

Goliath Gold Mining Limited

Incorporated in the Republic of South Africa

(Registration number: 1933/004523/06)

Share code: GGM ISIN: ZAE000154753

("Goliath Gold" or "the Company" or "the Group")

REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Change	Reviewed six months ended 30 June 2014 R' 000	Reviewed six months ended 30 June 2013 R' 000
Other income	(100)	-	1 500
General and administrative expenses	(6)	(7 711)	(8 168)
Exploration and pre-feasibility expenditure	90	(16 741)	(8 820)
Employee share option	(26)	(1 616)	(2 197)
Settlement costs	100	(3 500)	-
Fair value adjustments	(100)	-	(682)
Operating loss		(29 568)	(18 367)
Finance income	(73)	84	315
Finance costs	160	(2 113)	(813)
Loss before taxation		(31 597)	(18 865)
Income taxation	(100)	-	22
Loss for the period		(31 597)	(18 843)
Other comprehensive income		-	-
Total Comprehensive Income for the Period	68	(31 597)	(18 843)

	Reviewed six months ended 30 June 2014	Reviewed six months ended 30 June 2013
Total number of ordinary shares issued	147 354 905	147 354 905
Weighted average number of ordinary shares in issue	147 354 905	147 354 905
Basic loss per share (cents)	(21)	(13)
Diluted loss per share (cents)	(21)	(13)

Headline loss per share (unaudited) (cents)	(21)	(12)
Diluted headline loss per share (unaudited) (cents)	(21)	(12)

	Six months ended 30 June 2014 R' 000	Six months ended 30 June 2013 R' 000
Reconciliation of Headline Loss		
Loss attributable to owners of the company	(31 597)	(18 843)
Fair value adjustment	-	682
Headline Loss	<u>(31 597)</u>	<u>(18 161)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed as at 30 June 2014 R' 000	Audited as at 31 December 2013 R' 000
ASSETS		
Non-current assets		
Property, plant and equipment	78 259	78 612
Intangible assets	75 693	75 296
Investment property	3 010	3 010
	<u>156 962</u>	<u>156 918</u>
Current assets		
Loans to related parties	1 813	17
Receivables	2 154	378
Restricted cash	1 628	1 628
Cash and cash equivalents	654	4 298
	<u>6 249</u>	<u>6 321</u>
Total assets	<u>163 211</u>	<u>163 239</u>
EQUITY AND LIABILITIES		
Share capital	169 860	169 860
Reserves	31 671	31 150
Accumulated loss	(118 406)	(87 904)
	<u>83 125</u>	<u>113 106</u>
Non-current liabilities		
Provision for environmental rehabilitation	1 391	1 391
Current liabilities		
Loans from related parties	64 473	38 827
Trade and other payables	10 009	9 492
Provisions	3 500	-
Employee related accruals	713	423

	78 695	48 742
Total equity and liabilities	163 211	163 239
Net asset value per share (unaudited) (cents)	56	77
Net tangible asset value per share (unaudited) (cents)	5	26

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (REVIEWED)

	Share capital R' 000	Reserves R' 000	Accumulated loss R' 000	Total equity R' 000
Balance at 01 January 2013	169 860	24 059	(44 320)	149 599
Loss for the period	-	-	(18 843)	(18 843)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(18 843)	(18 843)
Transactions with owners in their capacity as owners, recognised directly in equity				
Equity settled employee share option expenses	-	2 197	-	2 197
Total transactions with owners in their capacity as owners	-	2 197	-	2 197
Balance at 30 June 2013	169 860	26 256	(63 163)	132 953
Balance at 01 January 2014	169 860	31 150	(87 904)	113 106
Loss for the period	-	-	(31 597)	(31 597)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(31 597)	(31 597)
Transactions with owners in their capacity as owners, recognised directly in equity				
Equity settled employee share option expenses	-	1 616	-	1 616
Share options (recycle options of employees resigned)	-	(1 095)	1 095	-
Transactions with owners in their capacity as owners	-	521	1 095	1 616
Balance at 30 June 2014	169 860	31 671	(118 406)	83 125

