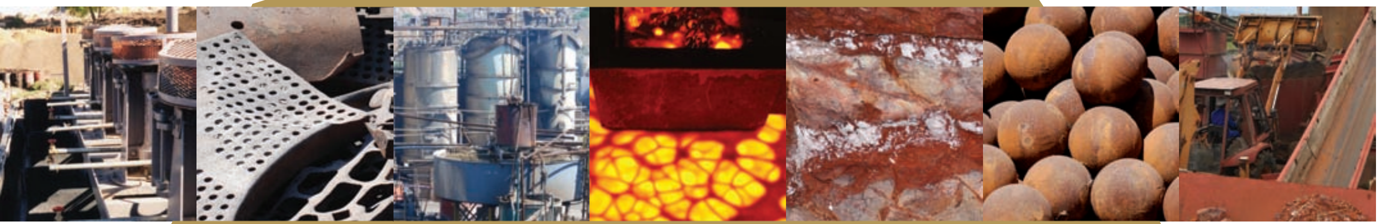
GOLDPLAT plc



African focused gold production and advanced exploration

ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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HIGHLIGHTS

- 48% increase in operating profits to £3,054,000 (2010: £2,059,000)
- 76% increase in profit before tax to £3,428,000 (2010: £1,943,000)
- Net cash position of £3,010,000 (2010: £1,018,000)
- Gold recovery plants performing robustly – production up 31% to 28,185 ounces of gold (2010: 21,461):
  - Additional contracts won with mining majors in South Africa and West Africa to acquire gold bearing by-products for processing
  - New toll processing agreements in Ghana generating significant cash
  - Increased efficiency at both plants
- Brownfield gold projects in Kenya, Burkina Faso and Ghana, advancing towards production in Kenya:
  - On track to delineate in excess of 1 million ounces of resources by H1 2012
  - Imminent gold production at Kilimapesa gold project in Kenya and 1,800m drilling underway
  - 3,100m drilling programme completed at Nyieme gold project in Burkina Faso with results to be announced shortly
  - Commencing exploration programme at the recently acquired Banka Gold Project located in a premier gold district in Ghana

CHAIRMAN'S STATEMENT

I am delighted to report on the progress your Company has made during the period as a cash generative, profitable, debt free gold producer and mine development company focussed in Africa.

This year has seen us make a significant increase in profit before tax due to gold production increasing to record levels of 28,185 ounces ('oz') from the Company's gold recovery operations in South Africa and Ghana and the favourable gold price environment. Whilst building profits and revenues remains a key objective for the Company, the exploration and development of brownfield projects, typically high grade vein systems, is where we see the growth and value uplift potential, as we continue to build the Company into a mid tier gold producer in Africa. With three mining development projects in Kenya, Burkina Faso and Ghana, all with near term resource upgrade and production potential, I believe that Goldplat looks set for significant growth during the remainder of 2011 and beyond.

Operating profits increased by 48% to £3,054,000 (2010: £2,059,000). This is the measure by which Goldplat believes its performance should be judged, as measures such as turnover are complicated by the different deals under which Goldplat purchases materials for processing. It is particularly noteworthy that the major part of the increase was generated in Ghana, where the Group benefits from a tax holiday, thus reducing the overall tax charge. In South Africa, the long term strengthening of the Rand seems to be reversing, which will enable the producing companies in both South Africa and Ghana to benefit from the strength of the gold price.

The headline profit before tax is £3,428,000 (2010: £1,943,000). After stripping out the exceptional gain explained below of £425,000 this is an increase of more than 50%. The low tax charge of £472,000 (2010: £713,000) is partly due to the fact that profits in Ghana are not subject to tax until 2015, but also due to the fact that a reduced dividend was declared by the South African subsidiary, as such dividends give rise to a secondary tax charge.

The increase in earnings per share of 93% while very satisfactory, should be viewed in the light of the comments above.

In December 2010 we undertook a placing and raised £5.5 million (£5.2 million after expenses) in order to accelerate the development of our brownfield exploration assets in Kenya, Burkina Faso and Ghana and to acquire potential further gold mining assets. This cash enabled us to negotiate early settlement of the balance of the purchase price of Kilimapesa Gold. The original amount owed of US$ 1.5 million was settled for a single payment of US$ 0.8 million. Under IFRS, the reduction of £425,000 is included as an exceptional gain in the Group Statement of Comprehensive Income.

As I mentioned earlier, our two gold recovery operations, which process by-products from the mining process to recover gold, performed strongly during the period. Total gold production for the year increased by 33% to 28,185 (2010: 21,461 oz of gold), which can be attributed to the improving operational efficiency of both plants. A number of initiatives were made, including the purchase of new equipment, the re-negotiations of by-product contracts and the signing of new contracts with both major and smaller mining companies, all of which helped improve margins and counteract the rising costs of electricity, royalties and transport. In Ghana, toll processing agreements referred to in the operations report were also a significant factor in increasing both production and profits.

As previously highlighted, Goldplat's growth strategy is one of value creation, developing gold projects with near-term resource potential towards and into production. We aim to delineate in excess of 1 million oz of gold of JORC compliant resources from our three gold mining development projects by the first half of 2012 and in line with this, we have implemented defined exploration and development programmes across each of our projects with the view of developing multiple profitable mining operations in the near to medium term.

In western Kenya at our Kilimapesa Gold project located in the historically producing Migori Archaean Greenstone Belt, we have a maiden resource of 1.65Mt at 2.44 g/t of gold for 129,000 oz of gold which we intend to increase and upgrade towards the 0.5 million oz mark by Q4 2011. Underground development is underway, as is a 28 shallow hole 1,120m drilling programme. In tandem with this, we intend to increase the rate of production to approximately 10,000 oz of gold per annum within 12 months of being granted our mining licence. We anticipate being granted the Mining Lease in the near future and look forward to updating on this in due course. Sales of gold bullion will commence as soon as we have commissioned the elution plant, anticipated to be early in October 2011.

Meanwhile, at our 246sq km Nyieme gold project in Burkina Faso, another drilling programme is underway aimed at proving-up the project's economic validity and production potential. Previous drill programmes have yielded highly positive results highlighting high-quartz vein structures. Currently, the project has a maiden resource of 685,000t at 2.61g/t gold for 57,501 oz gold, which has been calculated over an initial 2km of a potential 8km strike. A 3,100m resource drilling programme has just been completed, and we will announce our first drill results in due course followed by a JORC compliant resource upgrade.

CHAIRMAN'S STATEMENT CONTINUED

In line with Goldplat's strategy of expanding its portfolio of brownfield projects, we completed the purchase of the 29 sq km Banka Gold Mining Lease in Ghana ('Banka') from Gulf Coast Resources Ghana Limited ('Gulf Coast Resources') in May 2011. Previous drilling programmes at the project, which is located in the Ashanti Gold Belt 10km southwest of Newmont's 14 million oz Akyem gold deposit, have defined significant high grade gold intersections. With an initial non-JORC compliant resource of 262,107oz of gold, which we intend to upgrade, increase and convert to a JORC compliant status through infill drilling at depth later this year, Banka looks to have mine development and value upside potential.

