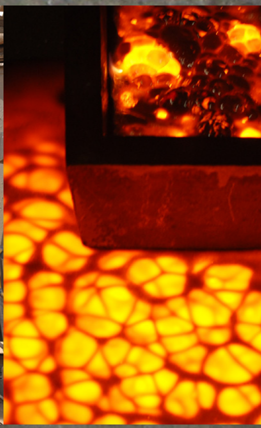
GOLDPLAT plc

GOLD RECOVERY AND MINING DEVELOPMENT IN AFRICA

# ANNUAL REPORT 2014



# GOLDPLAT
# AFRICAN-FOCUSED GOLD PRODUCTION

## Goldplat continues to strengthen its gold recovery position in South Africa and Ghana, maintains an active growth strategy and continues to seek the best way of realising value from its gold exploration and development portfolio.

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# COMPANY INFORMATION

## DIRECTORS
Ian Visagie
*Chief Executive and Finance Director*

Brian Moritz
*Non-Executive Chairman*

Hansie Van Vreden
*Chief Operating Officer*

Nigel Wyatt
*Non-Executive Director*

Gerard Kisbey-Green
*Non-Executive Director*

## COMPANY SECRETARY
Stephen Ronaldson
55 Gower Street
London
WC1E 6HQ

## COMPANY NUMBER
05340664

## REGISTERED OFFICE
55 Gower Street
London
WC1E 6HQ

## NOMINATED ADVISER AND JOINT BROKER
S P Angel Corporate Finance LLP
Prince Frederick House
35-39 Maddox Street
London
W1S 2PP

## JOINT BROKER
VSA Capital Limited
New Liverpool House
15-17 Eldon Street
London
EC2M 7LD

## SOLICITORS
Ronaldsons Solicitors
55 Gower Street
London
WC1E 6HQ

## REGISTRARS
Share Registrars Limited
Suite E, First Floor
9 Lion and Lamb Yard
Farnham, Surrey
GU9 7LL

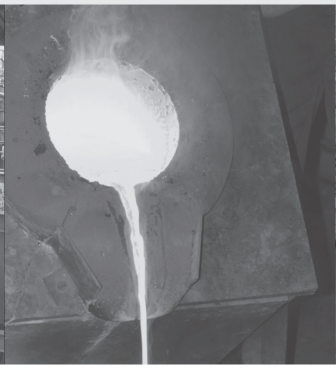
## FINANCIAL PUBLIC RELATIONS
St. Brides Media & Finance Limited
3 St Michael's Alley
London
EC3V 9DS

## AUDITORS
Chantrey Vellacott DFK LLP
Russell Square House
10-12 Russell Square
London
WC1B 5LF

## WEBSITE
www.goldplat.com

# OVERVIEW

FOR THE YEAR ENDED 30 JUNE 2014



## OVERVIEW

- Focussed on growth of market-leading gold recovery operations in Africa
- South African gold recovery operation became the first secondary gold producer to be accredited as a "Responsible Gold" depositor, significantly enhancing competitive advantage – certification already positively impacting contracts, profits and cash flow
- Significant cost saving initiatives implemented across all operations through renegotiated contracts, upgraded infrastructure and improved efficiencies to mitigate effects of lower gold prices during the period
- Additional revenue streams identified in South Africa, including potential diversification into highly prospective recovery opportunities in Platinum Group Metals
- Evaluating new site location for Ghanaian CIL operations following decommissioning of previous site
- Opportunity to increase Ghanaian client reach and internationalise fine carbon operations – first consignment of material received from North Africa and opportunities identified in Australia and South America
- Continued progression of discussions with Joint Venture partners to advance the development of the Kilimapesa Gold Mine in Kenya

## FINANCIALS

- Operating profits of £153,000 (2013: £2.64 million) – Company returned to profitability in H2 2014
- Loss before tax of £248,000 (2013: profit £207,000)
- Net cash position of £1.66 million as at 30 June 2014 (2013: £2.36 million)

# CHAIRMAN'S STATEMENT

BRIAN MORITZ

**The year ended 30 June 2014 has been a challenging period for Goldplat, but one from which it has emerged strongly, having cemented its position as the leading gold recovery company in Africa. In particular Goldplat has obtained certification in South Africa as a producer of "Responsible Gold", a status not achieved by its competitors and one which has enhanced its competitive advantage. The strong performances from the recovery operations in H2 2014 are expected to continue into the future.**

In my statement last year I said that the first half of the period under review would be a difficult trading period, but that we expected improvements to show during the second half. That has been the case, and, at the operations level, the losses of the first half have been more than recovered in the second half, as the table below shows:

| | Consolidated operating profit £000's | Recovery business (including corporate overheads) £000's | Mining and exploration £000's |
|---|---|---|---|
| Half year to 31 December 2013 | (694) | (413) | (281) |
| Half year to 30 June 2014 | 847 | 1,178 | (331) |
| Year to 30 June 2014 | 153 | 765 | (612) |

These results must be seen against the background of a substantial reduction in the gold price. For the year ended 30 June 2013 this averaged approximately US$1,600/oz., while, for the current year the price averaged some US$1,300/oz. It follows that the same volume of gold sales would result in income of some US$300/oz less than for FY 2013, and this difference is reflected in the reduction in turnover of £7.884 million.

Goldplat's exposure to the gold price is mitigated by the fact that it can, and does, adjust the price of gold bearing material it purchases, thus putting it at an advantage compared with a mine reliant on a finite orebody. However, the major part of Goldplat's costs are processing costs, which do not vary with the gold price, and as a result the main factor in the improving trading position has been the rigorous cost control measures introduced by management across all operations. Together, the executive Directors have refocused the recovery operations resulting in a strong H2 2014 performance that eliminated the losses of H1 2014 and aligned the recovery operations for further growth in several key focus areas for the next financial year.

The executive Directors have refocused the recovery operations resulting in a strong H2 2014 performance.

Net finance costs of £401,000 (2013: £59,000) comprise primarily exchange differences due to the weakening of the South African Rand. They are non-cash items. The loss before tax is therefore £248,000 (2013: profit £207,000) and the loss for the year is £356,000 (2013: £399,000).

Improving the performance of the Kilimapesa gold mine in Kenya has proved more difficult. The plan is to eliminate losses at the mine prior to bringing in a joint venture partner to provide the funding required to increase production to a materially profitable level. To achieve this, production is being increased by means of low cost improvements to the processing and security systems. Management accounts for August 2014 indicate that this approach has resulted in better than break even for that month and the management team is confident that this will be sustainable going forward. Assuming funding from a JV partner, it is planned that the plant will be relocated from its present position near the town of Lolgorien to a new site next to the mine itself. The Board believes that this approach is the best way of protecting and enhancing the value of Kilimapesa for shareholders.

# CHAIRMAN'S STATEMENT (CONTINUED)

The year ended 30 June 2014 saw substantial changes to the Board. In September 2013 the then CEO, Russell Lamming, resigned as CEO. Ian Visagie, formerly the Finance Director, assumed the role of Chief Executive Officer, and Hansie van Vreden joined the Board as an executive Director, becoming Chief Operating Officer when Dr. Robert Pitts-Smith retired on 31 December 2013. Nigel Wyatt, a mining engineer, joined the Board as a non-executive Director in November 2013 and I believe his expertise in the southern African mining arena will be invaluable to the Company. Since the end of the year Gerard Kisbey-Green has also joined the Board as a non-executive Director. While Gerard is a mining engineer by training, he brings with him wide experience in corporate finance. It is intended that Gerard will take over as Chairman at the Annual General Meeting to be held in 2015.

The Group produces both bullion and high grade concentrates, which are sold to a local South African refinery in Johannesburg. While the cash receipt from bullion sales is rapid, lengthy delays in analysing and processing the concentrates have been experienced over recent months, resulting in both stocks and receivables of the Group increasing without the Board being able to control such increases. This in turn has put strains on cash flow and has resulted in the management team seeking other solutions that will add value and also grow the business. The Board has therefore decided to invest in additional processing equipment in South Africa and Ghana that will enable Goldplat to increase bullion production and lower the concentrates output. In Ghana, in particular, this will have a number of advantages; we will comply in advance with specific permit requirements to export metal rather than concentrates and mitigate environmental concerns. Importantly, this will enable us to internationalise the fine carbon business in the free port of Tema by bringing in material from around the world for processing. Additionally, we have received approval, since the end of the year, to set up a recovery business in Burkina Faso. These projects will require substantial capital investment, and, given the delays with the current South African refinery as well as the capex requirement, the Directors have resolved not to recommend a dividend in respect of the current year. In the longer term, the Board intends to resume dividend payments as soon as it is prudent to do so.

I would like to end by thanking the executives, management and workforce for their efforts during this year of substantial change.

B MORITZ
CHAIRMAN
26 September 2014

# OPERATIONS REPORT

IAN VISAGIE

## GOLD RECOVERY OPERATIONS

Our gold recovery operations in South Africa and Ghana recover gold from by-products of the mining process, such as woodchips, mill liners, fine carbon, slags, sludges and waste grease. As noted earlier, in addition to generating revenues from gold sales from concentrates produced for the Group, our recovery services also provide our mining clients an economic method to dispose of waste materials while at the same time adhering to a mine's environmental obligations. In this regard, a major focus on environmental management is underway in the mining industry as a whole and Goldplat believes the recovery operations will play an instrumental role in assisting the various mines to achieve the milestones set out in their respective environmental management plans.

We are proud to report that we maintain a substantial blue-chip supplier base, from which we purchase mining by-products, and also work with a mix of local producers and artisanal miners, primarily in Ghana, West Africa where there is an active presence.

## GOLDPLAT RECOVERY (PTY) LIMITED – SOUTH AFRICA ('GPL')

Goldplat's GPL recovery plant in Benoni, South Africa, continued to generate revenues and operated profitably for FY 2014 following the successful implementation of various initiatives to improve the efficiency of the gold recovery operations and reduce the operating cost. This, combined with a stronger gold price and a weaker South African Rand versus US dollar exchange rates, has resulted in GPL making a positive contribution to the Group's revenues during the period. Furthermore, at GPL we have flexible contracts for mining by-products and during the past 12 months we have enjoyed an increase in clients, seeing our client list almost double over the period. We remain confident that this growth trend will continue.