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed six months ended 30 June 2014 R' 000	Reviewed six months ended 30 June 2013 R' 000
Cash utilised in operating activities	(23 982)	(14 870)
Net cash from investing activities	(1 400)	(220)
Net cash from financing activities	21 738	9 655
Net decrease in cash and cash equivalents	(3 644)	(5 435)
Cash and cash equivalents at the beginning of the period	4 298	12 514
Cash and cash equivalents at end of the period	654	7 079

COMMENTARY

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2014 are prepared in accordance with the JSE Listings Requirements for interim reports and the requirements of the Companies Act, 2008 (Act 71 of 2008), as amended. The JSE Listings Requirements require interim reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 - Interim Financial Reporting. The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in accordance with IFRS and are consistent with those applied in the previous consolidated annual financial statements.

The condensed consolidated interim financial statements for the six months ended 30 June 2014 do not include all the information required for audited financial statements in terms of IFRS and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013 and any public announcements made in terms of the JSE Listings Requirements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last audited financial statements for the year ended 31 December 2013.

The condensed consolidated interim financial statements are presented in South African Rands and rounded to the nearest thousand.

These condensed consolidated interim financial statements were authorised for issue by Goliath Gold's board of Directors ("Board") on 10 September 2014.

The condensed consolidated interim financial statements have been prepared under the supervision of Phillip Spencer CA(SA).

The condensed consolidated interim financial statements of Goliath Gold for the six months ended 30 June 2014 have been reviewed by the Company's auditor, KPMG Inc., on which an unmodified review conclusion was expressed. A copy of the report is available for inspection at the Company's registered office.

The review report does not necessarily report on all of the information contained in this financial report. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's review report together with the accompanying condensed consolidated interim financial statements from the Company's registered office.

2. NATURE OF THE BUSINESS

Goliath Gold is a South African incorporated mining, exploration and development company listed on the JSE, issuer code GGM. As at the release of these condensed consolidated interim financial statements, the Group holds six gold prospecting rights and one gold new order mining right for contiguous areas in extent of 62 540 hectares within South Africa's East Rand Basin in the Gauteng Province. The Group also holds eight prospecting rights for heavy minerals and rare earths over eight contiguous areas in South Africa's Western Province, known as Project Elephant, totalling in excess of 32 467 hectares, and for which renewal applications were submitted on 25 July 2014. During the six months under review, the Group submitted seven gold mining permit applications for additional areas, known as Project Phoenix, contiguous to its existing East Rand Basin prospecting rights. Six of the seven applications have been accepted by the Department of Mineral Resources and are awaiting approval; the seventh application is expected to be accepted shortly. The Group is also awaiting the granting of an exclusive prospecting license for gold over a greenfield project area in Etendeka, Namibia.

The operating results and state of affairs of the Group are fully set out in the condensed consolidated interim financial statements and do not, in the Board's opinion, require any further comment.

The Group continues to fund exploration expenses on the areas over which it holds prospecting rights. Accordingly, the Group has incurred a loss of R31.6 million for the six months ended 30 June 2014 (six months ended 30 June 2013: R18.8 million).

3. PROSPECTS AND FUTURE PERFORMANCE

With effect from 16 May 2014, Dale Richards joined Goliath Gold as Chief Executive Officer and executive director of Goliath Gold following the resignation of Richard Stewart with effect from 15 May 2014. Dale has more than 15 years' experience in the mining industry, having worked for various companies including Gold Fields and Great Basin Gold. A Geology Honours graduate, Dale also holds a graduate diploma in mining engineering and has extensive experience across Sub Saharan Africa in project evaluation and due diligence studies. While having previously focused predominantly on gold, Dale also has experience in commodities such as phosphates, manganese, coal and base metals.