We are reviewing other similar projects across the continent including a gold mining asset in South Africa located close to the Benoni operation, which the management believes could provide long term feed stock for the processing plant and would enhance the stability of the South African operations. We will update the market on developments in due course.

Looking ahead, we anticipate that our current strong performance will continue with increasing profits at our gold recovery plants and solid growth from our three brownfield gold projects as we focus on attaining a resource base in excess of 1 million ounces. Our mining development projects are central to Goldplat's portfolio as we advance towards increasing our gold production profile to become a gold mining company in Africa.

I would like to take this opportunity to thank my fellow directors, management and our workforce for their dedication and help over the past year as well as our shareholders for their continuing support. I believe that Goldplat has the foundations in place from which to deliver significant value and I look forward to updating the market on our progress.

Brian Moritz
Chairman
12 September 2011

OPERATIONS REPORT

GOLD RECOVERY OPERATIONS

Goldplat Recovery – South Africa

The South African gold recovery business continues to perform well, with gold production for the year ended 30 June 2011 totalling 18,190 ounces of gold (2010: 17,263).

During the year, a number of initiatives were undertaken to improve the plant's operational efficiency and profitability, which have impacted positively. A mobile screen was purchased to pre-screen selected raw materials, remove waste material and increase the grade of the fines generated at the plant. The high grade mill project is in the process of being commissioned which will increase milling capacity at the recovery plant. Importantly the production capacity at the flotation section of the recovery plant has been increased by 15%.

We keep an open dialogue with the surrounding gold mining houses. In line with this, we renegotiated a number of existing contracts, to improve our economic margins, which has helped counteract the rising costs of electricity, royalties and transport seen in South Africa during the past year. We have also signed a number of new contracts with mining companies including Simmer and Jack Limited and AngloGold Ashanti ('AngloGold') in South Africa. Post period end, we signed a Letter of Intent with DRD Gold, to secure further feedstock from its East Rand Proprietary Mines operation. We are currently reviewing and analysing the surface reserves including old shaft areas, railway lines and the gold plant itself, following which contracts will be signed based on the volumes, grades and recovery for the viable reserves established.

Interest has also been shown by a number of Tanzanian gold producers in supplying raw materials to Goldplat Recovery, although the issue of receiving permission from the Government of Tanzania to export gold in concentrate form rather than bullion remains outstanding.

Gold Recovery Ghana ('GRG') – Ghana

GRG's gold processing operation has moved from strength to strength as it utilises its prime location in West Africa to build contacts with major gold mining houses operating within the region. Its solid performance during the year has generated significant cash flow for the Company and the ten year tax break, which runs until 2015, has also helped our bottom line.

Gold production for the year to 30 June 2011 was up 138% to 9,995 oz of gold (2010: 4,198 oz). Additionally, we secured two toll processing agreements with Golden Star and Adamus Resources in Ghana in September 2010 and April 2011 respectively, which allows some of GRG's stockpiled by-products to be processed off-site. Both agreements were a significant factor in increasing both gold production and profits for the full year at GRG.

As with the South African gold recovery business, building stockpiles of gold bearing raw materials to process is important for the long-term success of the business with existing contracts with mining companies including Goldfields Limited, AngloGold and Golden Star Resources Limited, contributing to this. We are also in advanced discussions with other major mining companies in Mali and Burkina Faso regarding the acquisition of further processing by-products for gold recovery, which could significantly boost these stockpiles. In light of this, an additional furnace is being installed at the plant to increase its processing capacity, which we anticipate will be operational by Q1 2012

GOLD MINING AND EXPLORATION

Kilimapesa Gold – Kenya

Kilimapesa Gold is on track to become a high grade profitable mining operation in the near term. Initial production is targeted at 5,000 oz of gold per annum increasing to 10,000 oz of gold per annum within 12 months of being issued our mining licence. In this respect, the Title Deed required for the completion of the application of the mining licence has been issued and the documentation has been delivered to the Commissioner of Mines and Geology of Kenya. The gazetting of the application for three months in the Kenyan national press before issuance of the Mining Lease can be finalised is soon to be completed, and we look forward to updating on this development in due course.

Commissioning of the elution plant is expected in early to mid October 2011 after which sales of gold bullion will commence.

In terms of exploration, we have an active programme in place comprising both underground development and exploration drilling, which aims to upgrade our current resource 1.65Mt at 2.44 g/t of gold for 129,000 oz towards the 0.5 million oz mark by 1H 2012.

Underground development is underway, primarily focussed on extending the 250m underground strike exposure of the auriferous quartz veins and to provide additional ore resources. The programme has started with three development ends on the auriferous quartz vein being explored to the east of the project. The vein structures across Kilimapesa Gold have been historically worked on in places and we are confident of the grade continuity.

Following a data gathering exercise earlier in the year, which included geological mapping and sampling, Induced Polarisation ('IP') anomalies, artisanal activity, and previous reverse circulation ('RC') drilling results, we identified four highly prospective targets at Kilimapesa Gold (Vim/Rutha and Red Ray, Kilimapesa Hill and Olepoipoi), which have formed the focus for our 1,800m 2011 drilling programme.

Phase 1 of a two phased drilling programme commenced June 2011 and has focussed on exploring the Vim/Rutha and Red Ray target areas which are 2km south of Kilimapesa Hill where the maiden resource was defined. At the Vim/Rutha target 16 shallow holes for a total of 640m are being drilled. Several narrow (between 5cm and 100cm thick) steeply dipping auriferous quartz veins trending parallel to the veins intersected in the mining operations at Kilimapesa Hill outcrop on surface and have demonstrated lateral continuity of between 300-400m. A geophysical IP survey confirmed the lateral continuity of the veins but has also indicated possible hitherto unknown veins. The estimated total strike length of the veins of over 5 km attests to the prospective potential of this area. Following Phase 1, four deeper holes will be drilled for a total of 460m.

The Red Ray target is located 1 km east of Kilimapesa Gold's processing plant. Phase 1 drilling comprises surface and underground mapping as well as 12 shallow diamond drill holes for a total length of 480m. Two deeper holes for a total of 180m will be drilled in the second phase of the drilling programme. The Red Ray target has two main veins striking east to west and dipping steeply to the south which can be traced along the crest of two small hills which are approximately 1.5 km in length. These veins are thought to correlate to the veins currently exposed in Adit B at Kilimapesa Hill 5 km to the west. Extensive artisanal activity has taken place along the crest of the hills and the veins are also exposed at the base of the hills in the adits. Additionally, individual rock chip samples of up to 10 g/t Au have been previously recorded by Goldplat.

To date five holes of the total 1,120m 28 shallow hole (depths of 40m) Phase 1 programme have been completed. We expect this phase to be completed by end of October 2011 with results to follow there after. Once a full analysis of these results has been undertaken we will commence with Phase 2, which has been designed to follow up on the results of Phase 1 with intercepts up to 80m deep.

