South Africa, where our operating assets are located, we have not been affected operationally or in any other way by the rains and sporadic flooding that has been reported in the media.

Our primary focus for 2011 will be on maintaining the production build up at Modder East and cementing our position as one of the lowest cost gold producers in the industry. In addition, the continued advancement of our exploration projects aims to ensure a sustainable pipeline of production for future growth. Over the past years, Gold One's focus has primarily been on successfully bringing Modder East into production. With the solid operational base that has been established the company is now in a position to dedicate resources to focus on external, value accretive growth opportunities.

## 2. Financial Review

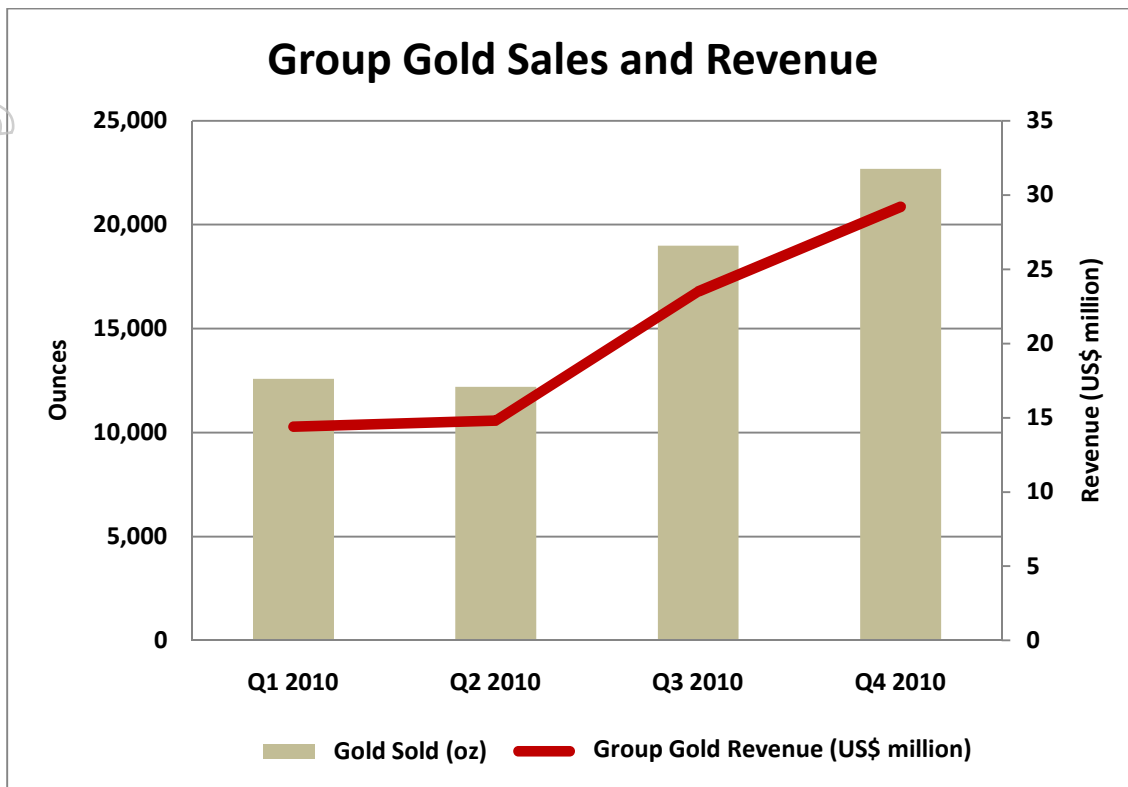
### 2.1. Overview

| Cash Flow (Unaudited)                            | Dec 2010<br>Quarter<br>(US\$ million) | FY 2010<br>Annual<br>(US\$ million) |
|--|---------------------------------------|-------------------------------------|
| Gold Sales                                       | 29.2                                  | 81.91                               |
| Payment to Operating Suppliers and Employees     | -11.77                                | -35.57                              |
| <b>Operating Cash Flow</b>                       | <b>17.43</b>                          | <b>46.34</b>                        |
| Development and Capital Expenditure              | -9.08                                 | -31.46                              |
| <b>Cash Flow from Operations</b>                 | <b>8.35</b>                           | <b>14.88</b>                        |
| Exploration                                      | -1.3                                  | -3.8                                |
| Corporate Overheads                              | -1.23                                 | -6.85                               |
| Bond Interest Payments                           | -1.27                                 | -5.08                               |
| Partial Bond Buyback                             | -                                     | -4.2                                |
| Debt Facility Transaction Costs                  | -2.2                                  | -3                                  |
| <b>Net Cash Flow</b>                             | <b>2.35</b>                           | <b>-8.05</b>                        |
| Opening Cash in Bank and Gold Receivables        | 9.2                                   | 19.6                                |
| <b>Closing Cash in Bank and Gold Receivables</b> | <b>11.55</b>                          | <b>11.55</b>                        |

Group gold revenue for the quarter was US\$ 29.2 million. Group cash operating costs were US\$ 11.77 million, resulting in a positive operating cash flow of US\$ 17.43 million. After development and capital of US\$ 9.08 million, the group generated net cash flows of US\$ 8.35 million from operations, 70% higher than the September 2010 quarter. General and administration costs for the quarter were higher than previous quarters' due to transaction costs payable on the establishment and cancellation of the US\$ 65 million debt facility for the once-off bond put option. These once-off transaction costs amounted to US\$ 2.2 million over the quarter with a further US\$ 1.3 million payable in the first quarter of 2011.

Gold One ended 2010 with US\$ 11.55 million of cash on hand and gold receivables (including restricted cash of US\$ 5.4 million) compared to an end of September 2010 quarter cash on hand and receivables balance of US\$ 9.2 million (including restricted cash of US\$ 4.9 million). The quarterly interest payment of US\$ 1.27 million on the company's 501 convertible bonds was made in December 2010.

For the year, Gold One generated positive cash flow from Modder East and Sub Nigel of US\$ 14.88 million from revenue of US\$ 81.91 million and group operating costs of US\$ 35.57 million. Development and capital expenditure for the year across the Modder East and Sub Nigel operations was US\$ 31.46 million.



Gold One, under its continuous disclosure obligations, would like to provide guidance in respect of the results of its 2010 financial year ended 31 December 2010. Unaudited financials for 2010 indicate that Gold One achieved a profit before tax of approximately US\$ 18 million compared to a loss of US\$ 25.8 million in 2009. The profit is after a positive fair value adjustment on its convertible bond liability of US\$ 8.3 million arising from the weakening of the US dollar compared to the Australian dollar over the period. The convertible bonds are denominated in US dollars.

Profit before tax is reported in this release as the taxation adjustments for the year-end have yet to be finalised. The group, however, will not be liable for normal taxation on its mining activities until such time that it has fully utilised the accumulated tax losses and claimed its significant balance of redeemable capital expenditure available for offset against future taxable income from mining.

## 2.2. Refinancing of the Convertible Bonds

On 15 November 2010 it was announced that none of the company’s convertible bondholders intended to exercise their once-off put option to redeem their bonds for cash. The company had a US\$ 65 million bank facility credit approved leading up to the put notification date but this facility was not required and was terminated. The terms and conditions of the convertible bonds remain unchanged with a maturity date of 13 December 2012, interest of 8.5% per annum payable quarterly in arrears, and a redemption value of 109.6% of the nominal value, unless converted into Gold One’s shares at the bondholders’ option at any time during the conversion period. Gold One can redeem all of the bonds if the market value of the shares that would be issued on conversion exceeds 150% of the conversion price.