Goliath Gold's exploration strategy continues to be driven by the findings of the East Rand Target Areas ("ERTA") Project initiated in 2013. The ERTA Project comprises the continual evaluation and ranking of all Goliath Gold projects according to their anticipated lead time and ease of getting into production. By prioritising potential near-term projects, Goliath Gold will be able to generate cash flows and shareholder value in the shortest possible timeframe.

As at the release of this report, the Group's consolidated resources and reserves remain as stated in the 2013 integrated annual report, published on 31 March 2014. Mineral resources are estimated at 10.68 million ounces (including 64.80 million tonnes grading at 5.12 grams per tonne) consisting of indicated mineral resources of 3.21 million ounces (including 21.42 million tonnes grading at 4.64 grams per tonne) and inferred mineral resources of 7.47 million ounces (including 43.38 million tonnes grading at 5.35 grams per tonne).

4. COMPETENT PERSON'S STATEMENT

There have been no material changes to the Company's estimated mineral resources as declared in December 2013. On-going exploration results are continuously monitored and will be utilised to update the existing mineral resources upon successful completion of the planned exploration activities.

The information in these condensed consolidated interim financial statements that relates to exploration results, mineral resources or ore reserves is based on information compiled by the following Competent Persons for the purposes of the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("SAMREC Code").

The overall Competent Person for Goliath Gold is Mr Sean Meadon. The information contained herein which relates to exploration results is based on information compiled by Mr Meadon and the information which relates to mineral resources is based on information compiled by Dr Carina Lemmer.

Mr Meadon has a master's degree in science (geology) and is a professional natural scientist registered with the South African Council for Natural Scientific Professions ("SACNASP") membership number 400243/09. Mr Meadon is Geology Manager: Projects and is a full time employee of Gold One International Limited ("Gold One"), which has

entered into a management agreement with Goliath Gold. Mr Meadon has 24 years' experience 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 the SAMREC Code.

Dr Lemmer has a doctorate in applied earth sciences (geostatistics) and is a professional natural scientist registered with SACNASP, membership number 400021/03. Dr Lemmer is an independent consultant to Goliath Gold and has been an independent consultant to the South African mining industry for the past 24 years. Dr Lemmer has 36 years' experience in resource estimation relevant to the style of mineralisation and type of deposit under consideration, and to the activity which she is undertaking, to qualify as a Competent Person for the purposes of the SAMREC Code.

Mr Meadon and Dr Lemmer consent to the inclusion in these condensed consolidated interim financial statements of the matters based on information compiled by themselves in the form and context in which they appear.

These condensed consolidated interim financial statements use the terms "indicated resources" and "inferred resources" as defined in accordance with the SAMREC Code, prepared by the South African Mineral Resource Committee under the auspices of the South African Institute of Mining and Metallurgy ("SAIMM"), effective March 2000 or as amended from time to time. The use of these terms in these condensed consolidated interim financial statements is consistent with the definitions of the SAMREC Code.

5. GOING CONCERN

The condensed consolidated interim financial statements have been prepared on the going concern basis using appropriate accounting policies, supported by reasonable judgements and estimates. The going concern basis contemplates that Goliath Gold and its subsidiaries will have adequate resources to continue as going concerns for the foreseeable future.

We note that at 30 June 2014, the Group's total assets exceed its liabilities by R83.1 million. The Group incurred a loss for the period of R31.6 million. At 30 June 2014, the Group's current liabilities exceeds its current assets by R72.4 million (31 December 2013: R42.4 million).

As at 10 September 2014 the Group held a cash balance of R0.4 million. However, as the Group is a gold exploration company and does not currently have cash generating assets, the continued exploration programme is funded from available cash on hand and with shareholder debt from the parent company, Gold One. Gold One has confirmed its financial support of Goliath Gold as and when additional funding is required to execute the exploration programme.