Nyieme Gold Project – Burkina Faso

Development of the 246 sq km Nyieme project in Burkina Faso, located 270 km southwest of Ouagadougou, is progressing well. It is our intention to prove up the economic viability of the project and delineate an upgraded JORC compliant resource by 1H 2012 with the target of bringing it into production in the mid term.

In September 2010 we concluded an 11 hole diamond drilling programme over a high gold grade area previously identified by an RC programme completed by the previous owners, Sanu Exploration ('BVI') Limited in 2008. Results received were highly encouraging with five holes returning gold grades in excess of 4 g/t, the highest value being 19.1 g/t over a width of 116cm – clearly demonstrating the economic potential of the project.

Following this, in December 2010 we announced a maiden JORC compliant resource from Nyieme's first target totaling 685,000 tonnes at 2.61 g/t gold for 57,501 oz of gold at a cut-off grade of 1.0 g/t gold for all categories. The total estimated resource includes an Indicated mineral resource of 225,000 tonnes at 2.98 g/t gold for 21,557 oz gold and an additional 460,000 tonnes at 2.43 g/t gold for 35,937 oz of gold within the Inferred category.

It must be noted that the maiden resource was calculated over an initial 2 km of a potential 8 km strike, and in April 2011 we implemented a 3,100m RC drilling programme to test the geological model and to identify other areas on the licence area with the aim of significantly increasing the JORC resource. Follow-up diamond drilling will be conducted over areas of potential that have been identified in the now complete RC drilling programme, the results of which will be announced shortly.

Banka Gold Project – Ghana

In November 2010 we signed a binding memorandum of agreement with Gulf Coast Resources, a Canadian mining company, to acquire a 90% interest in the Banka Mining Lease, a ten year renewable mining lease for gold and associated minerals covering an area of 29 sq km located in the highly prospective Amansie East and Asante Akim South Districts of the Ashanti Region of the Republic of Ghana. We completed the acquisition in May 2011, once the full mining licence had been issued, for the consideration of USD 1.6 million in return for 10% carried interest owned by the Government of Ghana, and Gulf Coast Resources Inc, the parent company of Gulf Coast Resources, receiving a net smelter royalty of 1.5% on any gold sold in the future.

Before we purchased the project, an independent report compiled by SEMS Exploration Services, a leading mineral exploration consultancy in West Africa, highlighted the potential for significant gold mineralisation. Banka has a current initial non JORC compliant resource of 262,107 oz of gold to a depth of 100m but the report suggests significant potential to upgrade this and increase the resource with infill drilling and increase the depth of drilling to 250m.

The geological setting of Banka comprises Birimian volcanosedimentary rocks occurring to the east of the property and Banket conglomerate horizons trending in a north easterly direction through the western portion. Newmont's Akyem deposit, which is located 10 km to the east and has circa 14 million oz of resource, occurs within the Birimian volcanosedimentary units and the massive gold deposits of Tarkwa occur in Banket conglomerate horizons similar to those seen on the Banka concession.

Previous diamond core drilling programmes clearly defined significant high grade gold intersections located within a broad low grade mineralised zone, and a 4 km strike with surface outcropping has also been identified. Previous drill results include best intersections of 0.8m at 13.2g/t gold and 1m at 11.30 g/t of gold and historical mine records suggest artisanal miners were exploiting a gold resource estimated to be at a grading of up to 26.9 g/t gold.

Our aim is to rapidly advance this brownfield gold project, convert and raise the existing gold resource to a JORC compliant status, and develop Banka in the mid-term into a profitable mining operation. The first step towards achieving this will be the initiation of a 4,300m diamond drilling programme at Banka due to commence October 2011.

Demetri Manolis
Chief Executive Officer
12 September 2011

DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements for the year ended 30 June 2011.

PRINCIPAL ACTIVITIES

Goldplat plc is incorporated in England and Wales as a public limited company.

The principal activity of the Company is the management of a Group which produces precious metals on the African continent.

The Group's South African subsidiary produces gold, silver and platinum group metals from metallurgical challenging materials produced by the primary producers. To satisfy BEE rules, 15% of the share capital is held by a qualifying entity.

The Group's Ghanaian gold recovery subsidiary produces gold from metallurgical challenging materials and processed ores.

The Group's Kenyan operation Kilimapesa Gold (Pty) Limited is now wholly owned by the Group, after the acquisition of the remaining 50% effective 1 July 2009 and completed in the year under review.

Further details on the financial position and development of the Group are set out in the Chairman's Statement and Operations Report.

RESULTS

The Group reports a consolidated pre-tax profit of £3,428,000 (2010: £1,943,000) and an after tax profit of £2,956,000 (2010: £1,230,000).

Factors affecting these results are set-out in the Chairman's Statement and Operations Report.

CREDITORS PAYMENT POLICY

The Company's policy is to ensure that, in the absence of dispute, all suppliers are dealt with in accordance with its standard payment practice whereby all outstanding trade accounts are settled within the term agreed with the supplier at the time of supplying or otherwise 30 days from the month end of receipt of the relevant invoice.

EMPLOYEES

The Directors have a participative management style with frequent direct contact between junior and senior employees. A two-way flow of information and feedback is maintained through formal and informal meetings covering Company and unit performance. The Group is an Equal Employment Opportunity employer.

GOING CONCERN

After making enquiries, the Directors have formed a judgement that, as at the date of approving the financial statements, there is a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the accounts.

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks as set out in note 3 to the accounts.

DIVIDENDS

No dividend is proposed for the year.

DIRECTORS AND THEIR INTERESTS

The following Directors served during the year:

B M Moritz *(Non-executive Chairman)*
D A Manolis *(Chief Executive Officer)*
I Visagie *(Chief Financial Officer)*

Dr R Pitts Smith was appointed as Managing Director, recovery operations on 7 July 2011.

The Directors' interests in the share capital of the Company at 30 June 2011 were as follows:

	Number of ordinary shares of 1p each	Percentage of issued share capital
B M Moritz	1,550,000	0.93

No other Director had a beneficial interest in the share capital of the Company.

POLITICAL AND CHARITABLE DONATIONS

There were no political donations during the year.

Goldplat Recovery (Pty) Limited expended £31,290 (2010: £20,948) for the period substantially on their partial sponsorship of the Inter Africa Soccer Academy for previously disadvantaged children and smaller amounts toward educational requirements of personnel, their children and other selected individuals.

Gold Recovery Ghana Limited expended £421 (2010: £2,870) on community projects.

CORPORATE GOVERNANCE STATEMENT

The Board has established an audit committee and a remuneration committee with formally delegated duties and responsibilities.

During the year the audit committee consisted of B M Moritz. The audit committee has responsibility for ensuring that the financial performance, position and prospects of the Company are properly monitored and reported on, for meeting with the auditor and discussing their reports on the accounts and the Company's financial controls and for recommending the appointment of auditors.

The remuneration and terms and conditions of appointment of non-executive directors are set by the Board. No Director may participate in any discussions or decisions regarding his own remuneration.

The Group has adopted procedures to ensure compliance with the Bribery Act 2010.