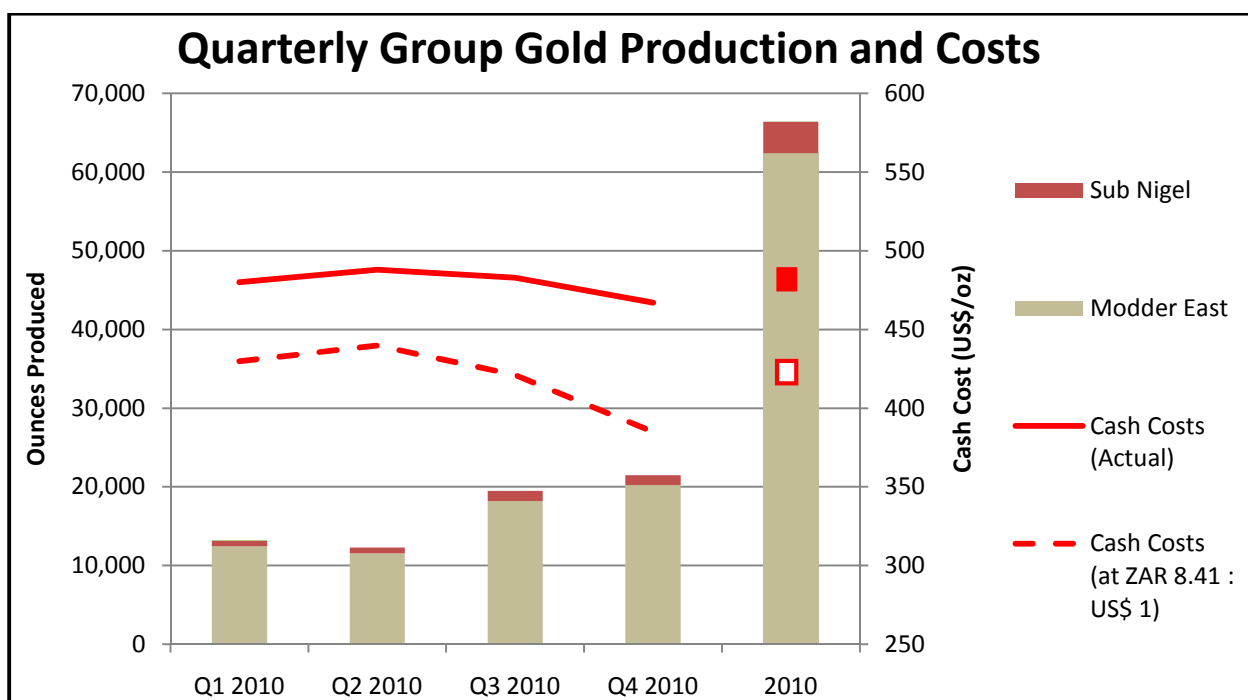
### 3. Operational Review

#### 3.1. Overview

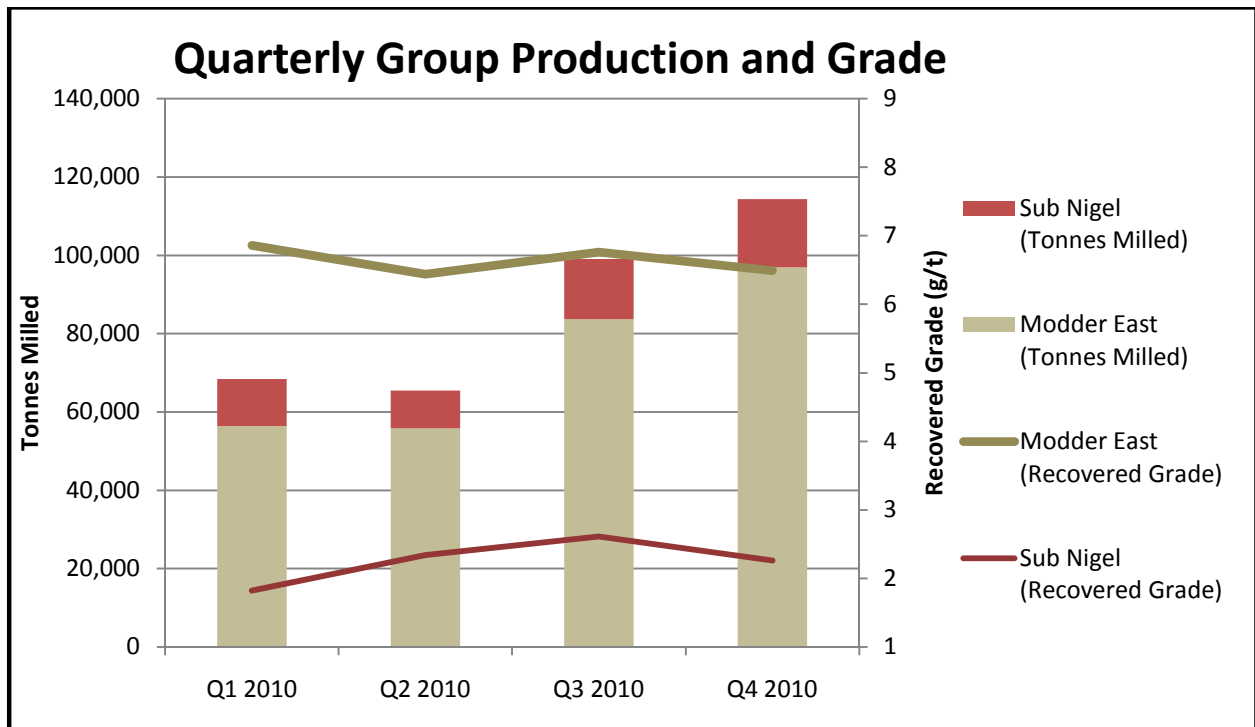
Gold production for the December 2010 quarter amounted to 21,480 ounces, in line with guidance of between 20,000 and 22,000 ounces and a 10% increase relative to the September quarter's 19,470 ounces. This increase in output is despite the quarter under consideration being approximately 9% shorter due to the cessation of mining on 23 December 2010, when mining stopped for the company's annual shutdown. During the December quarter, the South African rand continued to appreciate against the US dollar, averaging ZAR 6.93 / US\$ 1 for the quarter (compared to ZAR 7.33 / US\$ 1 during the September 2010 quarter). Despite this, the company managed to maintain Modder East's operating costs at US\$ 467/oz.

Annual 2010 gold production totalled 66,445 ounces at a cash cost of US\$ 484/oz. Although production levels were lower than anticipated, primarily due to a 5-week strike during the June quarter and lower than anticipated ramp up in the Raise Line 2 during the September quarter, costs were successfully contained with equivalent cash costs for the year of US\$ 423/oz at the budgeted exchange rate of ZAR 8.41 / US\$ 1.

During 2010, Modder East successfully maintained its safety record with a progressive LTIFR of 0.48 per 200,000 hours, better than the Australian benchmark of one LTIFR against which Gold One is measured.



\*61 ounces produced from low grade surface stockpile material during the March 2010 quarter