We were delighted to announce in December 2013 that our South African operation had been accredited as a Responsible Gold depositor in line with international guidelines. The accreditation was a major achievement for Goldplat as it directly accounts for gold produced, that follows the 'Chain of Custody' requirements consistent with the Organisation of Economic Co-operation and also adheres to the London Bullion Market Association's 'Responsible Gold Guidance' and the World Gold Council certification of 'Conflict-Free' gold. Notably, we were the first secondary gold producer in South Africa to obtain this status, and we have seen during H2 2014 that with this accreditation in hand we offer a unique selling proposition that significantly differentiates us from competitors. As a Responsible Gold depositor and gold recovery services business, our business offering has been enhanced and has already impacted positively on contracts, profits and cash flows for GPL.

In terms of operational initiatives as previously highlighted we implemented a number of changes during FY 2014 focussed on boosting operating margins whilst adapting to the suppressed gold price environment. As part of this, we installed a second rotary kiln in July 2013 to increase the processing of high grade wood chips; introduced a 24 hour shift system for our by-product processing section at GPL; increased the throughput of lower grade material which resulted in an overall higher gold production rate; revised our by-product and procurement contracts in terms of pricing; secured new contracts for high grade fine carbon; and reduced our cyanide consumption through the implementation of an automated dosing system. The conversion of cyanide from briquette to liquid is also progressing well, which will unlock further cost saving opportunities going forward. Looking to the future we are focussed on maintaining and improving these lower operating costs, and securing additional revenue streams at GPL.

In this vein, following positive results from initial in-house testwork on our stockpiled tailings, we have engaged with a local South African University to design a process system for the re-treatment of tailings with the objective of recovering additional gold during the re-processing phase. The initial results are very encouraging and indicate that a new process can be developed and introduced that will improve the current plant recovery significantly and allow the retreatment of tailings at GPL and other similar tailings. This project will add significant life of mine to the operation and we look forward to providing updates on this in due course.

# OPERATIONS REPORT (CONTINUED)

Additionally, during the second and third quarters of 2014, the Company signed an agreement and commenced the clean-up of two liquidated mining operations that give GPL access to higher grade surface material. This will increase the production output in the various cyanide-in-leach ('CIL') sections of the operation.

The Company's project at Central Rand Gold's No.4 Shaft in Johannesburg is progressing well and contributing towards GPL's profits. The sustainability of this project is still subject to securing a safe second outlet and access for the work force and material handling. The second outlet is nearing completion and management remains optimistic that this project will deliver sustainable revenues in future.

Goldplat is also working towards potential diversification into the Platinum Group Metals (PGM's) as part of its long term growth strategy to capitalise on a more stable platinum price. The various by-products from the platinum mining industry are currently being evaluated with a trial project to start in late Q4 2014. The Board believes this strategy will expand the services Goldplat has to offer the mining industry, highlighting the significant flexibility and process routes the recovery operations have to offer to satisfy the ever continuing environmental needs of mining houses.

As required by the Mineral and Petroleum Resources Development Act 2002, GPL is now compliant with South Africa's Black Economic Empowerment ('BEE') legislation following the signing of a binding Memorandum of Agreement in April 2013 with Goldplat's BEE partner Amabubesi Property Holdings (Pty) Ltd ('Amabubesi'), which increased Amabubesi's interest in GPL from 15% to 26%. This means that GPL is in a position to access new clients and unlock economic value from their respective mineral by-products going forward.

The Company also continues to work closely with the Department of Mineral Resources to curb illegal mining activities on surface. GPL intends to assist the Department of Mineral Resources by cleaning up surface areas that are currently threatening local communities and by processing the material removed from the illegal mining sites at GPL, which will in turn benefit from the gold recovery process.

## GOLD RECOVERY GHANA LIMITED ('GRG') – GHANA

GRG's gold recovery operation, which has a tax free status until 2016, is located in the free port of Tema in Ghana. Its revenue generating business model mirrors that of our South African gold recovery operation in as much that it recovers gold from by-products of the mining process, however due to its locality in West Africa and the open-pit nature of mining in this region, our Ghanaian operation has additional upside potential through processing artisanal tailings due to West Africa's active artisanal mining presence.

For the first half of the year our Ghanaian operation sustained margin pressures due to the lower gold price environment, which impacted profitability during H1 2014. In line with actions undertaken by the Board during the latter part of H1 2014, notwithstanding the temporary suspension of toll treatment activity relating to its agreement with Endeavour Resources ('Endeavour') in June 2014, and a delay in the sales of fine carbon contracts in H2 2014, GRG remained profitable.

The gold processing operations at our plant in Tema are split into two primary areas, one comprising spiral and incinerator sections which recover gold from high grade fine carbon and rubber mill liners, and the other a CIL section, which primarily processes artisanal tailings.

Of these two, the spiral and incinerator sections remain the most profitable business unit for GRG, accounting for 69.4% of GRG's total revenues for the year ending 30 June 2014, and as a result we have restructured our core business model in Ghana to increase the output of these operations. During January 2014 we commissioned an additional spirals circuit to improve feed to the incinerator. This led to an increased operating capacity, which together with the winning of new clients both locally and internationally, significantly boosted the gold recovery output in the second half of the year. In terms of future outlook, we continue to focus on increasing these operations and have recently received new high-grade batches from a number of clients, which has already had a positive impact for the first three months of FY 2015. We purchased a rotary kiln in December 2012 to help process the low grade ashes and woodchips. The plant will be

shipped from South Africa shortly and is targeted to be installed late 2014/early 2015.

The CIL section, for the year ending 30 June 2014, contributed 10.1% of total revenues for GRG. As part of the Ghanaian Government's effort to legalise all mining operations in Ghana, the Ghanaian Environmental Protection Agency ('EPA') is continuing to increase pressure to better regulate the mining industry. As a result of this, our CIL section at Tema and also our long-standing toll processing agreement with Endeavour Resources, which processes some of our tailings purchased from artisanal and small scale miners, were affected.

With regards to our CIL section, we received an enforcement notice on 18 July 2014 by the EPA for us to cease operations at the CIL treatment section due to the identification of certain operational and environmental breaches. As a result, we have decommissioned our CIL operations at Tema, and are working with the EPA to find a new site for an engineered tailings facility and the CIL section. This will enable us to restart the tailings processing arm of GRG, as Ghana has significant stockpiles of artisanal tailings to be processed, and will allow the Company to assist the EPA in the rehabilitation of artisanal mining sites.

With regards to GRG's toll-processing agreement with Endeavour Resources ('Endeavour'), operations were temporarily suspended in June 2014 to allow GRG to obtain an additional permit from the EPA. We are confident that this permit will be secured in the near term to allow the toll-treatment to re-commence and continue to operate at its standard capacity. For the year ending 30 June 2014, our contract with Endeavour accounted for 20.5% of GRG's revenues.

In light of the enforcement notice and the EPA's new regulations, we will submit a new Environmental Management Plan ('EMP') to the EPA to ensure that all operational activities at GRG are consistent with best practice, preserve the integrity of the environment and protect other adjacent land users. The EMP will consider water treatment options and we are working with them to determine the best strategy going forward following the decommissioning of the CIL tailings facility onsite. This includes identifying one or more third parties with engineered storage facilities so that we can process the current tailings onsite. GRG is confident that the grade of the Company's tailings will be attractive to potential third party processors to realise value from the tailings and subsequently fund the decommissioning and removal costs. We have built good relations with the EPA over the last few months and we look forward to continuing this relationship to ensure best practice at our Ghanaian operation.

In spite of these difficulties with our CIL operations, we remain very optimistic about future growth opportunities in Ghana. Our spiral and incinerator sections have outperformed previous years' production rates and going forward we are looking to potentially expand our tax-free status to acquire material for processing from outside of West Africa. In line with this, a first consignment of material from North Africa has already been received and processed and we have identified a number of prospective opportunities in South America and Australia. We look forward to updating shareholders on these developments in due course.

### BURKINA FASO: MIDAS GOLD SARL ('MIDAS')

As part of our longer-term growth strategy for expanding our gold recovery reach in Africa we have been actively pursuing an opportunity in Burkina Faso in West Africa to roll out our current gold recovery business model.

With this in mind, we created a subsidiary company called Midas Gold SARL ('Midas') and selected a potential site in Dano in west Burkina Faso. The Environmental Study for the site in Dano was completed at the end of August 2013 and we are pleased to report that the Government of Burkina Faso has awarded Midas an operating licence which covers artisanal semi-mechanised gold mining and gold reprocessing of by-products. The Board believes Burkina Faso has great potential to expand and build a sustainable gold recovery business and we look forward to reporting on these developments in due course.

# OPERATIONS REPORT (CONTINUED)

## MINING AND EXPLORATION

Whilst Goldplat's cash generative, niche, gold recovery businesses remains our primary focus, we continue to progress discussions with joint venture partners to advance the development of our Kilimapesa gold project in Kenya.

Our Kilimapesa gold project is located in the historically productive Migori Archaean Greenstone Belt in western Kenya. Kilimapesa has a mineral resource of 8,715,291 tonnes at 2.40 g/t Au for 671,446 oz Au at a cut-off of 1 g/t.

The continuing losses incurred at the Kilimapesa gold mine in Kenya have negatively impacted the overall Group profitability. Since 1 July 2014, further plant improvements at a minimal cost have increased the recovery and gold production at Kilimapesa despite the limited milling capacity. Indications are that the increased gold production will enable the mine to operate near breakeven despite the current plant design limitations.

Importantly, the Company has built very good relations with the Kenyan Government and assisted with the development of a New Mining Act to grow the mining industry in Kenya. We appreciate the support received thus far from the Kenyan Government as we work towards a sustainable mining industry that will benefit all.

The Company also has interests in two greenfield gold exploration projects which have a total JORC compliant exploration mineral resource of 3,940,000 tonnes at 2.05g/t Au for 259koz; the 29 sq km Anumso Gold Exploration licence in the Ashanti region in Ghana and the 246 sq km Nyieme project in the Birimian Greenstone Belt in southern Burkina Faso. We continue to evaluate opportunities to realise value or monetise these projects either through joint ventures or trade sales.

## OUTLOOK

Our two market leading gold recovery businesses remain our core focus as we continue to unlock the economic value of these operations. In spite of the difficulties experienced during the period, we are now making positive progress to ensure the Group's profitability for FY 2015 and beyond. We have implemented a number of cost saving initiatives across our gold recovery operations in South Africa and Ghana, which have already proven to be successful, with the second half of the year (H2 2014) eliminating the H1 2014 operating loss, resulting in an overall operating profit for FY 2014. Going forward we remain focussed on seeking the most cost efficient and sustainable operational methods to maximise our profitability and will work with the respective Governments and regulatory bodies to ensure a standardised high level of compliance with all regulatory, legislative and environmental commitments.