DIRECTORS' REMUNERATION

	Salaries £'000	Fees £'000	Other £'000	Total £'000
B M Moritz	–	33	–	33
D A Manolis	202	–	17	219
I Visagie	105	–	10	115
Total	**307**	**33**	**27**	**367**

No share options were granted to any director during the year.

DIRECTORS' INDEMNITIES

The Company maintains Directors' and officers' liability insurance providing appropriate cover for any legal action brought against its Directors and/or officers.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with International Financial Reporting Standards as adopted by the European Union;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE TO AUDITOR

Insofar as the Directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

REAPPOINTMENT OF AUDITOR

A resolution to re-appoint Chantrey Vellacott DFK LLP as auditor of the Group and the Company will be proposed at the Annual General Meeting.

By order of the Board:
Brian Moritz
Director
12 September 2011

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Goldplat plc

We have audited the financial statements of Goldplat Plc for the year ended 30 June 2011 which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group and Company Statements of Changes in Equity, the Group and Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2011 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following where, the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ian Staunton FCA CF
Senior Statutory Auditor
for and on behalf of:

Chantrey Vellacott DFK LLP
Chartered Accountants and Statutory Auditor
London
12 September 2011

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	Notes	**Group 2011 £'000**	Group 2010 £'000
Revenue	1(g)	**19,620**	10,663
Cost of sales		**(15,239)**	(7,147)
Gross profit		**4,381**	3,516
Administrative expenses		**(1,327)**	(1,457)
Operating profit	4	**3,054**	2,059
Exceptional gain	7	**425**	–
Finance income	8	**68**	212
Finance expense	8	**(119)**	(328)
Profit before tax		**3,428**	1,943
Taxation	9	**(472)**	(713)
Profit for the year		**2,956**	1,230
Exchange translation		**(128)**	496
Total comprehensive income		**2,828**	1,726
Attributable to:			
Shareholders of Goldplat plc		**2,600**	1,534
Non-controlling interests		**228**	192
		2,828	1,726
Earnings per share	10		
Basic		**2.12p**	1.10p
Diluted		**1.90p**	0.96p

The Company has taken advantage of the exemption contained in S.408, Companies Act 2006, and has not presented its own statement of comprehensive income. The Company's comprehensive loss for the year ended 30 June 2011 was £411,000 (2010: £554,000).

All of the activities of the Group are classed as continuing.

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Notes	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Assets					
Non-current assets					
Property, plant and equipment	12	**3,903**	3,589	**–**	–
Pre-production expenditure	13	**2,748**	1,552	**–**	–
Intangible assets	28	**6,920**	5,745	**–**	–
Proceeds from sale of shares in subsidiary	14	**383**	390	**–**	–
Investments	26	**–**	–	**6,425**	6,425
Loans to subsidiary companies	27	**–**	–	**4,124**	1,004
		13,954	11,276	**10,549**	7,429
Current assets					
Inventories	15	**3,367**	3,825	**–**	–
Trade and other receivables	16	**6,584**	1,866	**32**	17
Cash and cash equivalents	17	**3,127**	1,018	**2,061**	297
		13,078	6,709	**2,093**	314
Total assets		**27,032**	17,985	**12,642**	7,743
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	18	**1,671**	1,121	**1,671**	1,121
Share premium		**11,401**	6,772	**11,401**	6,772
Retained earnings / (accumulated losses)		**7,568**	4,738	**(507)**	(198)
Exchange reserves		**183**	311	**–**	–
Shareholders' equity		**20,823**	12,942	**12,565**	7,695
Non-controlling interests		**676**	475	**–**	–
Total equity		**21,499**	13,417	**12,565**	7,695
Non-current liabilities					
Provisions	23	**220**	180	**–**	–
Obligations under finance leases	22	**62**	100	**–**	–
Deferred taxation	19	**457**	444	**–**	–
Loans and borrowings	20	**–**	–	**–**	–
		739	724	**–**	–
Current liabilities					
Trade and other payables	21	**4,477**	3,462	**77**	48
Obligations under finance leases	22	**157**	107	**–**	–
Taxation		**43**	275	**–**	–
Loans and borrowings	20	**117**	–	**–**	–
		4,794	3,844	**77**	48
Total equity and liabilities		**27,032**	17,985	**12,642**	7,743

The financial statements were approved by the Board of Directors and authorised for issue on 12 September 2011. They were signed on its behalf by: Ian Visagie, Director. Company Number: 05340664

GROUP AND COMPANY STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

	Share capital £'000	Share premium £'000	Retained earnings £'000	Exchange reserves £'000	Non-controlling interests £'000	Total £'000
Group						
Balance at 30 June 2009	1,121	6,772	3,414	(185)	420	11,542
Comprehensive income for the year	–	–	1,038	496	192	1,726
Non-controlling interests in subsidiary dividend	–	–	–	–	(137)	(137)
Treasury shares	–	–	49	–	–	49
Share incentive scheme reserve	–	–	237	–	–	237
Balance at 30 June 2010	1,121	6,772	4,738	311	475	13,417
Comprehensive income for the year	–	–	2,728	(128)	228	2,828
Non-controlling interests in subsidiary dividend	–	–	–	–	(27)	(27)
Issue of shares	550	4,950	–	–	–	5,500
Costs of share issue	–	(370)	–	–	–	(370)
Settled by issue of warrants	–	49	–	–	–	49
Share incentive scheme reserve	–	–	102	–	–	102
Balance at 30 June 2011	**1,671**	**11,401**	**7,568**	**183**	**676**	**21,499**

	Share capital £'000	Share premium £'000	Accumulated losses £'000	Exchange reserves £'000	Non-controlling interests £'000	Total £'000
Company						
Balance at 30 June 2009	1,121	6,772	70	–	–	7,963
Comprehensive income for the year	–	–	(554)	–	–	(554)
Share incentive scheme reserve	–	–	237	–	–	237
Treasury shares	–	–	49	–	–	49
Balance at 30 June 2010	1,121	6,772	(198)	–	–	7,695
Comprehensive income for the year	–	–	(411)	–	–	(411)
Issue of shares	550	4,950	–	–	–	5,500
Costs of share issue	–	(370)	–	–	–	(370)
Settled by issue of warrants	–	49	–	–	–	49
Share incentive scheme reserve	–	–	102	–	–	102
Balance at 30 June 2011	**1,671**	**11,401**	**(507)**	**–**	**–**	**12,565**