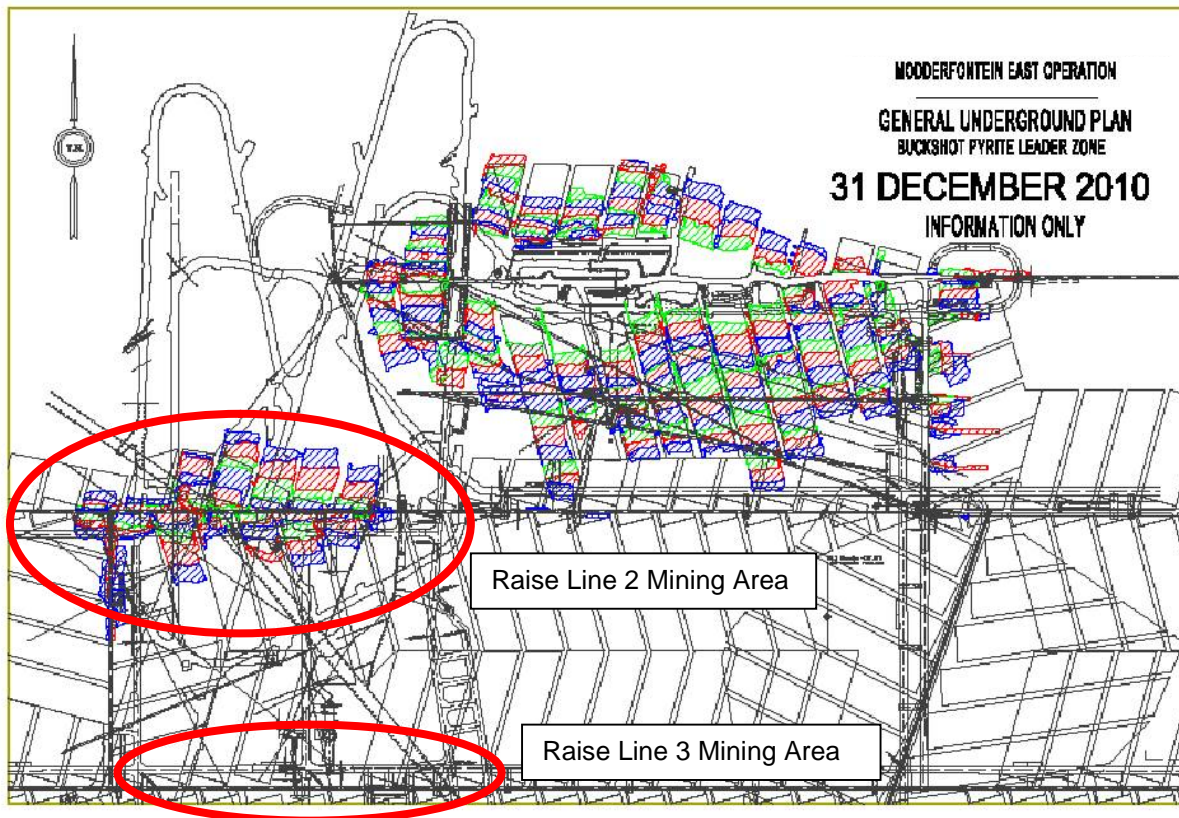
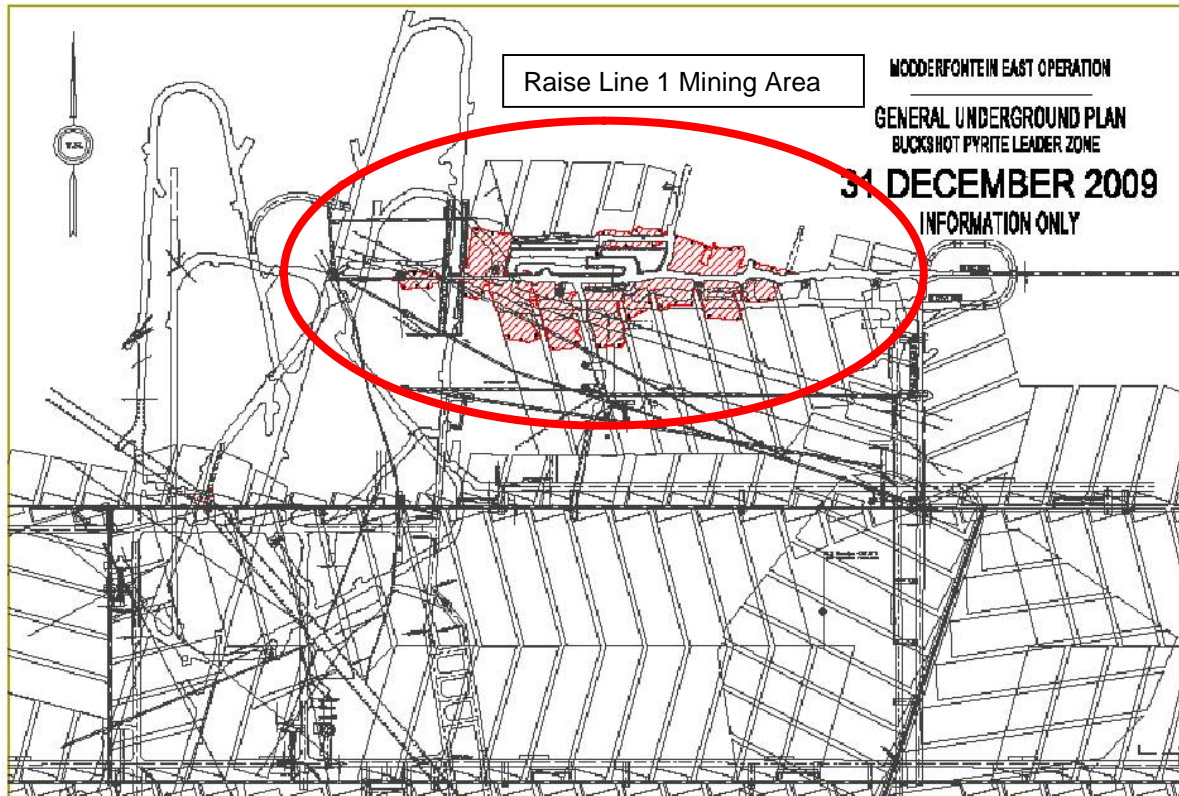
### 3.2. Modder East

Modder East continued with its steady build up during the December quarter, increasing gold production by 11% to 20,211 ounces on the back of a 12% increase in tonnes mined from underground. The continued increase in output is largely due to increased production levels from Raise Line 2 as the number of panels mined in this area continues to increase, as well as an increased number of mining panels being fully established, associated with increased production efficiencies.

| Modder East           |                  |                  |             |
|-----------------------|------------------|------------------|-------------|
|                       | Dec 2010 Quarter | Sep 2010 Quarter | 2010 Total  |
| Ore Mined Underground | 96,332 t         | 85,769 t         | 301,481 t   |
| Mined Grade           | 6.94 g/t         | 7.67 g/t         | 7.58 g/t    |
| Milled Tonnes         | 96,916 t         | 83,726 t         | 292,908 t   |
| Recovered Grade       | 6.49 g/t         | 6.76 g/t         | 6.63 g/t    |
| Gold Recovery         | 96%              | 96.5%            | 96%         |
| Gold Produced         | 20,211 oz        | 18,185 oz        | 62,404 oz   |
| Modder East Cash Cost | US\$ 467/oz      | US\$ 483/oz      | US\$ 484/oz |

The plans below illustrate the extent of mining undertaken during 2010. Although the bulk of mining during the year comprised ground mined from the Raise Line 1 area, Raise Line 2 became an increasingly important production area, particularly during the latter half of the year. This second raise line will form the basis for production during 2011, together with Raise Line 3. Although production from Raise line 3 is only planned to commence during the June 2011 quarter, the respective initial mining panels are currently being established and limited production is likely to commence from this area during the March 2011 quarter.





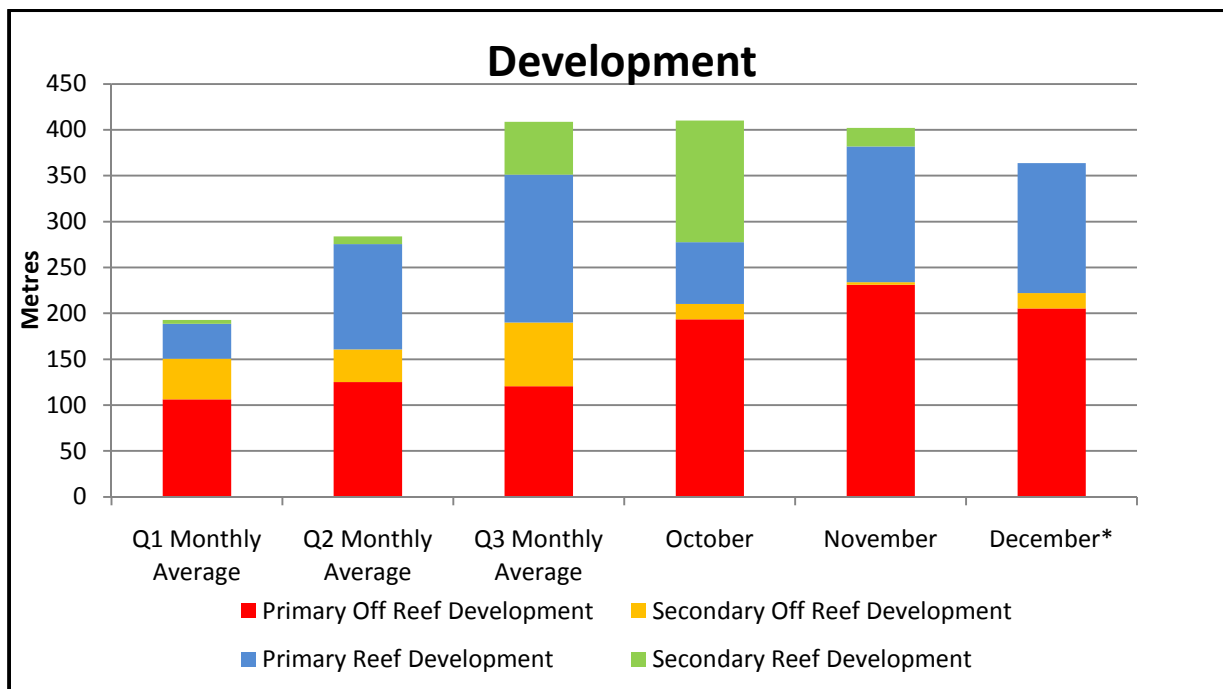


Average mined in-situ grades for the Buckshot Pyrite Leader Zone (BPLZ) of the Black Reef decreased from 12.8 grams per tonne in the September 2010 quarter (over an average reef width of 123 centimetres) but remained in line with expectations at an average of 10.9 grams per tonne over a reef width of 122 centimetres. As a result, the final diluted mined grade (including dilution associated with reef development) decreased from 7.67 grams per tonne in the September quarter to 6.94 grams per tonne during the December quarter. On-reef development completed during the quarter represents the next areas planned to be mined during the first half of 2011. Assay values over a total of 270 metres of sampled on-reef development were obtained during the quarter under review at an average grade of 14.6 grams per tonne over an optimised mining width of 147 centimetres. This has provided further confidence in the anticipated grades for 2011. In addition, the exposed portion of the underlying Blanket Facies was sampled at an average grade of 0.94 grams per tonne.