Gold One's major shareholder, Baiyin Non-Ferrous Group Co Limited ("Baiyin"), a company incorporated in the People's Republic of China, has supported Gold One through unsecured shareholder loans. Baiyin has

provided a letter of support to provide further shareholder funding to Gold One. This letter of support underpins the letter of support granted to Goliath Gold by Gold One.

6. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Executive Committee considers the business from a functional perspective and has identified only one reportable segment, namely, exploration. The Group currently operates in one geographical location, being Southern Africa, and performs exploration activities.

	Reviewed six months ended 30 June 2014 R' 000	Reviewed six months ended 30 June 2013 R' 000
Segment revenue		
Exploration	-	-
	<hr/>	<hr/>
	-	-
Comprehensive loss for the period		
Exploration	(31 597)	(18 843)
	<hr/>	<hr/>
	(31 597)	(18 843)
	Reviewed as at 30 June 2014 R' 000	Audited as at 31 December 2013 R' 000
Assets		
Exploration	163 211	163 239
	<hr/>	<hr/>
	163 211	163 239
Liabilities		
Exploration	(80 086)	(50 133)
	<hr/>	<hr/>
	(80 086)	(50 133)

7. EVENTS AFTER THE REPORTING PERIOD

All conditions relating to the acquisition of Pamodzi East Rand Operations prospecting rights and related historical geological data became effective on 1 September 2014 and the outstanding balance of R4.5 million was settled on the same day.

8. PROVISIONS

In August 2005, the Company entered into an agreement with Covenant Mining and Finance (SA) Proprietary Limited ("Covenant") and White Water Gold Proprietary Limited ("WWG"), a company in which Covenant owns a controlling interest, in terms of which the Company sold its Wit Nigel Prospecting Right ("Prospecting Right") to WWG in exchange for a 35% interest in WWG ("the Agreement"). This sale was subject to certain conditions precedent including the consent of the Minister of Mineral Resources ("Minister") to the cession of the Prospecting Right ("Suspensive Condition").

The Minister refused to consent to the cession of the Prospecting Right until such time that WWG furnished proof of its financial ability to fund the prospecting works programme. WWG was unable to provide proof of its financial ability.

In May 2012, the Company placed WWG on terms to provide proof of its financial ability and when it failed to do so, the company cancelled the Agreement. Accordingly, the intended transfer of the Prospecting Right to WWG did not proceed and the Company remained the holder of the Prospecting Right.

On 10 April 2014, Covenant and WWG issued summons against the Company claiming a declaratory order that the Suspensive Condition be deemed to have been fulfilled and that the Agreement be declared unconditional and presently of full force and effect.

The Company duly entered an appearance to defend the action.

On 19 May 2014, the parties entered into an "in principle" settlement agreement. The effect of the settlement agreement is that:

- the action instituted by Covenant and WWG against the Company will be withdrawn;
- the Company will acquire three prospecting rights adjacent to its Prospecting Right held by White Water Westward Exploration Proprietary Limited, a company controlled by Covenant;
- the Company will make payment to Covenant and WWG of an amount of R3.5 million; and
- neither party will have any further claim against the other arising from the Agreement.

Covenant, WWG and the Company are currently engaged in discussions regarding the structure and form of the settlement agreement so as to give effect to the "in principle" agreement.

9. DIVIDENDS

No dividends were declared or paid to shareholders during the period (2013: Rnil).

10. DIRECTORATE

Dr Richard Stewart resigned as Chief Executive Officer on 15 May 2014, following which Dale Richards was appointed as his replacement effective from 16 May 2014.

For and on behalf of the Board

Dale Richards
Chief Executive Officer

Christopher Chadwick
Chief Financial Officer

Johannesburg
10 September 2014

Directors:

P Nel* (Chairman), D Richards (Chief Executive Officer),
C Chadwick (Chief Financial Officer), K Rayner*,
J Vilakazi*

*Independent Non-Executive

REGISTERED OFFICE

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COMPANY SECRETARY

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SPONSOR

Merchantec Capital

AUDITORS

KPMG Inc