GROUP AND COMPANY CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

	Notes	**Group 2011 £'000**	Group 2010 £'000	**Company 2011 £'000**	Company 2010 £'000
Cash flows from operating activities					
Cash generated from operations	25.1	**777**	1,431	**(281)**	(297)
Financing income		**68**	212	**1**	1
Financing expense	25.2	**(105)**	(316)	**(15)**	(12)
Taxation paid		**(724)**	(617)	**–**	–
Net cash from operating activities		**16**	710	**(295)**	(308)
Cash flows from investing activities					
Purchase of shares in subsidiary undertaking		**–**	(83)	**–**	–
Proceeds from sale of property, plant and equipment		**16**	10	**–**	–
Acquisition of mining rights		**(1,140)**	–	**–**	–
Acquisition of property, plant and equipment	25.3	**(680)**	(984)	**–**	–
Pre-production expenditure		**(1,391)**	(638)	**–**	–
Net cash flows from investing activities		**(3,195)**	(1,695)	**–**	–
Cash flows from financing activities					
Sale of treasury shares		**–**	49	**–**	49
Proceeds from issue of shares		**5,179**	–	**5,179**	–
Proceeds from sale of interest in subsidiary undertaking		**27**	82	**–**	–
Loans to subsidiary		**–**	–	**(3,120)**	(167)
Loans repaid		**–**	(647)	**–**	–
Finance leases raised		**119**	207	**–**	–
Finance lease payments		**(107)**	–	**–**	–
Net cash flows from financing activities		**5,218**	(309)	**2,059**	(118)
Net increase / (decrease) in cash and cash equivalents		**2,039**	(1,294)	**1,764**	(426)
Cash and cash equivalents at beginning of year		**1,018**	2,198	**297**	723
Effect of exchange rate changes on monetary assets		**(47)**	114	**–**	–
Cash and cash equivalents at end of year	25.4	**3,010**	1,018	**2,061**	297

1. ACCOUNTING POLICIES

a) Presentation of financial information

The consolidated financial statements are presented in pounds sterling, which is considered by the Directors to be the most appropriate presentation currency. The majority of the group transactions are undertaken in South African Rand although all sale prices are denominated in US$.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in these financial statements. The financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has sufficient reserves of raw material and ongoing contracts with its current suppliers. The Company has a secure market for its precious metal products which are sold at market related prices which are above production costs.

The Directors believe that this performance will be sustainable for the ensuing year and therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

b) Basis of preparation of the financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

c) New standards and interpretation

At the date of authorisation of these financial statements, there were International Financial Reporting Standards and Interpretations that were in issue but not yet effective, which have not been applied in preparing these financial statements.

The Directors anticipate that the adoption of these Standards and Interpretations in future years will have no impact on the financial statements except for additional disclosures when the relevant Standards and Interpretations come into effect.

d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of a subsidiary. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

e) Use of assumptions and estimates

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods of the revision affects both current and future periods.

Critical estimates and assumptions are made with regard to the valuation of warrants issued, capitalisation of pre-production expenditure and the carrying value of goodwill. Accounting entries are made in accordance with the accounting policies detailed below.

f) Goodwill

The acquisition method of accounting is used to account for the purchase of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination, irrespective of the extent of minority interests, are measured initially at their fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is accounted for directly in the statement of comprehensive income. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

g) Revenue recognition

Revenue from the sale of precious metals is recognised in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer excluding sales taxes.

Interest income is accrued on a time basis, by reference to the principal outstanding and the applicable effective interest rate.

h) Foreign currency

All assets and liabilities of foreign subsidiaries are translated at the closing rate. Income and expense items are translated at an average rate for the year with all differences being charged to the statement of comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings are taken directly to equity. Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and translated at the closing rates.

i) Financial instruments

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in the consolidated statement of comprehensive income.

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Group statement of comprehensive income over the term of the borrowings on an effective interest basis.

1. ACCOUNTING POLICIES (CONTINUED)

j) Property, plant and equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The cost of the mining assets includes the costs of dismantling and removing the items and restoring the site on which they are located.

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the Group statement of comprehensive income as an expense as incurred.

Depreciation

Depreciation is charged to the Group statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated.

■ Leasehold land	Lease period
■ Buildings	20 years
■ Plant and equipment	10 years
■ Motor vehicles	5 years
■ Office equipment	6 years
■ Insurance spares	10 years
■ Environmental assets	Life of mine
■ Pre-production expenditure	10 years from date of commencement of production

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

k) Pre-production expenditure

Pre-production expenditure, including evaluation costs, incurred on mines to establish or expand productive capacity, or to support and maintain that productive capacity are capitalised. Capitalisation ceases when the mine is in a condition necessary to operate as intended by management.

l) Mineral rights

Mineral rights represent rights in production, development and exploration phase properties. The amount capitalised represents fair value at the time acquired.

Mineral rights associated with production phase properties are amortised over the estimated life of the mine.

Mineral rights associated with development and exploration phase properties are not amortised until such time as the underlying property is converted to the production phase.

Impairment of mineral rights in production phase properties is considered based on expected future cash flows and estimates of recoverable minerals.

Mineral rights associated with development and exploration properties are individually evaluated for impairment based on exploration results.

m) Leases

Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

n) Inventories

Consumable stores and raw materials are valued at the lower of cost and net realisable value on the weighted average basis and include costs incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Bullion on hand, gold and platinum represent production on hand after the smelting process, gold contained in the elution process, gold loaded carbon in the CIL (carbon-in-leach) and CIP (carbon-in-pulp) processes, gravity concentrates, platinum group metals (PGM) concentrates and any form of precious metal in process where the quantum of the contained metal can be accurately determined. It is valued at the average production cost for the year, including amortisation and depreciation.

o) Impairment

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Group statement of comprehensive income.

Goodwill is assessed annually for possible impairment. Impairment losses relating to goodwill are not reversed.

p) Share-based payments

Equity settled share-based payments are measured at fair value (excluding the impact of any non-market vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercised restrictions and behavioural considerations.

q) Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Environmental obligation

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognised when the land is contaminated.

The estimated long term environmental obligations, comprising rehabilitation and mine closure, are based on the Group's environmental management plans in compliance with current environmental and regulatory requirements. The amounts disclosed in the financial statements as environmental assets and obligations include rehabilitation.

1. ACCOUNTING POLICIES (CONTINUED)

q) Provisions continued

Environmental obligation continued

The cost of rehabilitation projects undertaken, which has been included in the provision estimate, are charged to the provision as incurred. The cost of current programs to prevent and control future liabilities are charged to the Group statement of comprehensive income as incurred.

r) Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested and foreign exchange gains and losses that are recognised in the Group statement of comprehensive income.

Finance expense component of finance lease payments is recognised in the Group statement of comprehensive income using the effective interest rate method.

s) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Group statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

2. SEGMENTAL ANALYSIS

The Group is a producer of precious metals on the African continent. A geographical analysis of operations is set out below.