I VISAGIE
CEO
26 September 2014

# THE BOARD

## BRIAN MORITZ

### Non-Executive Chairman

Brian is a Chartered Accountant and former Senior Partner of Grant Thornton, London. He formed Grant Thornton's Capital Markets Team, which floated over 100 companies on AIM under his chairmanship. In 1995 he retired to concentrate on bringing new companies to the market as a director. He focuses on mining companies, primarily in Africa, and was formerly Chairman of African Platinum PLC and Metal Bulletin PLC as well as currently being Chairman of several junior mining companies. Brian is a member of the audit and remuneration committees of the Company and is responsible for corporate governance issues and compliance with AIM.

## IAN VISAGIE

### Chief Executive and Finance Director

Ian is a Chartered Accountant who has worked in senior positions in the mining industry since 1990. A South African citizen he trained as a Chartered Accountant with KPMG in its Pretoria office. Having gained post-qualifying experience with KPMG he moved into a mining environment in 1990 when he joined Consolidated Modderfontein Mines Limited as Financial Manager, and Goldplat Recovery in March 1997 as Financial Director. Ian has been a Director of Goldplat plc since listing.

## HANSIE VAN VREDEN

### Chief Operating Officer

An experienced metallurgist with over 15 years in the mining industry. Prior to joining Goldplat he worked at several AngloGold Ashanti ('Anglo') operations in South Africa, including Savuka, Mponeng and Kopanang Gold Plants, and Sunrise Dam Gold Mine in Western Australia. During his time as Plant Manager and Production Metallurgist at Kopanang Gold Plant he successfully converted the operation from reef to waste rock and implemented various initiatives to increase production capabilities and improve recoveries. In addition, at three other Anglo processing plants he gained certification and re-certification of the International Cyanide Management Institute (ICMI). During his time at Anglo (1999-2013) he was also responsible for health and safety, production planning and execution, projects, metallurgical accounting, security and operational staff. He holds a Bachelors degree in Engineering (Chemical: Mineral Processing) from the University of Stellenbosch.

## NIGEL WYATT

### Non-Executive Director

Nigel is a graduate of the Camborne School of Mines. He has held senior positions in a number of mining and engineering companies, primarily in Southern Africa. He was the group marketing director of a De Beers group subsidiary supplying specialised materials, engineering and technology to the industrial and mining sectors, and commercial director of Dunlop Industrial Products (Pty) Limited, South Africa. In 2006, he was appointed as CEO of Chromex Mining Plc, an AIM company mining chrome in South Africa. After listing the company and bringing the company to early production, he resigned in order to seek and develop other early stage mining projects.

## GERARD KISBEY-GREEN

### Non-Executive Director

Gerard has built an expansive career in the mining and related financial industry, spanning over 28 years. After graduating as a Mining Engineer in South Africa in 1987, he gained extensive experience working in various management positions for a number of the larger South African mining companies, including Rand Mines Group and the gold division of Anglo American Corporation. During this time he worked on gold, platinum and coal mines primarily in South Africa and also in Germany and Australia.

Gerard subsequently spent 17 years in the financial markets, including five years as a mining equity analyst and 12 years in mining corporate finance. He has worked in South Africa and the UK for banks including JPMorganChase, Investec and Standard Bank. Gerard has extensive experience in IPOs, capital raisings, M&A transactions and deals covering a great diversity of commodities and geographic locations. He also has experience in nomad and broker and advisory roles. He has worked extensively in Africa, particularly South Africa, Western and Eastern Europe, the Middle East, Far East, Central Asia and North America. After returning to South Africa as a Managing Director with Standard Bank in 2009, Gerard left the banking industry and joined Peterstow Aquapower, a mining technology development company, as CEO in 2011, before accepting a position in 2012 with Aurigin Resources Inc., a privately owned Toronto-based gold exploration company with assets in Ethiopia and Tanzania, as President and CEO.

# DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Group for the year ended 30 June 2014.

A review of the business and risks and uncertainties is included in the Strategic Report.

## RESULTS

The Group reports a pre-tax loss of £248,000 (2013: profit £207,000) and an after tax loss of £356,000 (2013: £399,000).

## MAJOR EVENTS AFTER THE BALANCE SHEET DATE

The following events occurred after the balance sheet date and are further discussed in note 36 to these financial statements:

- G Kisbey-Green was appointed as a Non-Executive Director on 11 August 2014.

## DIVIDENDS

No dividend is proposed in respect of the year ended 30 June 2014 (2013: 0.12p per share).

## POLITICAL DONATIONS

There were no political donations during the year (2013: £Nil).

## 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 and N Wyatt. 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.

## DIRECTORS

The following Directors served during the period:

| | |
|---|---|
| B M Moritz | (Non-executive Chairman) |
| I Visagie | (Chief Executive and Finance Director) |
| Dr. R Pitts Smith | (Managing Director – recovery operations) – resigned 31 December 2013 |
| N G Wyatt | (Non-executive Director) – appointed 17 September 2013) |
| J H Van Vreden | (Chief Operating Officer) – appointed 5 December 2013) |
| R Lamming | (Chief Executive Officer) – resigned 13 September 2013) |

## DIRECTORS' INTERESTS

The beneficial interests of the Directors holding office on 30 June 2014 in the issued share capital of the Company were as follows:

| | 30 June 2014 | | 30 June 2013 | |
|---|---|---|---|---|
| | Number of ordinary shares of 1p each | Percentage of issued share capital | Number of ordinary shares of 1p each | Percentage of issued share capital |
| B M Moritz | 2,550,000 | 1.52% | 1,800,000 | 1.08% |

Since 30 June 2014 there has been no change in these interests.

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

## DIRECTORS' REMUNERATION AND SERVICE CONTRACTS

Details of directors' emoluments including share based payments are disclosed in note 10 to these financial statements.

| | Salaries £'000 | Fees £'000 | Other £'000 | Total £ '000 |
|---|---|---|---|---|
| B M Moritz | – | 40 | – | 40 |
| R Pitts Smith | 41 | – | 6 | 47 |
| I Visagie | 116 | – | – | 116 |
| R Lamming | 128 | – | – | 128 |
| N Wyatt | – | 21 | – | 21 |
| J H Van Vreden | 69 | – | 8 | 77 |
| | 354 | 61 | 14 | 429 |

Note: the amount disclosed for R Lamming comprises £100,000 of payments to Mr Lamming and £28,000 in respect of the valuation of his options in accordance with IFRS 2.

## DIRECTORS' INDEMNITIES

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

## GOING CONCERN

The Directors adopt the going concern basis in preparing these financial statements. This is further explained in note 2 to the financial statements.

## 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 Group performance. The Group is an Equal Employment Opportunity employer.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

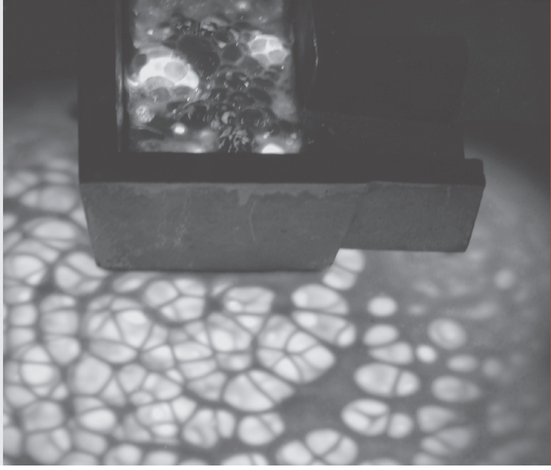
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. The financial statements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

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



# DIRECTORS' REPORT (CONTINUED)

## STATEMENT OF DISCLOSURE TO AUDITOR

So far as the Directors are aware:

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

## AUDITOR

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

By order of the Board

B MORITZ
DIRECTOR
26 September 2014

# STRATEGIC REPORT

The directors present their Strategic Report for the year ended 30 June 2014.

The Strategic Report is a new statutory requirement under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and is intended to provide fair and balanced information that enables the directors to be satisfied that they have complied with s172 of the Companies Act 2006 which sets out the directors' duty to promote the success of the Company.

## PRINCIPAL ACTIVITY

The Group carries on business in the production of gold and other precious metals, as well as mining of and exploration for gold.

The Group's primary operating base is situated in South Africa, near Benoni on the East Rand goldfield in South Africa. As well as producing gold, silver and platinum group metals from the by-products of the mining industry, support for other Group operating subsidiary companies is provided from Benoni. Gold is also produced in Ghana at the Group's site in the free port of Tema, and through a toll treatment agreement with an external processor.

The Group mines gold at the Kilimapesa mine near Lolgorien in Kenya, and has exploration projects in Ghana and Burkina Faso.

## REVIEW OF BUSINESS AND FINANCIAL PERFORMANCE

Information on the financial position of the Group is set out in the Chairman's Statement and the annexed financial statements.

Details of the operations are set out in the Operations Report.

The Board regularly reviews the risks to which the Group is exposed and ensures through its meetings and regular reporting that these risks are minimised as far as possible.

## RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group at this stage in its development are:

### Purchasing risk

The main business of the Group, the recovery of gold from by-products of the mining industry, requires such by-products to be available for purchase by the Group at prices which allow profitable processing by the Group. As mining companies become more efficient both the volumes of available materials and their precious metal content may be reduced.

The Group mitigates this risk by its flexibility in the types of material it processes. It has also been in the forefront of producing "Responsible Gold" which gives it a competitive advantage.

### Price risk

The gold and precious metals produced by the Group are sold at world prices which may fluctuate substantially according to supply and demand, and are not directly related to the cost of production.

The Group is able to mitigate this risk in part by adjusting the price it pays for materials for processing.

### Exploration Risk

The Group's business includes mineral exploration and evaluation which are speculative activities and there is no certainty that the Group will be successful in the definition of economic mineral deposits, or that it will proceed to the development of any of its projects or otherwise realise their value.

The Group aims to mitigate this risk when evaluating new business opportunities by targeting areas of potential where there is at least some historical drilling or geological data available.

# STRATEGIC REPORT (CONTINUED)

### Resource Risk

All mineral projects have risk associated with defined grade and continuity. Mineral reserves and resources will be calculated by the Group in accordance with accepted industry standards and codes but are always subject to uncertainties in the underlying assumptions which include geological projection and commodity price assumptions.

### Development Risk

Delays in permitting, financing and commissioning a project may result in delays to the Group meeting production targets. Changes in commodity prices can affect the economic viability of mining projects and affect decisions on continuing exploration activity.

### Mining and Processing Technical Risk

Notwithstanding the completion of metallurgical testwork, test mining and pilot studies indicating the technical viability of a mining operation, variations in mineralogy, mineral continuity, ground stability, ground water conditions and other geological conditions may still render a mining and processing operation economically or technically non-viable.