### 3.2.1. Development

As discussed in the September 2010 quarterly report, total development rates have increased significantly since April 2010, largely due to an increase in the number of development ends available for blasting. In the September quarter, development priority was on opening up additional reef development, particularly in the Raise Line 2 area, to support the continued ramp up in production. This focus shifted during the December quarter to an increase in the total off-reef development, while maintaining sufficient on-reef development to sustain the planned production ramp up. As at 31 December 2010, on-reef development had opened sufficient face length to make some 71,760 square metres available for mining. This equates to in excess of six months of mining at 2011 planned production rates i.e. production could be maintained for some six months without any additional development being undertaken.

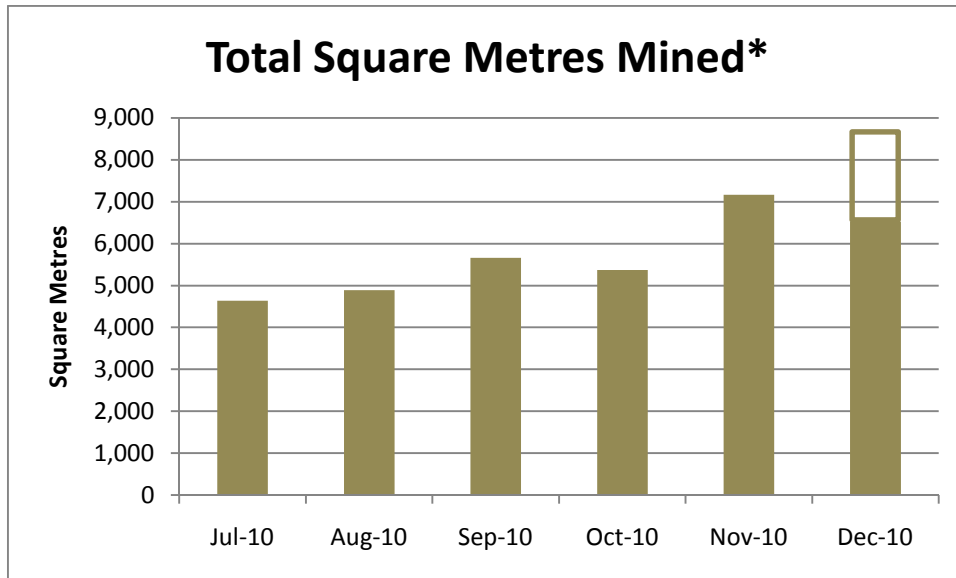
For the December quarter, a total of 510 metres of on-reef development (including 357 metres of primary development) and 666 metres of off-reef development (including 630 metres of primary development) were completed.



\*December development metres achieved only consider the period up to and including 23 December 2010 when mining stopped for the company's annual shutdown.

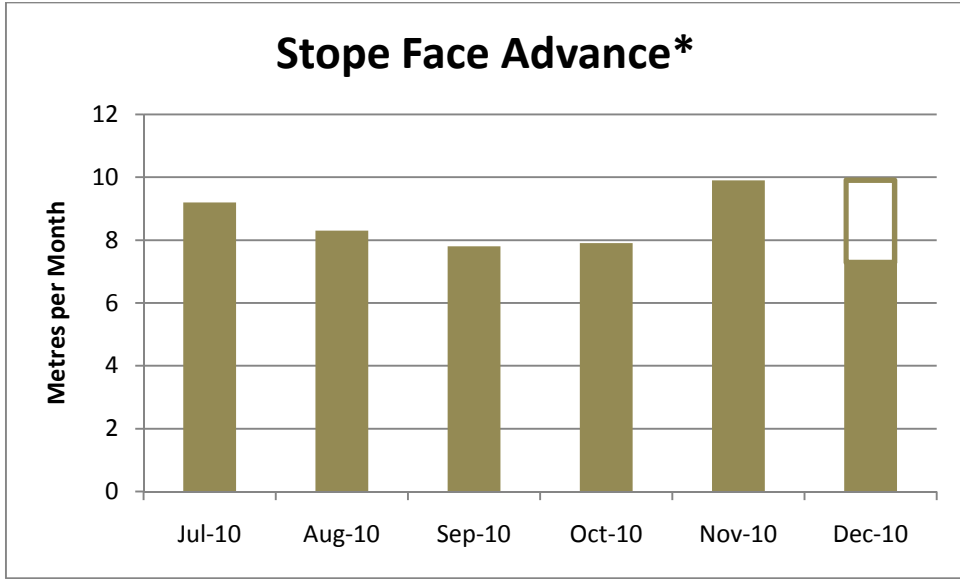
### 3.2.2. Stoping and Ledging

During the December quarter, a step change in the quantum of square metres mined was achieved and this ramp up was maintained through to the end of 2010. This was largely due to a combination of the increase in the number of panels mined as well as increased efficiencies associated with an increasing number of established mining panels.

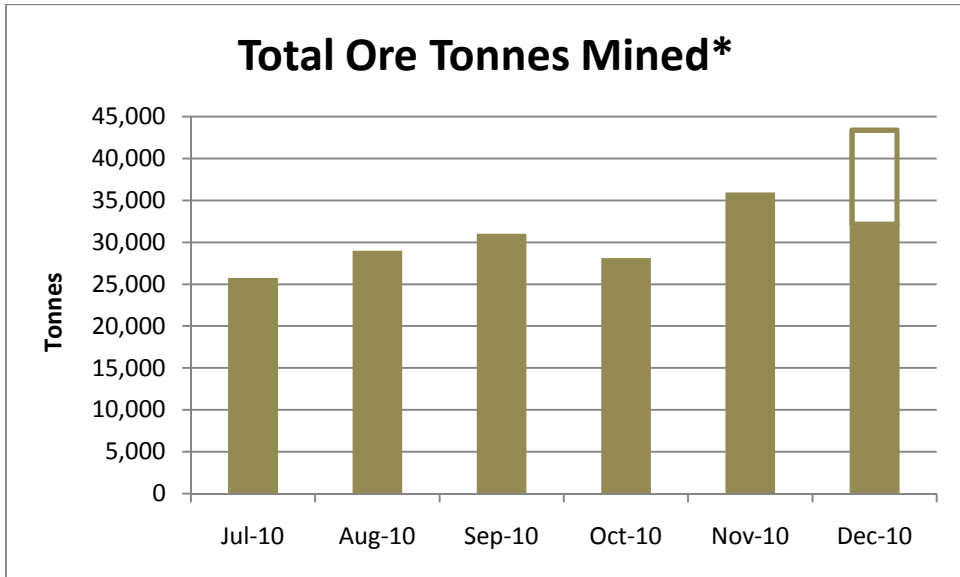


\*December figures only consider the period up to and including 23 December 2010 when mining stopped for the company's annual shutdown, with the white area representing the equivalent full month achievement.

Mining at the start of the December quarter commenced on 37 panels, of which 7 were ledging panels. By the end of the December quarter a total of 40 panels were being mined (10 of which were ledging), having replaced panels in the Raise Line 1 area that had mined out against the shoreline. Almost half of the currently mined panels (19) are located in the new Raise Line 2 area. Mining efficiencies (illustrated as face advance in the diagram below) initially decreased in the September quarter – associated with the opening of new panels in the Raise Line 2 – but later increased during the December quarter as the number of established mining panels increased. The combined impact of an increased number of faces and increased mining efficiencies resulted in a 12% quarterly increase in tonnage mined (equivalent to a 25% increase considering a full production month in December).



\*December figures only consider the period up to and including 23 December 2010 when mining stopped for the company's annual shutdown, with the white area representing the equivalent full month achievement.