Segmental report 2011

	South Africa £'000	Ghana £'000	Kenya £'000	Burkina Faso £'000	United Kingdom £'000	Intra-group adjustments £'000	Total £'000
Revenue from recovery of precious metals	12,333	7,581	–	–	–	(294)	19,620
Cost of sales	(9,653)	(5,880)	–	–	–	(294)	(15,239)
Gross profit	2,680	1,701	–	–	–	–	4,381
Administrative expenses	(606)	(210)	–	–	(511)	–	(1,327)
Operating profit/(loss) before finance cost	2,074	1,491	–	–	(511)	–	3,054
Exceptional gain	–	–	–	–	425	–	425
Finance income	5	16	–	–	47	–	68
Finance expense	(85)	(19)	–	–	(15)	–	(119)
Profit/(loss) before tax	1,994	1,488	–	–	(54)	–	3,428
Taxation	(472)	–	–	–	–	–	(472)
Profit/(loss) for the year	1,522	1,488	–	–	(54)	–	2,956
Segment assets	8,115	6,392	3,254	1,006	8,265	–	27,032
Segment liabilities	(2,399)	(2,127)	(101)	(91)	(815)	–	(5,533)
Capital expenditure	404	1,184	872	767	–	–	3,227
Depreciation	229	58	–	–	–	–	287

2. SEGMENTAL ANALYSIS CONTINUED

Segmental report 2010

	South Africa £'000	Ghana £'000	Kenya £'000	United Kingdom £'000	Intra-group adjustments £'000	Total £'000
Revenue from recovery of precious metals	8,402	2,668	–	–	(407)	10,663
Cost of sales	(5,700)	(1,854)	–	–	(407)	(7,147)
Gross profit	2,702	814	–	–	–	3,516
Administrative expenses	(580)	(227)	–	(650)	–	(1,457)
Operating profit/(loss) before finance cost	2,122	587	–	(650)	–	2,059
Finance income	4	22	–	186	–	212
Finance expense	(143)	(50)	–	(135)	–	(328)
Profit/(loss) before tax	1,983	559	–	(599)	–	1,943
Taxation	(713)	–	–	–	–	(713)
Profit/(loss) for the year	1,270	559	–	(599)	–	1,230
Segment assets	6,394	2,405	2,580	6,606	–	17,985
Segment liabilities	(2,776)	(656)	(89)	(1,047)	–	(4,568)
Capital expenditure	586	356	683	–	–	1,625
Depreciation	180	53	–	–	–	233

3. FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks. Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. The Group has in place a risk management programme that seeks to limit the adverse effect of such risks on its financial performance which is provided below:

Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the GBP. The currencies giving rise to this risk are primarily US Dollar, South African Rand, Ghanaian Cedi, the CFA Franc and the Kenyan Shilling.

Interest rate risk

The Group generally adopts a policy of ensuring that its exposure to changes in interest rates is on a floating rate basis.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group primarily deals with reputable mining houses and is unlikely to suffer any losses from this risk.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

The Group reviews its facilities regularly to ensure that it has adequate funds for operations and expansion plans.

Fair values

The fair values of financial instruments such as interest-bearing loans and borrowings, finance lease liabilities, trade and other receivables/payables are substantially identical to carrying amounts reflected in the balance sheet.

Capital risk management

The Group's objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, in order to support continued production and maintenance at the processing plants and to acquire, explore and develop other precious and base metal deposits in Africa.

The Group considers its capital to be shareholders' equity which comprises share capital and retained earnings, which at 30 June 2011 totalled £20,640,000 (2010: £12,635,000).

Market risk

Due to the nature of the Groups operations, it is mainly exposed to the following risks:
– Fluctuations in the price of gold;
– Exchange rate risk at its operations.

During the year under review the following applied:

	High	Low	Average
Gold price – USD/oz	1,552	1,157	1,345
Rand / US Dollar exchange rate	6.49	7.78	7.03
GBP / US Dollar exchange rate	1.67	1.49	1.59
GHC / US Dollar exchange rate	1.57	1.36	1.49

Sensitivity analysis

The Group has applied the following assumptions in its sensitivity analysis:

	High case scenario	Low case scenario
Gold price – USD/oz	1,600	1,300
Rand / US Dollar exchange rate	7.50	6.50
GHC / US Dollar exchange rate	1.65	1.40
GBP / US Dollar exchange rate	1.70	1.50
Equivalent Rand price per kilogram	385,808	271,673
Equivalent GHC price per kilogram	84,878	58,154
Equivalent GBP price per kilogram	30,259	27,864

The Group's sensitivity to market risk

The following table illustrates the Group's sensitivity to these risks based on the above assumptions:

	High case scenario £'000	Low case scenario £'000
Effect on the results and equity for the year based on these assumptions would have been:		
- Gold Recovery Ghana Limited	2,327	(751)
- Goldplat Recovery (Pty) Limited	3,071	(1,392)

4. OPERATING PROFIT BEFORE FINANCE COSTS

Arrived at after taking into account:

	Group 2011 £'000	Group 2010 £'000
Auditor's remuneration	**55**	48
Depreciation of property, plant and equipment		
- owned	**274**	232
- leased	**13**	1
Loss on disposal of property, plant and equipment	**8**	5
Share incentive scheme costs	**102**	237
Directors' emoluments as set out in note 6	**367**	322

Auditor's remuneration in respect of the Company amounted to £37,000 (2010: £31,000). Of the £37,000, £30,000 (2010: £28,000) was in relation to audit services, £1,000 (2010: £1,000) for tax compliance and £6,000 (2010: £2,000) for tax advice.

5. PERSONNEL EXPENSES

Wages and salaries	**1,980**	1,525
National insurance and unemployment fund	**18**	12
Skills development levy	**26**	21
Medical aid contributions	**3**	6
Group life contributions	**29**	23
	2,056	1,587

Average number of employees	Number of employees	
Administrative personnel	**20**	20
Production personnel	**289**	261
	309	281

The above average number of employees includes all executive directors and key management personnel.

6. DIRECTORS' EMOLUMENTS

	2011 Executive £'000	**2011 Non-executive £'000**	**2011 Total £'000**
Salaries	**307**	**–**	**307**
Fees	**–**	**33**	**33**
Other benefits	**27**	**–**	**27**
	334	**33**	**367**

	2010 Executive £'000	2010 Non-executive £'000	2010 Total £'000
Salaries	250	–	250
Fees	–	28	28
Compensation for loss of office	–	18	18
Other benefits	26	–	26
	276	46	322

Apart from the Directors, emoluments paid to key management personnel amounted to £229,000 (2010: £50,000).

The highest paid director received £219,000 (2010: £147,000).

The Directors hold options to acquire 12 million ordinary shares at 10p per share as set out in note 11.

During the previous year the Group paid JW Capital Ideas in relation to the services provided by Mr J Woolgar in his role as Non-Executive Director;

	2011 £'000	2010 £'000
Fees as non-executive Director	**–**	3
Compensation for loss of office	**–**	18
	–	21

These amounts are included in the disclosures above.

7. EXCEPTIONAL GAIN

	Group 2011 £'000	Group 2010 £'000
Gain on settlement agreement	**425**	–

On 1 July 2009, the Group acquired the balance of 50% of the share capital of Kilimapesa Gold (Pty) Limited. Part of the consideration for the acquisition was paid on signing the agreement with the balance falling due in instalments following the commencement of commercial production. Under the terms of a settlement agreement, a reduced balancing payment was agreed giving rise to an exceptional gain of £425,000.