The Group has a small team of mining professionals experienced in geological evaluation, exploration, financing and development of mining projects. To mitigate development risk the Group supplements this from time to time with engagement of external expert consultants and contractors.

### Environmental Risk

Exploration and development of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. Once a project is in production unforeseen events can give rise to environmental liabilities.

The Group is responsible for rehabilitation at all its operations.

### Financing & Liquidity Risk

The Group may need to finance expansion through the equity markets and in future to obtain finance for project development. There is no certainty such funds will be available when needed.

This risk is mitigated for Goldplat in so far as its primary activities are cash generative.

### Political Risk

All countries carry political risk that can lead to interruption of activity. Politically stable countries can have enhanced environmental and social permitting risks, risks of strikes and changes to taxation whereas less developed countries can have in addition, risks associated with changes to the legal framework, civil unrest and government expropriation of assets.

### Partner Risk

In South Africa, Black Economic Empowerment legislation requires historically disadvantaged South Africans to have a minimum 26% interest in all mining and exploration projects. The Group can be adversely affected if joint venture partners are unable or unwilling to perform their obligations or fund their share of future developments. It is possible that other countries where the Group operates may introduce similar legislation.

### Financial Instruments

Details of risks associated with the Group's financial instruments are given in Note 31 to the financial statements. The Group does not utilise any complex financial instruments.

### Internal Controls and Risk Management

The directors are responsible for the Group's system of internal financial control. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

In carrying out their responsibilities the directors have put in place a framework of controls to ensure as far as possible that ongoing financial performance is monitored in a timely manner, that corrective action is taken and that risk is identified as early as practically possible, and they have reviewed the effectiveness of internal financial control.

The Board, subject to delegated authority, reviews regulatory issues, capital investment, property sales and purchases, additional borrowing facilities, guarantees and insurance arrangements.

### Bribery Risk

The Group has adopted an anti-corruption policy and whistle blowing policy under the Bribery Act 2010. Notwithstanding this, the Group may be held liable for offences under that Act committed by its employees or subcontractors whether or not the Group or the Directors have knowledge of the commission of such offences.

### Forward Looking Statements

This Annual Report contains certain forward looking statements that have been made by the directors in good faith based on the information available at the time of the approval of the Annual Report. By their nature, such forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements.

I VISAGIE
DIRECTOR
26 September 2014

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GOLDPLAT PLC

We have audited the financial statements of Goldplat Plc for the year ended 30 June 2014 which comprise the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statements of changes in equity, the consolidated statement of cash flows, the company statement of financial position, the company statement of changes in equity, the company statement of cash flows 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 AUDITORS

As explained more fully in the directors' responsibilities statement, 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 (APBs) 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 and of the group's loss 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 strategic report and 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, under the Companies Act 2006 we are required 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.

GARETH JONES
SENIOR STATUTORY AUDITOR
for and on behalf of CHANTREY VELLACOTT DFK LLP
Chartered Accountants and Statutory Auditor
London
26 September 2014

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

| | Notes | **2014 £'000** | 2013 £'000 |
|---|---|---|---|
| CONTINUING OPERATIONS | | | |
| REVENUE | 7 | **21,020** | 28,904 |
| Cost of sales | | **(19,202)** | (24,338) |
| GROSS PROFIT | | **1,818** | 4,566 |
| Administrative expenses | | **(1,665)** | (1,927) |
| RESULTS FROM OPERATING ACTIVITIES | | **153** | 2,639 |
| Finance income | | **429** | 300 |
| Finance costs | | **(830)** | (359) |
| NET FINANCE COSTS | 11 | **(401)** | (59) |
| RESULTS FROM OPERATING ACTIVITIES AFTER FINANCE COSTS | | **(248)** | 2,580 |
| Impairment of assets | 15,16 | **–** | (2,373) |
| (LOSS)/PROFIT BEFORE TAX | | **(248)** | 207 |
| Taxation | 13 | **(108)** | (606) |
| LOSS FOR THE YEAR | | **(356)** | (399) |
| LOSS ATTRIBUTABLE TO: | | | |
| Owners of the Company | | **(527)** | (795) |
| Non-controlling interests | | **171** | 396 |
| LOSS FOR THE YEAR | | **(356)** | (399) |
| OTHER COMPREHENSIVE INCOME | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange translation | | **(3,613)** | (792) |
| OTHER COMPREHENSIVE EXPENSE FOR THE YEAR | | **(3,613)** | (792) |
| TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR | | **(3,969)** | (1,191) |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | |
| Owners of the Company | | **(4,140)** | (1,587) |
| Non-controlling interests | | **171** | 396 |
| TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR | | **(3,969)** | (1,191) |
| EARNINGS PER SHARE – CONTINUING OPERATIONS | | | |
| Basic earnings per share (pence) | 24 | **(0.21)** | (0.24) |
| Diluted earnings per share (pence) | 24 | **(0.20)** | (0.21) |

The notes on page 26 to 61 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

| | Notes | **2014 £'000** | 2013 £'000 |
|---|---|---|---|
| ASSETS | | | |
| Property, plant and equipment | 14 | **4,202** | 4,917 |
| Intangible assets | 15 | **7,194** | 8,738 |
| Pre-production expenditure | 16 | **2,457** | 1,613 |
| Proceeds from sale of shares in subsidiary | 17 | **1,448** | 1,960 |
| NON-CURRENT ASSETS | | **15,301** | 17,228 |
| Inventories | 20 | **5,088** | 4,437 |
| Trade and other receivables | 21 | **4,786** | 4,759 |
| Taxation | | **–** | 297 |
| Cash and cash equivalents | 22 | **1,657** | 2,362 |
| CURRENT ASSETS | | **11,531** | 11,855 |
| TOTAL ASSETS | | **26,832** | 29,083 |
| EQUITY | | | |
| Share capital | 23 | **1,685** | 1,684 |
| Share premium | | **11,498** | 11,494 |
| Exchange reserve | 23 | **(5,847)** | (2,234) |
| Retained earnings | | **11,011** | 11,711 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | **18,347** | 22,655 |
| Non-controlling interests | | **1,642** | 1,525 |
| TOTAL EQUITY | | **19,989** | 24,180 |
| LIABILITIES | | | |
| Obligations under finance leases | 25 | **106** | 140 |
| Provisions | 27 | **129** | 134 |
| Deferred tax liabilities | 28 | **430** | 459 |
| NON-CURRENT LIABILITIES | | **665** | 733 |
| Obligations under finance leases | 25 | **169** | 151 |
| Taxation | | **27** | – |
| Trade and other payables | 29 | **5,982** | 4,019 |
| CURRENT LIABILITIES | | **6,178** | 4,170 |
| TOTAL LIABILITIES | | **6,843** | 4,903 |
| TOTAL EQUITY AND LIABILITIES | | **26,832** | 29,083 |

The financial statements of Goldplat plc, company number 05340664, were approved by the Board of Directors and authorised for issue on 26 September 2014. They were signed on its behalf by:

I VISAGIE, DIRECTOR

The notes on page 26 to 61 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2014

| | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital £'000 | Share premium £'000 | Exchange reserve £'000 | Retained earnings £'000 | Total £'000 | Non-controlling interests £'000 | Total equity £'000 |
| Balance at 1 July 2013 | 1,684 | 11,494 | (2,234) | 11,711 | 22,655 | 1,525 | 24,180 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | | | | | | |
| Loss | – | – | – | (527) | (527) | 171 | (356) |
| Total other comprehensive income | – | – | (3,613) | – | (3,613) | – | (3,613) |
| Total comprehensive income for the year | – | – | (3,613) | (527) | (4,140) | 171 | (3,969) |
| TRANSACTIONS WITH OWNERS OF THE COMPANY RECOGNISED DIRECTLY IN EQUITY | | | | | | | |
| CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY | | | | | | | |
| Issue of ordinary shares | 1 | 4 | – | – | 5 | – | 5 |
| Dividends | – | – | – | (201) | (201) | – | (201) |
| Share based payment transactions | – | – | – | 28 | 28 | – | 28 |
| TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY | 1 | 4 | – | (173) | (168) | – | (168) |
| CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES | | | | | | | |
| Non-controlling interests in subsidiary dividend | – | – | – | – | – | (54) | (54) |
| Total transactions with owners of the Company | 1 | 4 | – | (173) | (168) | (54) | (222) |
| BALANCE AT 30 JUNE 2014 | **1,685** | **11,498** | **(5,847)** | **11,011** | **18,347** | **1,642** | **19,989** |

The notes on page 26 to 61 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2013

| | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital £'000 | Share premium £'000 | Exchange reserve £'000 | Retained earnings £'000 | Total £ '000 | Non-controlling interests £'000 | Total equity £'000 |
| Balance at 1 July 2012 | 1,679 | 11,449 | (1,442) | 12,035 | 23,271 | 742 | 24,463 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | | | | | | |
| Loss | – | – | – | (795) | (795) | 396 | (399) |
| Total other comprehensive income | – | – | (792) | – | (792) | – | (792) |
| Total comprehensive income for the year | – | – | (792) | (795) | (1,587) | 396 | (1,191) |
| TRANSACTIONS WITH OWNERS OF THE COMPANY RECOGNISED DIRECTLY IN EQUITY | | | | | | | |
| CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY | | | | | | | |
| Issue of ordinary shares | 5 | 45 | – | – | 50 | – | 50 |
| Investment by minorities | – | – | – | – | – | 627 | 627 |
| Dividends | – | – | – | (1,010) | (1,010) | – | (1,010) |
| Own shares acquired | – | – | – | (68) | (68) | – | (68) |
| Share based payment transactions | – | – | – | 141 | 141 | – | 141 |
| TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY | 5 | 45 | – | (937) | (887) | 627 | (260) |
| CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES | | | | | | | |
| Disposal of interest in subsidiary with no change in control | – | – | – | 1,408 | 1,408 | – | 1,408 |
| Non-controlling interests in subsidiary dividend | – | – | – | – | – | (240) | (240) |
| Total transactions with owners of the Company | 5 | 45 | – | 471 | 521 | 387 | 908 |
| BALANCE AT 30 JUNE 2013 | 1,684 | 11,494 | (2,234) | 11,711 | 22,205 | 1,525 | 24,180 |