\*December figures only consider the period up to and including 23 December 2010 when mining stopped for the company's annual shutdown, with the white area representing the equivalent full month achievement.

### 3.2.3. Modder East Processing Plant

Metallurgical plant efficiencies remained consistent during the December quarter with recoveries for Modder East ore of 96% being maintained. Modder East recovered grades decreased marginally during the December quarter from 6.76 grams per tonne to 6.49 grams per tonne.

The decrease in recovered grade was partly due to the treatment of low grade development ore during the December shutdown period. A total of 3,069 tonnes of low grade ore intersected in footwall development was treated at an average grade of 0.9 grams per tonne. Excluding this low grade material, the recovered grade for Black Reef ore only was 6.67 grams per tonne for the December quarter.

The gravity circuit in the plant was successfully commissioned in November 2010. Although the operating period to date is insufficient to conclusively comment on operating and cost benefits of the gravity circuit, 33% of total gold recovered during December was recovered through the gravity circuit.

### 3.2.4. Resources and Reserves

On 15 December 2010, the company announced an update on the mineral resources and ore reserves for Modder East. Measured and indicated resources increased by 19% from 2.63 million ounces (including 28.83 million tonnes at 2.84 grams per tonne) to 3.13 million ounces (including 46.12 million tonnes at 2.11 grams per tonne). Inferred mineral resources increased by 16% from 1.04 million ounces (including 14.98 million tonnes at 2.16 grams per tonne) to 1.21 million ounces (including 20.73 million tonnes at 1.81 grams per tonne).

Total ore reserves increased by 13% from 1.36 million ounces (including 7.65 million tonnes at 5.51 grams per tonne) to 1.53 million ounces (including 11.93 million ounces at 4.0 grams per tonne). The increases in the total resource and corresponding reserves were predominantly as a result of lowered cut-off grades associated with increased commodity prices and weaker exchange rates.

As a result of the updated production profile and increases in reserves, the mine life at Modder East has been extended by five years to a total life of 13 years. The updated resources and reserves have been audited by SRK Consulting (SA) (Proprietary) Limited.

| <b>Modder East Consolidated Mineral Resource Table<sup>1</sup></b> |  |                |                |                       |
|--|--|----------------|----------------|-----------------------|
|  |  | Tonnes<br>(Mt) | Grade<br>(g/t) | Gold Content<br>(Moz) |
| <b>Measured</b>  | BPLZ + Channel Facies <sup>2,6</sup>   | 0.29           | 16.25          | 0.15                  |
|  | <b>Total Measured:</b>                 | <b>0.29</b>    | <b>16.25</b>   | <b>0.15</b>           |
| <b>Indicated</b>   | BPLZ + Channel Facies <sup>2,6</sup>   | 9.19           | 4.56           | 1.35                  |
|  | Black Reef Channel Facies <sup>3</sup> | 33.19          | 1.11           | 1.18                  |
|  | UK9a <sup>4,6</sup>                    | 3.45           | 4.03           | 0.45                  |
|  | <b>Total Indicated:</b>                | <b>45.83</b>   | <b>2.02</b>    | <b>2.98</b>           |
| <b>Total Measured and Indicated:</b>                               |  | <b>46.12</b>   | <b>2.11</b>    | <b>3.13</b>           |
| <b>Inferred</b>  | BPLZ + Channel Facies <sup>2</sup>     | 2.62           | 1.85           | 0.16                  |
|  | Black Reef Channel Facies <sup>3</sup> | 4.73           | 0.73           | 0.11                  |
|  | UK9a <sup>4</sup>                      | 3.97           | 3.03           | 0.39                  |
|  | UK5a <sup>5</sup>                      | 9.41           | 1.82           | 0.55                  |
|  | <b>Total Inferred:</b>                 | <b>20.73</b>   | <b>1.81</b>    | <b>1.21</b>           |
| <b>Total Resource:<sup>7</sup></b>                                 |  | <b>66.85</b>   | <b>2.02</b>    | <b>4.34</b>           |

<sup>1</sup> Signed-off by Minxcon (Proprietary) Limited, independent resource consultants to Gold One, audited by SRK Consulting

<sup>2</sup> Quoted at a cut-off of 122 centimetre grams per tonne

<sup>3</sup> Quoted at a cut-off of 260 centimetre grams per tonne

<sup>4</sup> Quoted at a cut-off of 119 centimetre grams per tonne

<sup>5</sup> Quoted at a cut-off of 496 centimetre grams per tonne

<sup>6</sup> Mineral resources are quoted inclusive of ore (mineral) reserves

<sup>7</sup> Mineral resources are reported in accordance with the SAMREC Code and would be identical if reported in accordance with the JORC Code

| <b>Modder East Consolidated Ore (Mineral) Reserve Table<sup>1</sup></b> |   |                |                |                       |
|---|---|----------------|----------------|-----------------------|
|   |   | Tonnes<br>(Mt) | Grade<br>(g/t) | Gold Content<br>(Moz) |
| <b>Proved</b>   | BPLZ + Channel Facies <sup>2</sup>                    | 0.24           | 10.90          | 0.08                  |
|   | <b>Total Proved:</b>                                  | <b>0.24</b>    | <b>10.90</b>   | <b>0.08</b>           |
| <b>Probable</b>   | BPLZ + Channel Facies <sup>2</sup>                    | 8.35           | 4.00           | 1.07                  |
|   | UK9a <sup>3</sup>                                     | 3.34           | 3.50           | 0.37                  |
|   | <b>Total Probable:</b>                                | <b>11.69</b>   | <b>3.86</b>    | <b>1.45</b>           |
|   | <b>Total Proved and Probable Reserve:<sup>4</sup></b> | <b>11.93</b>   | <b>4.00</b>    | <b>1.53</b>           |

<sup>1</sup> Signed off by Turgis Consulting (Proprietary) Limited, independent resource consultants to Gold One, audited by SRK Consulting (SA)

<sup>2</sup> Quoted at a cut-off of 149 centimetre grams per tonne

<sup>3</sup> Quoted at a cut-off of 146 centimetre grams per tonne

<sup>4</sup> Ore (mineral) reserves are reported in accordance with the SAMREC Code and would be identical if reported in accordance with the JORC Code

### 3.3. Sub Nigel

During the December quarter, the total gold production from the Sub Nigel training centre amounted to 1,269 ounces, resulting in total 2010 annual production of 3,980 ounces. During the quarter, a decision was taken to move the majority of the training centre from Sub Nigel to Modder East as Sub Nigel is connected to the historic underground mine workings of the East Rand Basin, which, should the water level in the basin rise due to the cessation of pumping by other mining operators, will have an effect on Sub Nigel. The current water level at Sub Nigel is some 106 metres below the level where training and stoping operations are conducted and it is estimated that should all pumping cease, it will take approximately nine months for the underground water level to reach the operating level. The winder at Sub Nigel is also currently undergoing repair work and is expected to be fully functional at the end of February 2011.

| Sub Nigel             | December 2010<br>Quarter | September 2010<br>Quarter | 2010 Total      |
|-----------------------|--------------------------|---------------------------|-----------------|
| Ore Mined Underground | <b>15,349 t</b>          | 13,024 t                  | <b>46,847 t</b> |
| Mined Grade           | <b>2.74 g/t</b>          | 3.47 g/t                  | <b>3.11 g/t</b> |
| Milled Tonnes         | <b>17,456 t</b>          | 15,338 t                  | <b>54,397 t</b> |
| Recovered Grade       | <b>2.26 g/t</b>          | 2.61 g/t                  | <b>2.28 g/t</b> |
| Gold Recovery         | <b>92%</b>               | 92%                       | <b>92%</b>      |
| Gold Produced         | <b>1,269 oz</b>          | 1,285 oz                  | <b>3,980 oz</b> |

## 4. Exploration and Projects

### 4.1. Modder East

On 10 November 2010, the company announced the results of its surface drilling programme at Modder East, which confirmed an extension to the high grade Shoreline Facies of the Black Reef (the Shoreline Facies represents the highest grade area of the BPLZ of the Black Reef). The total exploration programme considered five surface exploration boreholes (DD65 to DD69). The first three of these boreholes (DD65 to DD67) were considered during the upgraded Modder East resource estimation discussed above. The confirmation of a high grade intersection in the Black Reef Shoreline Facies in borehole DD67 prompted the drilling of another two boreholes, DD68 and DD69. Both boreholes successfully intersected high grade

shoreline as illustrated in the table below. DD68 and DD69 have not yet been included in the resource estimate.