8. FINANCE INCOME/(EXPENSE)

	Group 2011 £'000	Group 2010 £'000
Interest income on cash balances held	6	5
Foreign exchange gains	62	207
Finance income	68	212
Interest expense on utilisation of overdraft facility	(22)	(4)
Interest on outstanding taxes	–	(72)
Interest on environmental liability	(14)	(12)
Foreign exchange loss	(83)	(239)
Other	–	(1)
Finance expense	(119)	(328)

9. TAXATION

	Group 2011 £'000	Group 2010 £'000
Current tax expense		
Current year	477	501
Prior year	(13)	7
Secondary tax on dividends paid from South Africa	18	92
Deferred tax expense		
Origination and reversal of temporary differences	44	97
Change in tax rate	(54)	16
Total tax expense	472	713

Reconciliation of effective tax rate

The difference between the total tax shown above and the amount calculated by applying the standard rate of United Kingdom corporation tax to the profit before tax is as follows:

	Group 2011 £'000	Group 2010 £'000
Profit before tax	3,428	1,943
Tax on profit from operations at standard United Kingdom corporation tax rate of 28% (2010: 28%)	960	544
Effects of:		
Expenses not deductible for tax purposes	(40)	102
Effect of lower tax levied on overseas subsidiaries	(453)	(32)
Adjustments to tax charge in respect of previous periods	(13)	7
Secondary tax on dividends paid from South Africa	18	92
Total tax charged for the year	472	713

10. EARNINGS PER SHARE

The calculation of earnings per ordinary share is based on the following:

		Group 2011 £'000	Group 2010 £'000
Earnings for the purpose of earnings per share	– basic	**2,956**	1,230
	– diluted	**2,965**	1,239

	Number of Shares	Number of Shares
Weighted average number of ordinary shares in issue during the year	**139,393,973**	111,841,644
Effect of dilutive options	**16,173,750**	16,173,750
Weighted average number of ordinary shares in issue during the year for the purpose of diluted earnings per share	**155,567,723**	128,015,394

11. SHARE OPTIONS AND WARRANTS

	Number of options 2011	**Exercise price 2011**	Number of options 2010	Exercise price 2010
Share options				
Outstanding and exercisable at 1 July and 30 June				
	17,200,000	**10p**	17,200,000	10p
	750,000	**7.5p**	750,000	7.5p
	17,950,000		17,950,000	

The fair value of these share options was calculated at the date of issue using the Black Scholes Model using the following assumptions:

Risk free interest rate	– 2.93%
Expected volatility	– 55%
Expected dividend yield	– 0%
Life of the options	– 3.5 years

The weighted average remaining contractual life of the options outstanding at the balance sheet date is 2 years 148 days.

	Number of warrants 2011	**Exercise price 2011**	Number of warrants 2010	Exercise price 2010
Warrants				
Granted during the year and exercisable at 30 June	**1,671,200**	**10p**	–	–

The fair value of these warrants was calculated at the date of issue using the Black Scholes Model using the following assumptions:

Risk free interest rate	– 2.00%
Expected volatility	– 20%
Expected dividend yield	– 0%
Life of the warrants	– 3 years

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold/ leasehold land £'000	Buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Office equipment £'000	Environ-mental asset £'000	Total £'000
Group							
Cost							
Balance at 1 July 2009	105	491	2,277	623	41	119	3,656
Additions	139	35	560	242	8	3	987
Disposals	–	–	(16)	(90)	–	–	(106)
Foreign exchange translation	15	9	328	51	4	15	422
Balance at 30 June 2010	259	535	3,149	826	53	137	4,959
Balance at 1 July 2010	259	535	3,149	826	53	137	4,959
Additions	–	21	446	184	29	16	696
Disposals	–	(13)	(18)	–	–	–	(31)
Foreign exchange translation	(21)	3	(21)	13	–	7	(19)
Balance at 30 June 2011	**238**	**546**	**3,556**	**1,023**	**82**	**160**	**5,605**
Depreciation							
Balance at 1 July 2009	3	76	677	272	14	44	1,086
Depreciation charge for the year	3	12	142	48	6	22	233
Disposals	–	–	(9)	(81)	–	–	(90)
Foreign exchange translation	–	11	88	35	1	6	141
Balance at 30 June 2010	6	99	898	274	21	72	1,370
Balance at 1 July 2010	6	99	898	274	21	72	1,370
Depreciation charge for the year	2	13	168	71	5	28	287
Disposals	–	(4)	(2)	–	–	–	(6)
Foreign exchange translation	–	3	33	10	1	4	51
Balance at 30 June 2011	**8**	**111**	**1,097**	**355**	**27**	**104**	**1,702**
Carrying amounts							
Balance at 30 June 2011	**230**	**435**	**2,459**	**668**	**55**	**56**	**3,903**
Balance at 30 June 2010	253	436	2,251	552	32	65	3,589

Plant and equipment with a net book value of £267,000 (2010: £181,000) is subject to finance leases as disclosed in note 22.

13. PRE-PRODUCTION EXPENDITURE

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Balance at 1 July	**1,552**	884	**–**	–
Expenditure incurred	**1,391**	638	**–**	–
Foreign exchange translation	**(195)**	30	**–**	–
Balance at 30 June	**2,748**	1,552	**–**	–

The Group has capitalised all expenditure incurred on the Kilimapesa Hill gold mining project, the Nyieme gold mining project and the Anumso gold mining project whilst the mines are in the development phase.

14. PROCEEDS FROM SALE OF SHARES IN SUBSIDIARY

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Consideration due on sale of 15% of the issued share capital of Goldplat Recovery (Pty) Limited brought forward	**390**	472	**–**	–
Received from dividends	**(27)**	(82)	**–**	–
Foreign exchange translation	**20**	–	**–**	–
	383	390	**–**	–

15. INVENTORIES

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Consumable stores	**590**	519	**–**	–
Raw materials	**962**	1,095	**–**	–
Precious metals on hand and in process	**1,815**	2,211	**–**	–
	3,367	3,825	**–**	–

16. TRADE AND OTHER RECEIVABLES

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Trade receivables	**5,879**	1,339	**–**	–
Other receivables	**705**	527	**32**	17
	6,584	1,866	**32**	17

17. CASH AND CASH EQUIVALENTS

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Bank balances	**3,076**	969	**2,058**	292
Short term bank deposits	**51**	49	**3**	5
	3,127	1,018	**2,061**	297

18. SHARE CAPITAL

	2011 £'000	2011 No. of shares	2010 £'000	2010 No. of shares
Authorised				
Ordinary shares of 1p	**10,000**	**1,000,000,000**	10,000	1,000,000,000
Issued and fully paid				
Ordinary shares of 1p	**1,671**	**167,120,000**	1,121	112,120,000

On 30 December 2010 the Company issued 55,000,000 new ordinary shares of 1p each, fully paid for cash at 10p per share to provide additional working capital.