The notes on page 26 to 61 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

| | Notes | **2014 £'000** | 2013 £'000 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit for the period | | **153** | 2,639 |
| Adjustments for: | | | |
| Depreciation | | **393** | 361 |
| Amortisation | | **28** | 43 |
| Loss on sale of property, plant and equipment | | **35** | 29 |
| Equity-settled share-based payment transactions | | **28** | 141 |
| Foreign exchange differences | | **(1,238)** | (253) |
| | | **(601)** | 2,960 |
| Changes in: | | | |
| – inventories | | **(651)** | 87 |
| – trade and other receivables | | **(27)** | 1,104 |
| – trade and other payables | | **1,970** | (2,170) |
| – provisions | | **(5)** | (47) |
| CASH GENERATED FROM OPERATING ACTIVITIES | | **686** | 1,934 |
| Finance income | | **429** | 300 |
| Finance cost | 30.1 | **(832)** | (349) |
| Taxes paid | | **187** | (878) |
| NET CASH FROM OPERATING ACTIVITIES | | **470** | 1,007 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of property, plant and equipment | | **27** | 83 |
| Enhancement of exploration and development asset | | **(50)** | (247) |
| Acquisition of property, plant and equipment | 30.2 | **(510)** | (1,329) |
| Pre-production expenditure | | **(242)** | (583) |
| NET CASH USED IN INVESTING ACTIVITIES | | **(775)** | (2,076) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of share capital | | **–** | 50 |
| Own shares purchased | | **–** | (68) |
| Dividends paid | | **(201)** | (1,010) |
| Payment of finance lease liabilities | | **(199)** | (114) |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | | **(400)** | (1,142) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | **(705)** | (2,211) |
| Cash and cash equivalents at 1 July | | **2,362** | 4,573 |
| CASH AND CASH EQUIVALENTS AT 30 JUNE | 22 | **1,657** | 2,362 |

The notes on page 26 to 61 are an integral part of these consolidated financial statements.

# COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

| | Notes | **2014 £'000** | 2013 £'000 |
|---|---|---|---|
| ASSETS | | | |
| Loans to subsidiary companies | 18 | **7,561** | 7,926 |
| Investments | 19 | **6,425** | 6,425 |
| NON-CURRENT ASSETS | | **13,986** | 14,351 |
| Trade and other receivables | 21 | **271** | 50 |
| Cash and cash equivalents | 22 | **95** | 341 |
| CURRENT ASSETS | | **366** | 391 |
| TOTAL ASSETS | | **14,352** | 14,742 |
| EQUITY | | | |
| Share capital | 23 | **1,685** | 1,684 |
| Share premium | | **11,498** | 11,494 |
| Retained surplus/(deficit) | | **1,150** | 1,479 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | **14,333** | 14,657 |
| Non-controlling interests | | **–** | – |
| TOTAL EQUITY | | **14,333** | 14,657 |
| LIABILITIES | | | |
| Trade and other payables | 29 | **19** | 85 |
| CURRENT LIABILITIES | | **19** | 85 |
| TOTAL LIABILITIES | | **19** | 85 |
| TOTAL EQUITY AND LIABILITIES | | **14,352** | 14,742 |

These financial statements of Goldplat plc, company number 05340664, were approved by the Board of Directors and authorised for issue on 26 September 2014. They were signed on its behalf by:

I VISAGIE, DIRECTOR

The notes on page 26 to 61 are an integral part of these consolidated financial statements.

# COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

| | Attributable to owners of the Company | | | |
|---|---|---|---|---|
| | Share capital £'000 | Share premium £'000 | Retained deficit £'000 | Total equity £'000 |
| Balance at 1 July 2012 | 1,679 | 11,449 | 1,180 | 14,308 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | | | |
| Profit | – | – | 1,236 | 1,236 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | – | – | 1,236 | 1,236 |
| TRANSACTIONS WITH OWNERS OF THE COMPANY RECOGNISED DIRECTLY IN EQUITY | | | | |
| CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY | | | | |
| Issue of ordinary shares | 5 | 45 | – | 50 |
| Dividends | – | – | (1,010) | (1,010) |
| Own shares acquired | – | – | (68) | (68) |
| Share based payment transactions | – | – | 141 | 141 |
| TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY | 5 | 45 | (937) | (887) |
| BALANCE AT 30 JUNE 2013 | 1,684 | 11,494 | 1,479 | 14,657 |
| Balance at 1 July 2013 | 1,684 | 11,494 | 1,479 | 14,657 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | | | |
| Loss | – | – | (156) | (156) |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | – | – | (156) | (156) |
| TRANSACTIONS WITH OWNERS OF THE COMPANY RECOGNISED DIRECTLY IN EQUITY | | | | |
| CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY | | | | |
| Issue of ordinary shares | 1 | 4 | – | 5 |
| Dividends | – | – | (201) | (201) |
| Share based payment transactions | – | – | 28 | 28 |
| TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY | 1 | 4 | (173) | (168) |
| BALANCE AT 30 JUNE 2014 | **1,685** | **11,498** | **1,150** | **14,333** |

The notes on page 26 to 61 are an integral part of these consolidated financial statements.

# COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

| | Notes | **2014 £'000** | 2013 £'000 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| (Loss)/Profit for the period | | **(125)** | 1,272 |
| Adjustments for: | | | |
| Equity-settled share-based payment transactions | | **28** | 141 |
| | | **(97)** | 1,413 |
| Changes in: | | | |
| – trade and other receivables | | **(221)** | (28) |
| – trade and other payables | | **(61)** | 23 |
| CASH (USED IN)/FROM OPERATING ACTIVITIES | | **(379)** | 1,408 |
| Interest received | | **–** | – |
| Interest paid | | **(31)** | (36) |
| NET CASH (USED IN)/FROM OPERATING ACTIVITIES | | **(410)** | 1,372 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Equity dividends paid | | **(201)** | (1,010) |
| Own shares purchased | | **–** | (68) |
| Proceeds from issue of share capital | | **–** | 50 |
| Loans to subsidiary | | **365** | (504) |
| NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES | | **164** | (1,532) |
| NET (DECREASE) IN CASH AND CASH EQUIVALENTS | | **(246)** | (160) |
| Cash and cash equivalents at 1 July | | **341** | 501 |
| CASH AND CASH EQUIVALENTS AT 30 JUNE | 22 | **95** | 341 |

The notes on page 26 to 61 are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

## 1. REPORTING ENTITY

Goldplat plc (the 'Company') is a company domiciled in England and Wales. The address of the Company's registered office is 55 Gower Street, London, WC1E 6HQ. The Group primarily operates as a producer of precious metals on the African continent.

## 2. GOING CONCERN

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 Group has sufficient reserves of raw materials and ongoing contracts with its current suppliers. The Group 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.

## 3. BASIS OF PREPARATION

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union.

The Company's individual profit and loss account has been omitted from the Group's annual financial statements having taken advantage of the exemption not to disclose under Section 408(3) of the Companies Act 2006. The Company's comprehensive loss for the year ended 30 June 2014 was £156,000 (2013: profit £1,236,000).

The consolidated financial statements were authorised for issue by the Board of Directors on 26 September 2014.

### (b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

### (c) Functional and presentation currency

These consolidated financial statements are presented in Pounds Sterling ('GBP'), which is considered by the Directors to be the most appropriate presentation currency to assist the users of the financial statements. All financial information presented in GBP has been rounded to the nearest thousand, except when otherwise indicated.

The Company's functional currencies are considered to be the US Dollar ("USD") and South African Rand ("ZAR") as these currencies mainly influence sales prices and expenses respectively.

### (d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, 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.

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

Critical estimates and assumptions that have the most significant effect on the amounts recognised in the consolidated financial statements and/or have a significant risk of resulting in a material adjustment within the next financial year are as follows:

- Carrying value of goodwill – Notes 4(a)(i) and 15
- Capitalisation of pre-production expenditure – Notes 4(e)(iii) and 15
- Valuation of warrants issued – Notes 4(i) and 26

Accounting entries are made in accordance with the accounting policies detailed below.

## 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

### (a) Basis of consolidation

**(i) Business combinations**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of consolidation (continued)

**(i) Business combinations (continued)**
When the excess is negative, a bargain purchase price is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

**(ii) Subsidiaries**
Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

**(iii) Loss of control**
On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

**(iv) Transactions eliminated on consolidation**
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### (b) Foreign currency

**(i) Foreign currency transactions**
Assets and liabilities denominated in foreign currencies are translated at the closing rate at the balance sheet date. Income and expense items are translated at an average rate for the year.

All differences are charged to the statement of profit or loss and other comprehensive income.

**(ii) Foreign operations**

The assets and liabilities of foreign operations, including goodwill and the fair value adjustments arising on acquisition, are translated to GBP at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to GBP at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the exchange reserve in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented in the exchange reserve in 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.

### (c) Financial instruments

**(i) Non-derivative financial assets**

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group's non-derivative financial assets comprise loans and receivables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

**(i) Non-derivative financial assets (continued)**

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. 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 profit or loss and other comprehensive income.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents

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.

**(ii) Non-derivative financial liabilities**

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, finance lease obligations, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**(iii) Share capital**

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

### (d) Property, plant and equipment

**(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of the mining asset includes the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

**(ii) Subsequent costs**

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

**(iii) Depreciation**

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 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

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Intangible assets

**(i) Goodwill**

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see note 4(a)(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

**(ii) Mining rights, exploration and development**

Mining rights, exploration and development includes rights in production, development and exploration phase properties. The amount capitalised represents fair value at the time acquired, plus enhancement expenditure at cost.

Mining rights comprise production phase properties and are amortised over the estimated life of the mine.

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

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

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

**(iii) 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.

**(iv) Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

**(v) Amortisation**

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Amortisation is included within administrative expenses in the statement of profit or loss and other comprehensive income.

### (f) Leased assets

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

### (g) Inventories

Consumable stores and raw materials are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average basis and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in 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 represents production on hand after the smelting process, gold contained in the elution process, gold loaded carbon in the carbon-in-leach ("CIL") and carbon-in-pulp ("CIP") 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.

### (h) Impairment

The carrying amounts of the Group's non-financial 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 ("CGU") exceeds its recoverable amount. Impairment losses are recognised in the Group statement of profit or loss and other comprehensive income.

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

### (i) Employee benefits

#### Share-based payment transactions

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) Provisions

A provision is recognised in the statement of financial position if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, 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. The unwinding of the discount is recognised as finance cost.

#### 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.

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 profit or loss and other comprehensive income as incurred.

### (k) Revenue

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

### (l) Finance income and finance costs

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

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 profit or loss and other comprehensive income.

The finance expense component of finance lease payments is recognised in the Group statement of profit or loss and other comprehensive income using the effective interest rate method.