| BH_ID   | Reef           | Depth Intersected (m) | Dip Corrected                       |                              |        |   |
|---------|----------------|-----------------------|-------------------------------------|------------------------------|--------|---|
|         |                |                       | Channel Thickness (cm) <sup>1</sup> | Grams per Tonne <sup>2</sup> | cm.g/t | Grams per Tonne over 100 cm Mining Width <sup>3</sup> |
| DD68_D0 | BPLZ           | 262.29                | 72                                  | 177.14                       | 12,723 | 127.23  |
|         | Channel Facies | 263.01                | 553                                 | 0.59                         | 328    |   |
| DD68_D1 | BPLZ           | 261.98                | 77                                  | 358.90                       | 27,530 | 275.30  |
|         | Channel Facies | 262.75                | 412                                 | 1.14                         | 471    |   |
| DD69_D0 | BPLZ           | 261.89                | 56                                  | 37.32                        | 2,085  | 20.85   |
|         | Channel Facies | 262.45                | 427                                 | 6.00                         | 2,563  |   |
| DD69_D1 | BPLZ           | 263.19                | 55                                  | 44.10                        | 2,412  | 24.12   |
|         | Channel Facies | 263.74                | 422                                 | 5.15                         | 2,173  |   |

<sup>1</sup> Channel thickness represents the true, dip corrected thickness of the BPLZ / Channel Facies, rounded off to the nearest centimetre. Dip corrections are undertaken based on dip measurements from core bedding angles, which typically vary between 1 and 4 degrees.

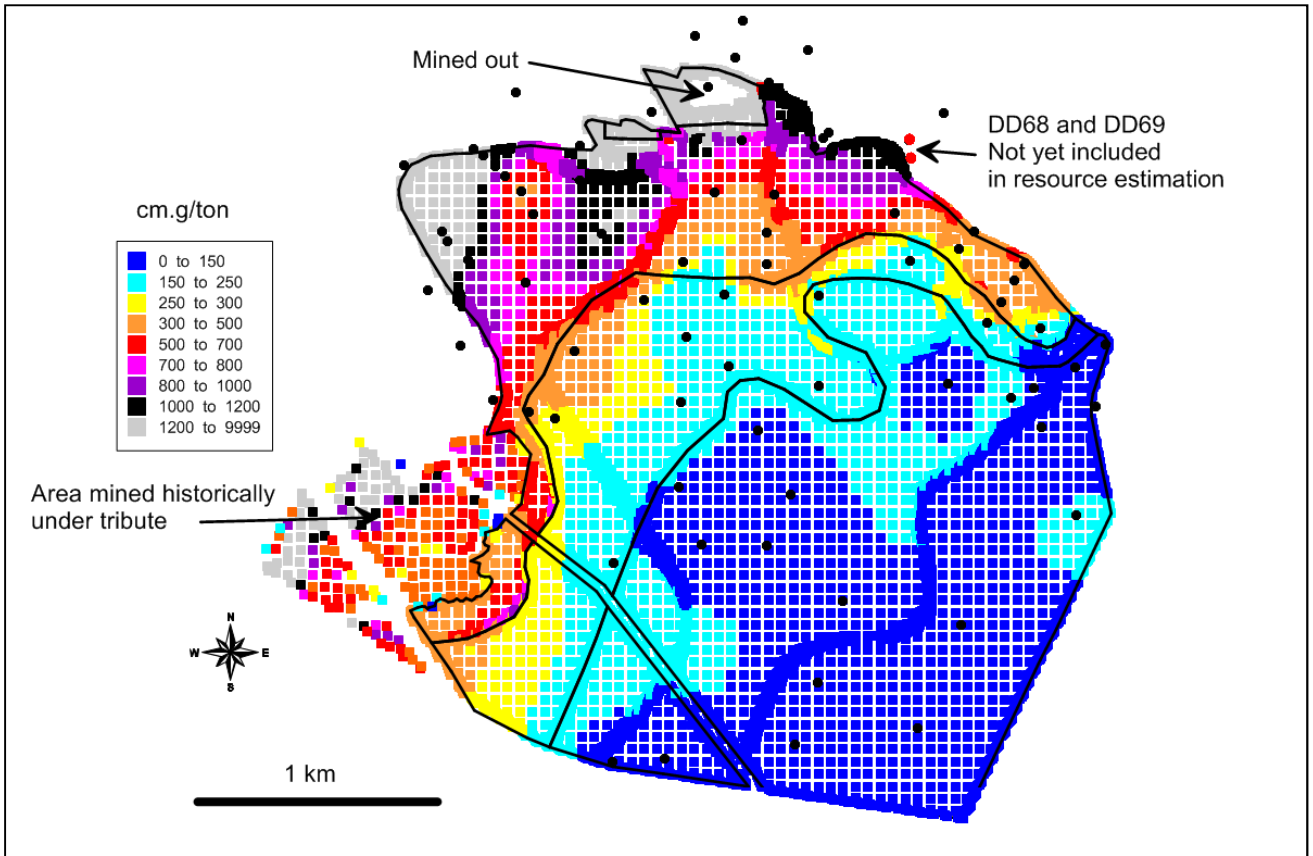
<sup>2</sup> Represents the average grade over the true thickness of the total BPLZ / Channel Facies, calculated using a weighted average of assayed grade from individual samples over the total channel thickness (individual sample lengths are typically between 15 centimetres and 30 centimetres).

<sup>3</sup> Represents the average grade over a mining thickness of 100 centimetres, diluted at 0.0 grams per tonne. Resources are determined and quoted over a minimum 100 centimetre mining cut.

The 2010 surface exploration drilling campaign at Modder East comprised a total of five boreholes, totalling 1,729 metres of drilling at a cost of ZAR 2.19 million.

Following the successful drilling campaign, a decision was taken to continue further drilling in the northeastern portion of the Black Reef orebody. This continued surface exploration drilling at Modder East commenced during January 2011, and will initially comprise three boreholes with a step out of 100 metres to 150 metres to the north, northwest and east of the existing boreholes described above.





#### 4.2. Ventersburg

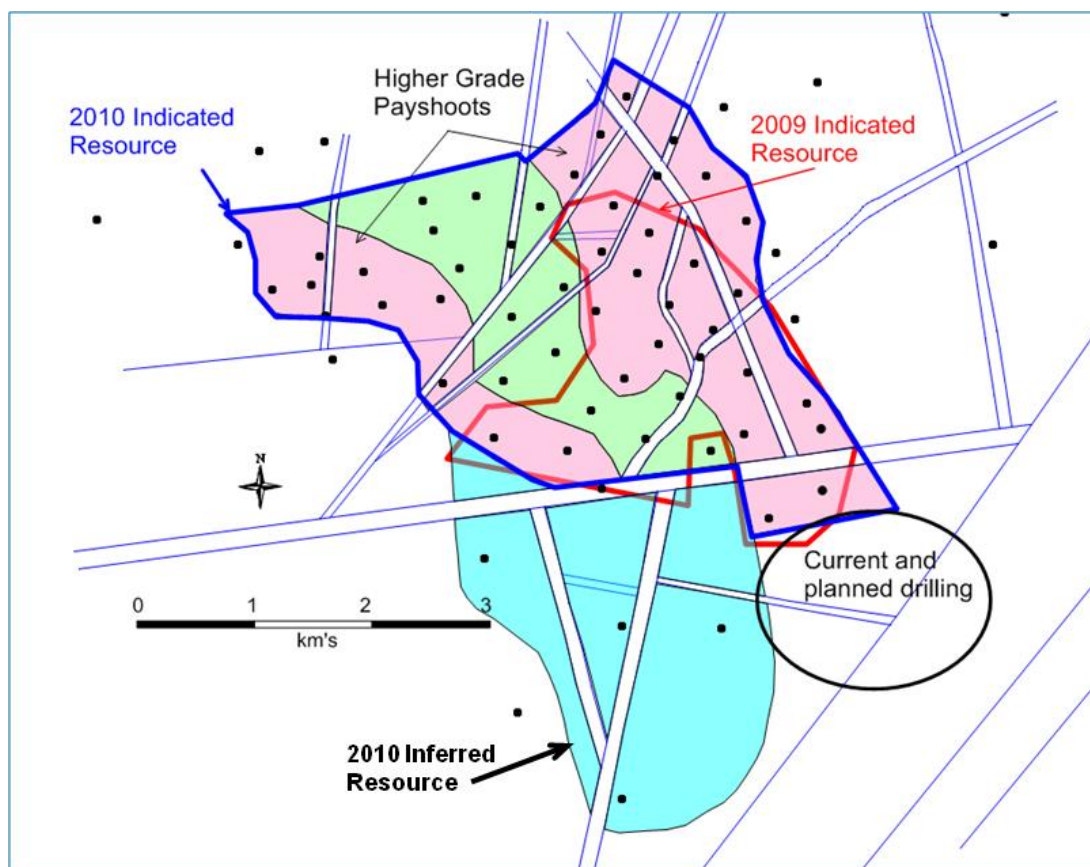
The completion of a successful scoping study during the March quarter of 2010 (the results of which were announced on 13 April 2010) supported the decision to continue with the Ventersburg surface exploration drilling campaign. During 2010, 8,004 metres were drilled at the project (3,282 metres completed during the December quarter), comprising a total of 10 boreholes at a total cost of ZAR 12.46 million (of which ZAR 5.22 million was spent during the December quarter).