19. DEFERRED TAXATION

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Balance at 1 July	**444**	289	**–**	–
Current charge				
- temporary differences	**45**	111	**–**	–
- change in tax rate	**(55)**	7	**–**	–
Foreign exchange translation	**23**	37	**–**	–
Balance at 30 June	**457**	444	**–**	–
Comprising:				
Capital allowances	**(543)**	(530)	**–**	–
Prepayments	**86**	86	**–**	–
	457	444	**–**	–

20. LOANS AND BORROWINGS

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Non-current				
Balance at 1 July	**–**	647	**–**	–
Repaid	**–**	(647)	**–**	–
Balance at 30 June	**–**	–	**–**	–
Current				
Bank overdrafts	**117**	–	**–**	–
Balance at 30 June	**117**	–	**–**	–

21. TRADE AND OTHER PAYABLES

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Trade creditors	**1,756**	1,223	**30**	48
Accruals	**2,721**	1,243	**47**	–
Due on purchase of shares in subsidiary	**–**	996	**–**	–
Total	**4,477**	3,462	**77**	48

22. OBLIGATIONS UNDER FINANCE LEASES

Minimum instalment – less than one year	**171**	121	**–**	–
Interest	**(14)**	(14)	**–**	–
Principal	**157**	107	**–**	–
Minimum instalment– between one and five years	**65**	106	**–**	–
Interest	**(3)**	(6)	**–**	–
Principal	**62**	100	**–**	–
Balance at 30 June	**219**	207	**–**	–

The average lease term is 2 years. For the year ended 30 June 2011, the average effective borrowing rate was 10%. Interest rates are variable over the lease term and vary according to the South African prime interest rate.

The Group's obligations under finance leases are secured over the leased assets.

23. PROVISIONS

Environmental obligation				
Balance at 1 July	**180**	146	**–**	–
Provisions made during the year	**17**	3	**–**	–
Unwinding of discount	**14**	12	**–**	–
Foreign exchange translation	**9**	19	**–**	–
Balance at 30 June	**220**	180	**–**	–

The provision relates to a requirement to rehabilitate the land owned in South Africa upon cessation of the mining right.

24. RELATED PARTIES

Transactions with Group companies

The Group's subsidiary Goldplat Recovery (Pty) Limited had the following related party transactions and balances with Gold Recovery Ghana Limited and Kilimapesa Gold (Pty) Limited.

	Group 2011 £'000	Group 2010 £'000
Gold Recovery Ghana Limited		
– Trade and other receivables	**47**	226
– Goods, equipment and services supplied	**220**	261
– Purchases of precious metals	**294**	407
Kilimapesa Gold (Pty)Limited		
- Trade and other receivables	**209**	283
- Goods, equipment and services supplied	**509**	336

Loans provided by the Company to Group Companies are disclosed in note 27.

Gold Recovery Ghana Limited had the following related party transactions and balances with Anumso Gold Limited.

	2011 £'000	2010 £'000
Anumso Gold Limited		
- Trade and other receivables	**14**	–
- Goods, equipment and services supplied	**–**	–

Transactions with other related parties

During the year the Group paid professional fees to MSP Secretaries Limited, a company of which BM Moritz is a director, in relation to accounting services provided, totalling £10,000 (2010: £10,000). In addition, the Group paid professional fees to Share Registrars Limited, a subsidiary of MSP Secretaries Limited, in relation to the maintenance of the Company's share register, totalling £9,500 (2010: £5,000).

In the previous year the Group paid fees to Chromex Mining plc - a company in which BM Moritz was then a director, in relation to rent and other office running costs, totalling £14,000.

Pricing policies

Transactions with related parties take place on terms no more favourable than transactions with unrelated parties.

25. NOTES TO THE CASH FLOW STATEMENT

	Group 2011 £'000	Group 2010 £'000	**Company 2011 £'000**	Company 2010 £'000
25.1 Cash generated from operations				
Operating profit	**3,054**	2,059	**(397)**	(543)
Adlustments for:				
Depreciation of property, plant and equipment	**287**	233	**–**	–
Loss on disposal of property, plant and equipment	**8**	5	**–**	–
Share incentive scheme cost	**102**	237	**102**	237
Exceptional gain	**(425)**	–	**–**	–
Operating profit/(loss) before working capital changes	**3,026**	2,534	**(295)**	(306)
Decrease/(increase) in inventories	**458**	(2,352)	**–**	–
(Increase)/decrease in trade and other receivables	**(4,718)**	146	**(15)**	9
Increase in trade and other payables	**2,011**	995	**29**	–
Effect of exchange rate on payables	**–**	108	**–**	–
	777	1,431	**(281)**	(297)
25.2 Financing cost				
As per statement of comprehensive income	**(119)**	(328)	**(15)**	(12)
Adjust for: Interest on environmental liability	**14**	12	**–**	–
	(105)	(316)	**(15)**	(12)
25.3 Acquisition of property, plant and equipment				
Additions for the year	**(696)**	(987)	**–**	–
Adjust for: Additions to environmental assets	**16**	3	**–**	–
	(680)	(984)	**–**	–
25.4 Cash and cash equivalents				
Cash and cash equivalents include the following for the purposes of the cash flow statement:				
Bank balances and short term deposits (Note 17)	**3,127**	1,018	**2,061**	297
Bank overdrafts (Note 20)	**(117)**	–	**–**	–
	3,010	1,018	**2,061**	297

26. INVESTMENTS

	Company 2011 £'000	Company 2010 £'000
Company		
Investment in Gold Mineral Resources Ltd	**6,425**	6,425

As at 30 June 2011 the Company had the following subsidiaries:

Name of Company	Country of incorporation	Interest	Activity
Gold Mineral Resources Ltd - Directly	Guernsey	100%	Holding company
Goldplat Recovery (Pty) Ltd – Indirectly	South Africa	85%	Gold recovery
Gold Recovery Ghana Ltd – Indirectly	Ghana	100%	Gold recovery
Kilimapesa Gold (Pty) Ltd - Indirectly	Kenya	100%	Mining minerals
Anumso Gold Ltd (formerly Banka Gold Ltd) - Indirectly	Ghana	100%	Mining minerals
Nyieme Gold SARL - Indirectly	Burkina Faso	100%	Mining minerals

27. LOANS TO SUBSIDIARY COMPANIES

	Company 2011 £'000	Company 2010 £'000
Funds advanced to Gold Mineral Resource Limited	**4,124**	1,004

Interest is charged at 2% above LIBOR on the monthly outstanding balance. This interest was waived for the year ended 30 June 2010 and 30 June 2011.

Loans to subsidiary companies are unsecured.

28. INTANGIBLE ASSETS

	Group 2011			Group 2010
	Goodwill £'000	**Mineral rights £'000**	**Total £'000**	£'000
Balance at 1 July	**5,745**	**–**	**5,745**	4,778
Additions	**35**	**1,140**	**1,175**	–
Acquisition of 50% in subsidiary undertaking	**–**	**–**	**–**	967
Balance at 30 June	**5,780**	**1,140**	**6,920**	5,745

The mineral rights acquired during the year represent the cost paid for exploration and mining licenses in Burkina Faso and Ghana.

Goodwill relates to the cost of the investment held in Gold Mineral Resources Limited and is supported by the ongoing gold recovery operations in South Africa and Ghana and the Kilimapesa mine in Kenya.

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Ian Visagie, *Chief Financial Officer*
Dr Robert Pitts Smith, *Managing Director recovery operations*

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