### (m) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Group statement of profit or loss and other comprehensive income except to the extent that it relates to item 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.

### (n) Segment reporting

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## 5. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

### Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2014 or later periods, but which the Group has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

IFRS 9 Financial Instruments

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

Amendment to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

IFRIC 21 Levies

Where relevant, the Group is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

## 6. OPERATING SEGMENTS

For each segment, the Group's CEO (the chief operating decision maker) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segment.

- *Recovery operations.* Includes the recovery of precious metals from metallurgical challenging materials and the processing of ore, sourced from other mining operations. These products often represent an environmental challenge to the primary producer and are processed in a responsible manner by the company.
- *Mining and exploration.* Includes assets held for commercial exploitation of precious metals and exploration assets held where the commercial viability of the ore resource has not yet been evaluated or is in the process of evaluation.
- *Administration.* Includes activities conducted by holding companies in relation to the group and its subsidiaries.

There are varying levels of integration between the three reportable segments. This integration includes the sale of precious metals from the Ghana recovery operation to the South African recovery operation, and the supply of goods and services by the South African subsidiary to all group operations. Inter-segment pricing is determined on an arm's length basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are viewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

## 6. OPERATING SEGMENTS (CONTINUED)

Information about reportable segments:

### FOR THE YEAR ENDED 30 JUNE 2014

| | **Recovery Operations £'000** | **Mining and exploration £'000** | **Adminis-tration £'000** | **Reconciliation to Group figures £'000** | **Group £'000** |
|---|---|---|---|---|---|
| External revenues | **20,284** | **736** | **–** | **–** | **21,020** |
| Inter-segment revenues | **325** | **–** | **–** | **(325)** | **–** |
| TOTAL REVENUES | **20,609** | **736** | **–** | **(325)** | **21,020** |
| Interest expense | **(54)** | **–** | **–** | **–** | **(54)** |
| Depreciation and amortisation | **393** | **28** | **–** | **–** | **421** |
| Reportable segment profit/(loss) before tax | **1,796** | **(714)** | **(1,328)** | **–** | **(248)** |
| Taxation | **(82)** | **–** | **(26)** | **–** | **(108)** |
| Reportable segment assets | **18,022** | **1,703** | **7,107** | **–** | **26,832** |
| Capital expenditure | **924** | **61** | **–** | **–** | **985** |
| Reportable segment liabilities | **6,383** | **377** | **83** | **–** | **6,843** |

### FOR THE YEAR ENDED 30 JUNE 2013

| | Recovery Operations £'000 | Mining and exploration £'000 | Adminis-tration £'000 | Reconciliation to Group figures £'000 | Group £'000 |
|---|---|---|---|---|---|
| External revenues | 28,105 | 799 | – | – | 28,904 |
| Inter-segment revenues | 462 | – | – | (462) | – |
| TOTAL REVENUES | 28,567 | 799 | – | (462) | 28,904 |
| Interest expense | (22) | – | – | – | (22) |
| Depreciation and amortisation | 278 | 126 | – | – | 404 |
| Reportable segment profit/(loss) before tax | 4,716 | (3,493) | (1,016) | – | 207 |
| Taxation | (403) | – | (203) | – | (606) |
| Reportable segment assets | 14,179 | 6,906 | 7,998 | – | 29,083 |
| Capital expenditure | 1,637 | 779 | – | – | 2,416 |
| Reportable segment liabilities | 4,582 | 236 | 85 | – | 4,903 |
| Impairment loss on mining operations | – | 2,373 | – | – | 2,373 |

### Geographical information

The Recovery Operations, Mining and Exploration and Administration segments are managed on a worldwide basis, but operate mines on the African continent.

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

### Revenue

Revenues are primarily derived from dore bars and product delivered in concentrate form to a local South African refinery in Johannesburg.

### Non-current assets

Non-current assets are primarily based on the African continent.

### Major customer

The major customer to the group is a local South African refinery in Johannesburg. Revenues from this customer represents 97% (2013: 98%) of the recovery operations revenues and 86% (2013: 100%) of the mining and exploration revenues.

## 7. REVENUE

| | **2014 £'000** | 2013 £'000 |
|---|---|---|
| Sales of precious metals – Recovery operations | **19,937** | 27,895 |
| Sales of precious metals – Mining and exploration | **736** | 799 |
| Processing fees charged to customers | **347** | 210 |
| | **21,020** | 28,904 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

## 8. EXPENSES BY NATURE

| | Notes | 2014 £'000 | 2013 £'000 |
|---|---|---|---|
| Employee benefit expense | 9 | **3,263** | 3,735 |
| Depreciation and amortisation expense | 14, 15, 16 | **421** | 404 |
| Equity-settled share-based payment transactions | | **28** | 141 |
| Auditor's remuneration | | | |
| – Audit fee | | **70** | 68 |
| Directors' remuneration | 10 | **429** | 694 |
| Loss on disposal of property, plant and equipment | | **35** | 29 |

Auditor's remuneration in respect of the Company amounted to £32,000 (2013: £34,000). Of this amount, £32,000 (2013: £34,000) was in relation to audit services and £nil (2013: £nil) for tax advice.

## 9. PERSONNEL EXPENSES

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Wages and salaries | **2,915** | 3,228 |
| Performance based payments | **154** | 257 |
| National insurance and unemployment fund | **20** | 65 |
| Skills development levy | **37** | 37 |
| Medical aid contributions | **43** | 39 |
| Group life contributions | **48** | 49 |
| Provident funds | **46** | 60 |
| | **3,263** | 3,735 |

The average number of employees (including directors) during the period was:

| | 2014 | 2013 |
|---|---|---|
| Directors | **4** | 3 |
| Administrative personnel | **32** | 18 |
| Production personnel | **316** | 359 |
| | **352** | 380 |

### 10. DIRECTORS' EMOLUMENTS

2014

| | Executive £'000 | Non-executive £'000 | Total £'000 |
|---|---|---|---|
| Wages and salaries | **354** | **–** | **354** |
| Fees | **–** | **61** | **61** |
| Other benefits | **14** | **–** | **14** |
| | **368** | **61** | **429** |

2013

| | Executive £'000 | Non-executive £'000 | Total £'000 |
|---|---|---|---|
| Wages and salaries | 628 | – | 628 |
| Fees | – | 40 | 40 |
| Other benefits | 26 | – | 26 |
| | 654 | 40 | 694 |

Emoluments disclosed above include the following amounts paid to the highest director:

| | **2014 £'000** | 2013 £'000 |
|---|---|---|
| Emoluments for qualifying services | **128** | 308 |

The Directors also hold options to acquire nil million ordinary shares (2013: 4 million ordinary shares) at 10p per share and R Lamming holds options to acquire 4.5 million ordinary shares at 12.825p as set out in note 26.

Key management

Apart from the Directors, the emoluments paid to key management personnel amounted to £637,000 (2013: £375,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

## 11. FINANCE INCOME AND FINANCE COSTS

### RECOGNISED IN PROFIT OR LOSS

| | **2014 £'000** | 2013 £'000 |
|---|---|---|
| Interest income on cash balances held | **29** | 2 |
| Foreign exchange gains | **400** | 298 |
| FINANCE INCOME | **429** | 300 |
| Interest expense on utilisation of overdraft facility | **(6)** | (2) |
| Interest on finance leases | **(27)** | (9) |
| Interest on environmental liability | **2** | (10) |
| Foreign exchange loss | **(776)** | (337) |
| Other | **(23)** | (1) |
| FINANCE COSTS | **(830)** | (359) |
| NET FINANCE COSTS RECOGNISED IN PROFIT OR LOSS | **(401)** | (59) |
| The above finance income and finance costs include the following interest income and expense in respect of assets (liabilities) not measured at fair value through profit or loss: | | |
| – Total interest income on financial assets | **29** | 2 |
| – Total interest expense on financial liabilities | **(33)** | (11) |

## 12. PROFIT ON SALE OF INTEREST IN SUBSIDIARY

| | **2014 £'000** | 2013 £'000 |
|---|---|---|
| Profit on part disposal of interest in subsidiary | **–** | 1,657 |

On 24 April 2013, the Company's subsidiary, Gold Mineral Resources Limited sold 11% of its shareholding in its South African subsidiary, Goldplat Recovery (Pty) Limited, to its Black Economic Empowerment ('BEE') partner, Amabubesi Property Holdings (Pty) Ltd, in compliance with South African legislation. This reduction has not resulted in any change in control and hence Goldplat Recovery (Pty) Limited continues to be consolidated. This reduction has been accounted for in Goldplat's consolidated financial statements as an equity transaction. The carrying amount of the non controlling interest has been adjusted to reflect the change in Gold Mineral Resources interest in Goldplat Recovery (Pty) Limited's net assets.

## 13. TAXATION

### CURRENT TAX EXPENSE

| | **2014 £'000** | 2013 £'000 |
|---|---|---|
| **TAX RECOGNISED IN PROFIT OR LOSS** | | |
| **CURRENT TAX EXPENSE** | | |
| Current period | **32** | 416 |
| Adjustment for prior years | **–** | (122) |
| Secondary tax on dividends paid from South Africa | **25** | 203 |
| | **57** | 497 |
| **DEFERRED TAX EXPENSE** | | |
| Origination and reversal of temporary differences | **51** | 192 |
| Increase/(Reduction) in tax rate | **–** | (83) |
| | **51** | 109 |
| **TOTAL TAX EXPENSE** | **108** | 606 |

### RECONCILIATION OF EFFECTIVE TAX RATE

| | **2014 £'000** | 2013 £'000 |
|---|---|---|
| (Loss) for the year | **(356)** | (399) |
| Total tax expense | **108** | 606 |
| (Loss)/Profit excluding tax | **(248)** | 207 |
| Tax using the Company's domestic tax rate of 22.50% (2013: 23.75%) | **(56)** | 49 |
| Effects of: | | |
| Expenses not deductible for tax purposes | **(69)** | 329 |
| Effect of lower tax levied on overseas subsidiaries | **(238)** | (482) |
| Adjustments to tax charge in respect of previous periods | **446** | 507 |
| Secondary tax on dividends paid from South Africa | **25** | 203 |
| | **108** | 606 |

None of the components of other comprehensive income have a tax impact.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