This additional drilling information allowed for confident geological modelling of the A Reef horizon, the primary gold target at Ventersburg. This modelling considered both 3D modelling of the orebody, which occurs from depths of 350 metres below surface and dips at 17 degrees to the north-west (indicated mineral resource considers a maximum depth of 1,100 metres below surface), and also facilitated the definition of higher grade (payshoot) areas relative to lower grade areas (refer to figure below). In addition, the more extensive drilling significantly increased the total area considered for resource estimation.

In early December 2010, Gold One announced a 70% increase in the Ventersburg indicated resource to 2.45 million ounces (including 20.42 million tonnes at 3.70 grams per tonne). Previously Ventersburg had an indicated resource of 1.44 million ounces (including 8.73 million tonnes at 5.12 grams per tonne). Inferred resources decreased by 22% from 1.84 million ounces (including 13.48 million tonnes at 4.24 grams per tonne) to 1.44 million ounces (including 13.44 million tonnes at 3.31 grams per tonne).

The upgraded resource estimation forms the basis of a pre-feasibility study for Ventersburg, currently being conducted by Turgis Consulting. This study is due to be completed by the end of the first quarter in 2011. Surface exploration drilling is continuing at Ventersburg with the immediate focus to delineate the shallow

(approximately 300 metres below surface) south-eastern limit of the orebody, as well the eastern limit of the currently modelled higher grade payshoot area.



#### 4.3 Megamine

As previously reported, Gold One has entered into a process of acquiring control of JSE-listed White Water Resources. This will be achieved through vending the Megamine portfolio into White Water Resources in return for 1.05 billion White Water Resources shares at ZAR 0.25 each. White Water Resources will be renamed Goliath Gold once White Water Resources shareholders have approved the transaction. The transaction will crystallise approximately ZAR 260 million (A\$ 38.6 million) of value for Gold One shareholders. It is expected that the general meeting for White Water Resources shareholders to approve the transaction will take place during the March 2011 quarter.

#### 4.4 East Rand Boundary Project

The East Rand Boundary Project (ERBP) considers the shallow portions (less than 500 metres below surface) of Gold One's New Kleinfontein, Turnbridge and Modder North properties, where the Main Reef has previously been selectively mined. The primary focus during 2010 was on gaining access to the underground workings in an effort to confirm the extent of historic mining as well as to undertake selective re-sampling of the workings to confirm historic sampling databases. The total exploration expenditure on this project during 2010 amounted to ZAR 4.04 million, of which ZAR 1.0 million was incurred during the December quarter.

Resampling at the Turnbridge property collected in excess of 2,000 samples for 567 complete sample sections. This information has been used to update geological models and resource estimates. The resource estimate was completed during the December quarter of 2010 and is currently being audited by SRK Consulting (SA). On the basis of the updated resource, a pre-feasibility study is being undertaken on the Turnbridge property and is due to be completed during the current quarter. This study will also form the basis of 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. This data is currently being used to determine resources for the Modder North property that will represent the first resource declared over Modder North by Gold One. In addition to defining a maiden resource, a prospective down-dip extension to the mined out areas of Modder North has been identified and will form the target of a surface exploration drilling campaign during 2011. Here, the targeted Main Reef occurs at depths of between 300 metres and 700 metres below surface. In addition, this property currently falls within the existing mining license for Modder East, which, pending successful exploration results, should facilitate the fast tracking of this project.

## 5. Resources and Reserves

On 15 December 2010, Gold One announced updated resources and reserves for its flagship Modder East gold mine. With resources and reserve updates announced during the quarter for the Ventersburg and Megamine projects, Gold One's total resource base increased to 21.71 million ounces of gold, including 8.60 million ounces in the measured and indicated resource categories (88.09 million tonnes at 3.03 grams per tonne) and 13.11 million ounces in the inferred category (103.06 million tonnes at 3.95 grams per tonne). The company's proved and probable reserves have increased to 1.53 million ounces (including 11.93 million tonnes at 4.0 grams per tonne).

| Gold One International Consolidated Mineral Resource Statement |  |                |                |                       |
|--|--|----------------|----------------|-----------------------|
|  |  | Tonnes<br>(Mt) | Grade<br>(g/t) | Gold Content<br>(Moz) |
| <b>Measured</b>  | Modder East <sup>1,2</sup>                   | 0.29           | 16.25          | 0.15                  |
|  | <b>Total Measured:</b>                       | <b>0.29</b>    | <b>16.25</b>   | <b>0.15</b>           |
| <b>Indicated</b>   | Modder East <sup>1,2</sup>                   | 45.83          | 2.02           | 2.98                  |
|  | Megamine <sup>3</sup>                        | 21.55          | 4.36           | 3.02                  |
|  | Ventersburg <sup>4</sup>                     | 20.42          | 3.70           | 2.45                  |
|  | <b>Total Indicated:</b>                      | <b>87.80</b>   | <b>2.99</b>    | <b>8.45</b>           |
| <b>Total Measured and Indicated:</b>                           |  | <b>88.09</b>   | <b>3.03</b>    | <b>8.60</b>           |
| <b>Inferred</b>  | Modder East <sup>2</sup>                     | 20.73          | 1.81           | 1.21                  |
|  | New Kleinfontein and Turnbridge <sup>5</sup> | 4.27           | 6.00           | 0.83                  |
|  | Ventersburg <sup>4</sup>                     | 13.44          | 3.31           | 1.44                  |
|  | Megamine <sup>3</sup>                        | 64.62          | 4.64           | 9.63                  |
|  | <b>Total Inferred:</b>                       | <b>103.06</b>  | <b>3.95</b>    | <b>13.11</b>          |
| <b>Total Measured, Indicated and Inferred: <sup>6</sup></b>    |  | <b>191.15</b>  | <b>3.53</b>    | <b>21.71</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 Consulting (SA)

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

<sup>4</sup> Signed-off by Dr I C Lemmer, independent resource consultant to Gold One, audited by SRK Consulting (SA)

<sup>5</sup> Signed-off by Camden Geoserve Close Corporation, independent resource consultants to Gold One, audited by SRK Consulting (SA)

<sup>6</sup> Mineral resources are reported in accordance with the SAMREC Code and would be identical if reported in accordance with the JORC Code

| <b>Gold One International Mineral (Ore) Reserve Statement<sup>1,2</sup></b> |                                     |                        |                        |                               |
|---|-------------------------------------|------------------------|------------------------|-------------------------------|
|   |                                     | <b>Tonnes<br/>(Mt)</b> | <b>Grade<br/>(g/t)</b> | <b>Gold content<br/>(Moz)</b> |
| <b>Modder East</b>  | Proved Reserves                     | 0.24                   | 10.90                  | 0.08                          |
|   | Probable Reserves                   | 11.69                  | 3.86                   | 1.45                          |
|   | <b>Probable and Proven Reserves</b> | <b>11.93</b>           | <b>4.00</b>            | <b>1.53</b>                   |

<sup>1</sup> Signed off by Turgis Consulting, independent resource consultants to Gold One, audited by SRK Consulting (SA),

BPLZ was estimated at a cut-off of 149 centimetre grams per tonne and UK9a estimated at a cut-off of 146 centimetre grams per tonne

<sup>2</sup> Ore (mineral) reserves are reported in accordance with the SAMREC Code and would be identical if reported in accordance with the JORC Code

## 6. Outlook

The continued build up in production levels at Modder East during the September and December quarters of 2010 has provided the company with a solid foundation to achieve its 2011 production guidance of 120,000 ounces at average cash costs of US\$ 417/oz as outlined below:

- March 2011 quarter – 25,000 ounces
- June 2011 quarter – 28,000 ounces
- September 2011 quarter – 34,000 ounces
- December 2011 quarter – 33,000 ounces

During the upcoming quarter, the first phase of the surface exploration programme at Modder East is expected to be completed and, pending the outcome of drilling results, may be continued and/or the findings thereof incorporated into an updated resource and reserve estimation.