## 14. 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 |
|---|---|---|---|---|---|---|---|
| COST | | | | | | | |
| Balance at 1 July 2012 | 192 | 525 | 3,938 | 1,015 | 84 | 115 | 5,869 |
| Additions | 139 | 57 | 985 | 378 | 27 | – | 1,586 |
| Disposals | – | – | (29) | (107) | (25) | (8) | (169) |
| Transfers to intangible assets | – | – | (3) | – | – | – | (3) |
| Effect of movements in exchange rates | (8) | (53) | (333) | (99) | (9) | (16) | (518) |
| BALANCE AT 30 JUNE 2013 | 323 | 529 | 4,558 | 1,187 | 77 | 91 | 6,765 |
| Balance at 1 July 2013 | 323 | 529 | 4,558 | 1,187 | 77 | 91 | 6,765 |
| Additions | – | 30 | 430 | 183 | 31 | 19 | 693 |
| Disposals | – | (4) | (40) | (23) | (21) | (19) | (107) |
| Effect of movements in exchange rates | (83) | (115) | (911) | (219) | (13) | (15) | (1,356) |
| BALANCE AT 30 JUNE 2014 | **240** | **440** | **4,037** | **1,128** | **74** | **76** | **5,995** |
| DEPRECIATION | | | | | | | |
| Balance at 1 July 2012 | 8 | 110 | 1,079 | 432 | 30 | 98 | 1,757 |
| Depreciation charge for the year | 1 | 17 | 217 | 111 | 9 | 6 | 361 |
| Disposals | – | – | (2) | (55) | – | – | (57) |
| Effect of movements in exchange rates | (1) | (13) | (129) | (53) | (4) | (13) | (213) |
| BALANCE AT 30 JUNE 2013 | 8 | 114 | 1,165 | 435 | 35 | 91 | 1,848 |
| Balance at 1 July 2013 | 8 | 114 | 1,165 | 435 | 35 | 91 | 1,848 |
| Depreciation charge for the year | – | 19 | 246 | 119 | 9 | – | 393 |
| Disposals | – | (1) | (23) | (16) | (5) | – | (45) |
| Reversal of amortisation | – | – | – | – | – | (38) | (38) |
| Effect of movements in exchange rates | (3) | (23) | (236) | (81) | (7) | (15) | (365) |
| BALANCE AT 30 JUNE 2014 | **5** | **109** | **1,152** | **457** | **32** | **38** | **1,793** |
| CARRYING AMOUNTS | | | | | | | |
| At 30 June 2012 | 184 | 415 | 2,859 | 583 | 54 | 17 | 4,112 |
| At 30 June 2013 | 315 | 415 | 3,393 | 752 | 42 | – | 4,917 |
| AT 30 JUNE 2014 | **235** | **331** | **2,885** | **671** | **42** | **38** | **4,202** |

### LEASED PLANT AND EQUIPMENT

The Group leases plant and equipment under a number of finance lease agreements. The leased equipment secures lease obligations. At 30 June 2014 the net carrying amount of leased plant and equipment was £347,000 (2013: £321,000). During the year, the Group acquired leased assets of £183,000 (2013: £257,000) (see note 25 and 30.2).

## 15. INTANGIBLE ASSETS

| | Goodwill £'000 | Mining rights £'000 | Exploration and development £'000 | Total £'000 |
|---|---|---|---|---|
| COST | | | | |
| Balance at 1 July 2012 | 5,780 | 925 | 2,238 | 8,943 |
| Additions | – | – | 247 | 247 |
| Transfers from property, plant and equipment | – | – | 3 | 3 |
| Transfer from pre-production expenses | – | – | 5 | 5 |
| Part disposal of subsidiary company | (149) | – | – | (149) |
| Effect of movements in exchange rates | – | (7) | (34) | (41) |
| BALANCE AT 30 JUNE 2013 | 5,631 | 918 | 2,459 | 9,008 |
| COST | | | | |
| Balance at 1 July 2013 | 5,631 | 918 | 2,459 | 9,008 |
| Additions | – | – | 50 | 50 |
| Effect of movements in exchange rates | – | (342) | (742) | (1,084) |
| BALANCE AT 30 JUNE 2014 | **5,631** | **576** | **1,767** | **7,974** |
| AMORTISATION AND IMPAIRMENT LOSSES | | | | |
| Balance at 1 July 2012 | – | – | 34 | 34 |
| Amortisation for the year | – | – | 43 | 43 |
| Amortisation reversed | – | – | (18) | (18) |
| Impairment for the year | – | – | 211 | 211 |
| BALANCE AT 30 JUNE 2013 | – | – | 270 | 270 |
| AMORTISATION AND IMPAIRMENT LOSSES | | | | |
| Balance at 1 July 2013 | – | – | 270 | 270 |
| Amortisation for the year | – | – | 28 | 28 |
| Impairment transfer from pre-production | – | – | 806 | 806 |
| Effect of movements in exchange rates | – | – | (324) | (324) |
| BALANCE AT 30 JUNE 2014 | **–** | **–** | **780** | **780** |
| CARRYING AMOUNTS | | | | |
| Balance at 30 June 2012 | 5,780 | 925 | 2,204 | 8,909 |
| Balance at 30 June 2013 | 5,631 | 918 | 2,189 | 8,738 |
| BALANCE AT 30 JUNE 2014 | **5,631** | **576** | **987** | **7,194** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

## 15. INTANGIBLE ASSETS (CONTINUED)

Goodwill relates to 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.

The exploration and development rights relate to exploration and mining licenses in Burkina Faso and Ghana, and the mining rights to the Kilimapesa mine in Kenya.

## 16. PRE-PRODUCTION EXPENDITURE

| | **2014 £'000** | 2013 £'000 |
|---|---|---|
| COST | | |
| Balance at beginning of year | **3,930** | 3,282 |
| Expenditure incurred | **242** | 583 |
| Transfers to intangible assets | **–** | (5) |
| Effect of movement in exchange rates | **–** | 70 |
| Balance at end of year | **4,172** | 3,930 |
| AMORTISATION AND IMPAIRMENT LOSSES | | |
| Balance at 1 July | **2,317** | 77 |
| Amortisation reversed | **–** | (77) |
| Impairment for the year | **–** | 2,257 |
| Impairment transfer to intangible assets | **(806)** | – |
| Effect of movement in exchange rates | **204** | 60 |
| Balance at end of year | **1,715** | 2,317 |
| CARRYING AMOUNTS | | |
| At beginning of year | **1,613** | 3,205 |
| At end of year | **2,457** | 1,613 |

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 pre-production phase.

## 17. PROCEEDS FROM SALE OF SHARES IN SUBSIDIARY

Consideration due on sale of 15% and 11% of the issued share capital of Goldplat Recovery (Pty) Limited:

| | **2014 £'000** | 2013 £'000 |
|---|---|---|
| Balance at beginning of year | **1,960** | 219 |
| Consideration due on 11% share capital | **–** | 2,184 |
| Received from dividends | **(54)** | (240) |
| Effect of movement in exchange rates | **(458)** | (203) |
| Balance at end of year | **1,448** | 1,960 |

## 18. LOANS TO SUBSIDIARY COMPANIES

| | **2014 £'000** | 2013 £'000 |
|---|---|---|
| Funds advanced to Gold Mineral Resources Limited | **7,561** | 7,926 |

Interest is charged at 2% above LIBOR on the monthly outstanding balances. This interest was waived for the year ended 30 June 2014 (2013: £Nil as waived).

Loans to subsidiary companies are unsecured.

## 19. INVESTMENTS

| | **2014 £'000** | 2013 £'000 |
|---|---|---|
| Investment in Gold Mineral Resources Limited | **6,425** | 6,425 |

Details of the Company's significant subsidiaries are outlined in note 35.

## 20. INVENTORIES

| | **2014 £'000** | 2013 £'000 |
|---|---|---|
| Consumable stores | **1,372** | 1,725 |
| Raw materials | **572** | 957 |
| Precious metals on hand and in process | **3,144** | 1,755 |
| | **5,088** | 4,437 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

## 21. TRADE AND OTHER RECEIVABLES

### GROUP

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Trade receivables | **3,826** | 2,653 |
| Other receivables | **960** | 2,106 |
| | **4,786** | 4,759 |

### COMPANY

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Other receivables | **271** | 50 |
| | **271** | 50 |

The Group and Company's exposure to credit and currency risk is disclosed in note 31.

## 22. CASH AND CASH EQUIVALENTS

### GROUP

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Bank balances | **1,455** | 2,322 |
| Short term bank deposits | **202** | 40 |
| Cash and cash equivalents in the statement of cash flows | **1,657** | 2,362 |

### COMPANY

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Bank balances | **95** | 341 |
| Cash and cash equivalents in the statement of cash flows | **95** | 341 |

## 23. CAPITAL AND RESERVES

### SHARE CAPITAL AND SHARE PREMIUM

| | Number of ordinary shares | |
|---|---|---|
| | **2014** | 2013 |
| On issue at 1 July | **168,370,000** | 167,870,000 |
| Issued for cash | **–** | 500,000 |
| Issued in connection with settlement of liabilities | **71,000** | – |
| On issue at 30 June – fully paid | **168,441,000** | 168,370,000 |
| Authorised – par value £0.01 | **1,000,000,000** | 1,000,000,000 |

Issued share capital includes 1,000,000 (2013: 1,000,000) ordinary shares of £0.01 each held in treasury.

| | Ordinary share capital | |
|---|---|---|
| | **2014** | 2013 |
| | **£'000** | £'000 |
| Balance at 1 July | **1,684** | 1,679 |
| Share issues | **1** | 5 |
| BALANCE AT 30 JUNE | **1,685** | 1,684 |

### ORDINARY SHARES

All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's shares that are held by the Group, all rights are suspended until those shares are reissued.

### DIVIDENDS

A dividend of nil per ordinary share is proposed in respect of the year ended 30 June 2014 (2013: 0.12p).

### ISSUE OF ORDINARY SHARES

On 7 January 2014, 71,000 ordinary shares were issued at an exercise price of £0.0704 per share in connection with the settlement of liabilities.

No ordinary shares were issued relating to options exercised in the year (2013: 500,000 ordinary shares issued at £0.10 per share).