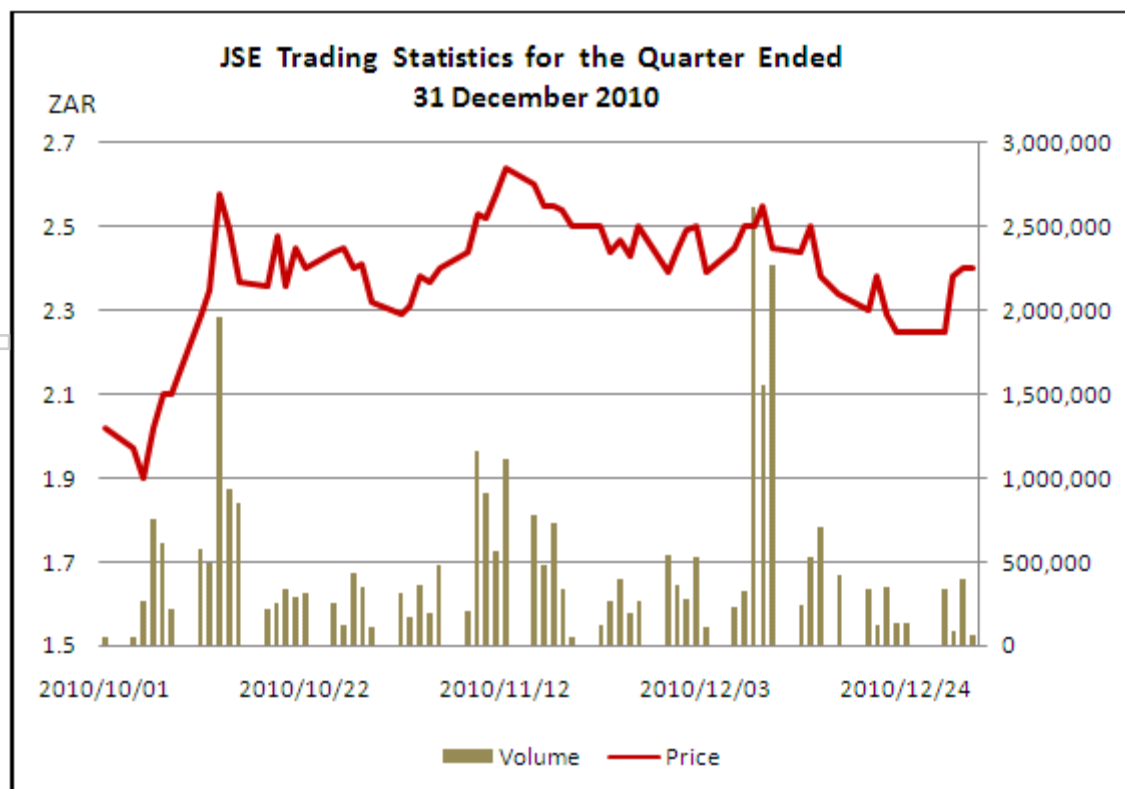
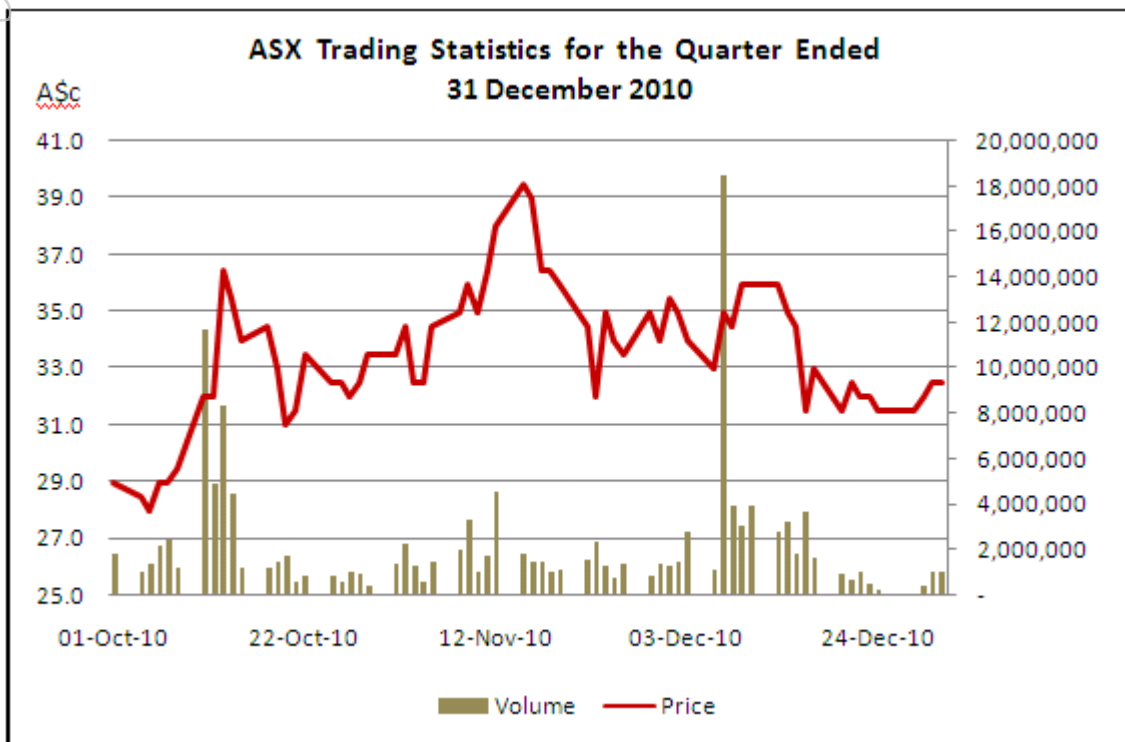
The continued exploration drilling at Ventersburg will be utilised in finalising the pre-feasibility study, due to be completed by the end of the first quarter of 2011. Following this, extensions to the existing resource as well as in-fill drilling to enhance confidence in the initial areas planned to be mined (based on the outcome of the pre-feasibility study) will be undertaken.

The surface exploration drilling programme at Modder North will commence following the drilling at Modder East. A preliminary economic scoping study is currently underway on the basis of Modder North's underground sampling results.

Desktop studies are continuing at Megamine, aimed at refining the planned exploration programme. This largely considers both the upgrading of production from the existing Sub Nigel shaft as well as surface drilling targeting the shallower UK9a Reef and Main Reef extensions to the already modelled resources. This drilling is anticipated to commence during the June 2011 quarter.

## 7. Capital Structure

As at 31 December 2010, the company had an issued share capital of 806,875,987 shares. As announced on 13 January 2011, the company issued a further 204,918 shares post the end of the quarter, increasing the issued share capital to 807,080,905 of which 431,875,533 (53.5%) are held on the Australian register and 375,205,372 (46.5%) are held on the SA register.



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### 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 kilometres 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 metres to 500 metres 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 buildup 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 807,080,905 shares.

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#### Issued capital

807,080,905 shares in issues

Options (listed and unlisted: 85,806,927)

ADR ratio: 1 ADR = 10 ordinary shares

#### Stock Exchange Listings

ASX/JSE Limited: GDO

OTCQX International: GLDZY

#### Directors

- N J Froneman (President and CEO)
- C D Chadwick (Chief Financial Officer)
- M K Wheatley (Non-Executive Chairman)
- B E Davison (Non-Executive Director)
- K V Dicks (Non-Executive Director)
- W B Harris (Non-Executive Director)
- S Swana (Non-Executive Director)
- K J Winters (Non-Executive Director)

#### Company Secretaries

- K M Pickering
- P B Kruger



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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 Senior Vice President: Business Development 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 its 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 ASX Company Announcements Platform and the Stock Exchange News Service (SENS) on 11 October 2010 (Megamine), 7 December 2010 (Ventersburg), and 15 December 2010 (Modder East).*

## 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 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.*

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