### EXCHANGE RESERVE

The exchange reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

## 24. EARNINGS PER SHARE

### BASIC EARNINGS PER SHARE

The calculation of basic earnings per share at 30 June 2014 was based on the loss attributable to ordinary shareholders of £356,000 (2013: loss £399,000), and a weighted average number of ordinary shares outstanding of 168,405,126 (2013: 168,253,562), calculated as follows:

### PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

| | **2014 Continuing operations £'000** | 2013 Continuing operations £'000 |
|---|---|---|
| Loss attributable to ordinary shareholders | **(356)** | (399) |

### WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

| | **2014** | 2013 |
|---|---|---|
| Issued ordinary shares at 1 July | **168,370,000** | 167,870,000 |
| Effect of shares issued | **38,126** | 383,562 |
| Weighted average number of ordinary shares at 30 June | **168,408,126** | 168,253,562 |

### DILUTED EARNINGS PER SHARE

The calculation of diluted earnings per share at 30 June 2014 was based on the loss attributable to ordinary shareholders of £356,000 (2013: loss £399,000), and a weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares of 181,268,730 (2013: 186,558,491), calculated as follows:

### PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS (DILUTED)

| | **2014 Continuing operations £'000** | 2013 Continuing operations £'000 |
|---|---|---|
| Loss attributable to ordinary shareholders (diluted) | **(356)** | (399) |

### WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (DILUTED)

| | **2014** | 2013 |
|---|---|---|
| Weighted average number of ordinary shares (basic) | **168,408,126** | 168,253,563 |
| Effect of share options on issue | **12,860,604** | 18,304,928 |
| Weighted average number of ordinary shares (diluted) at 30 June | **181,268,730** | 186,558,491 |

## 25. OBLIGATIONS UNDER FINANCE LEASES

| | **2014 £'000** | 2013 £'000 |
|---|---|---|
| NON-CURRENT LIABILITIES | | |
| Finance lease liabilities | **106** | 140 |
| CURRENT LIABILITIES | | |
| Current portion of finance lease liabilities | **169** | 151 |

Terms and conditions of outstanding leases were as follows:

2014

| | **Currency** | **Nominal interest rate** | **Year of maturity** | **Face value £'000** | **Carrying amount £'000** |
|---|---|---|---|---|---|
| Finance lease liabilities | **ZAR** | **9%** | **2015/16** | **275** | **275** |
| Total interest-bearing liabilities | | | | **275** | **275** |

2013

| | Currency | Nominal interest rate | Year of maturity | Face value £'000 | Carrying amount £'000 |
|---|---|---|---|---|---|
| Finance lease liabilities | ZAR | 9% | 2014/15 | 291 | 291 |
| Total interest-bearing liabilities | | | | 291 | 291 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

## 25. OBLIGATIONS UNDER FINANCE LEASES (CONTINUED)

### FINANCE LEASE LIABILITIES

Finance lease liabilities are payable as follows:

2014

| | **Future minimum lease payments £'000** | **Interest £'000** | **Present value of minimum lease payments £'000** |
|---|---|---|---|
| Less than one year | **187** | **18** | **169** |
| Between one and five years | **114** | **8** | **106** |
| | **301** | **26** | **275** |

2013

| | Future minimum lease payments £'000 | Interest £'000 | Present value of minimum lease payments £'000 |
|---|---|---|---|
| Less than one year | 169 | 18 | 151 |
| Between one and five years | 146 | 6 | 140 |
| | 315 | 24 | 291 |

The average lease term is 2 years. For the year ended 30 June 2014, the average effective borrowing rate was 9% (2013: 9%). 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.

## 26. SHARE OPTIONS AND WARRANTS

### RECONCILIATION OF OUTSTANDING SHARE OPTIONS

| | **2014** | | 2013 | |
|---|---|---|---|---|
| | **Number of options** | **Exercise price** | Number of options | Exercise price |
| Outstanding at 1 July | **21,200,000** | | 17,200,000 | 10p |
| Granted during the year | **–** | | 13,500,000 | 12.825p |
| Lapsed – will not vest | **(13,700,000)** | **10p** | (9,000,000) | 12.825p |
| Exercised during the year | **–** | | (500,000) | 10p |
| Outstanding at 30 June | **7,500,000** | | 21,200,000 | |

The weighted average exercise price of the exercisable options is £0.1135 (2013: £0.11).

In the year ended 30 June 2013 the Company issued 13,500,000 share options to R Lamming. Following his resignation from the board, 9,000,000 of these options did not vest. The fair value of the remaining options issued to R Lamming has been independently calculated using the Black Scholes model using the following assumptions:

| | |
|---|---|
| Risk free interest rate | – 0.81% |
| Expected volatility | – 50.50% |
| Expected dividend yield | – 0% |
| Life of the option | – 6 years |

The weighted average remaining contractual life of the options outstanding at the balance sheet date is 4 years 92 days.

### RECONCILIATION OF OUTSTANDING SHARE WARRANTS

| | **2014** | | 2013 | |
|---|---|---|---|---|
| | **Number of warrants** | **Exercise price** | Number of warrants | Exercise price |
| Outstanding and exercisable at 30 June | **–** | **–** | 1,671,200 | 10p |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

## 27. PROVISIONS

### ENVIRONMENTAL OBLIGATION

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Balance at 1 July | **134** | 181 |
| Provisions made during the year | **19** | (32) |
| Unwind of discount | **(2)** | 10 |
| Effect of foreign exchange movements | **(22)** | (25) |
| | **129** | 134 |
| Non-current | **129** | 134 |
| Current | **–** | – |
| | **129** | 134 |

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

## 28. DEFERRED TAXATION

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Balance at 1 July | **459** | 418 |
| Current charge | | |
| – temporary difference | **48** | 177 |
| – change in tax rate | **–** | (77) |
| Effect of foreign exchange movements | **(77)** | (59) |
| | **430** | 459 |
| Comprising: | | |
| Capital allowances | **495** | 526 |
| Prepayments | **(65)** | (67) |
| | **430** | 459 |

## 29. TRADE AND OTHER PAYABLES

### GROUP

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Trade payables | **2,248** | 2,039 |
| Accrued expenses | **3,734** | 1,980 |
| | **5,982** | 4,019 |

### COMPANY

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Trade payables | **19** | 50 |
| Accrued expenses | **–** | 35 |
| | **19** | 85 |

The Group's and Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 31.

## 30. NOTES TO THE CASH FLOW STATEMENT

### 30.1 FINANCING COST

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| As per statement of profit or loss and other comprehensive income | **(830)** | (359) |
| Adjust for: Interest on environmental liability (note 27) | **(2)** | 10 |
| | **(832)** | (349) |

### 30.2 ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Additions for the year | **(693)** | (1,586) |
| Adjust for: Additions acquired on hire purchase (note 14) | **183** | 257 |
| | **(510)** | (1,329) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

## 31. FINANCIAL INSTRUMENTS

### FINANCIAL RISK MANAGEMENT

The Group's and Company'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 and Company's business. The Group and Company 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.

### CREDIT RISK

Credit risk is the risk of financial loss to the Group or Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Management has a credit policy in place of 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.

### EXPOSURE TO CREDIT RISK

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows.

### GROUP

| | Carrying amount | |
|---|---|---|
| | **2014** | 2013 |
| | **£'000** | £'000 |
| Trade and other receivables | **4,786** | 4,759 |
| Cash and cash equivalents | **1,657** | 2,362 |
| | **6,443** | 7,121 |

### COMPANY

| | Carrying amount | |
|---|---|---|
| | **2014** | 2013 |
| | **£'000** | £'000 |
| Cash and cash equivalents | **95** | 341 |

## LIQUIDITY RISK

Liquidity risk is the risk that the Group or Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

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

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

### GROUP

### 2014

| | **Carrying amount £'000** | **Contractual cash flows £'000** | **2 months or less £'000** | **2-12 months £'000** | **1-2 years £'000** |
|---|---|---|---|---|---|
| NON-DERIVATIVE FINANCIAL LIABILITIES | | | | | |
| Finance lease liabilities | **275** | **(301)** | **(31)** | **(156)** | **(114)** |
| Trade payables | **5,982** | **(5,982)** | **(5,982)** | **–** | **–** |
| | **6,257** | **(6,283)** | **(6,013)** | **(156)** | **(114)** |

### 2013

| | Carrying amount £'000 | Contractual cash flows £'000 | 2 months or less £'000 | 2-12 months £'000 | 1-2 years £'000 |
|---|---|---|---|---|---|
| NON-DERIVATIVE FINANCIAL LIABILITIES | | | | | |
| Finance lease liabilities | 291 | (314) | (28) | (140) | (146) |
| Trade payables | 4,019 | (4,019) | (4,019) | – | – |
| | 4,310 | (4,333) | (4,047) | (140) | (146) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

### LIQUIDITY RISK (CONTINUED)

### COMPANY

2014

| | **Carrying amount £'000** | **Contractual cash flows £'000** | **2 months or less £'000** | **2-12 months £'000** | **1-2 years £'000** |
|---|---|---|---|---|---|
| NON-DERIVATIVE FINANCIAL LIABILITIES | | | | | |
| Trade payables | **19** | **(19)** | **(19)** | **–** | **–** |
| | **19** | **(19)** | **(19)** | **–** | **–** |

2013

| | Carrying amount £'000 | Contractual cash flows £'000 | 2 months or less £'000 | 2-12 months £'000 | 1-2 years £'000 |
|---|---|---|---|---|---|
| NON-DERIVATIVE FINANCIAL LIABILITIES | | | | | |
| Trade payables | 50 | (50) | (50) | – | – |
| | 50 | (50) | (50) | – | – |

### MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's and Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Due to the nature of the Group's operations, it is mainly exposed to the following risks:

- fluctuations in the price of gold; and
- exchange rate risk at its operations

The following applied to the financial years presented in these financial statements:

2014

| | **High** | **Low** | **Average** |
|---|---|---|---|
| Gold price – USD/oz | **1,420** | **1,195** | **1,286** |
| Rand/USD exchange rate | **11.39** | **9.54** | **10.39** |
| GBP/USD exchange rate | **1.71** | **1.48** | **1.63** |
| GHC/USD exchange rate | **3.20** | **1.99** | **2.46** |
| Kshs/USD exchange rate | **87.95** | **82.25** | **88.03** |

2013

| | High | Low | Average |
|---|---|---|---|
| Gold price – USD/oz | 1,792 | 1,192 | 1,605 |
| Rand/USD exchange rate | 8.07 | 10.23 | 8.85 |
| GBP/USD exchange rate | 1.64 | 1.48 | 1.57 |
| GHC/USD exchange rate | 2.04 | 1.50 | 1.95 |
| Kshs/USD exchange rate | 87.68 | 81.24 | 86.65 |

## SENSITIVITY ANALYSIS

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

2014

| | **High case scenario** | **Low case scenario** |
|---|---|---|
| Gold price – USD/oz | **1,400** | **1,200** |
| Rand/USD exchange rate | **11.50** | **9.50** |
| GBP/USD exchange rate | **1.80** | **1.50** |
| GHC/USD exchange rate | **4.20** | **3.00** |
| Kshs/USD exchange rate | **92.00** | **83.00** |
| Equivalent Rand price per kilogram | **517,626** | **366,518** |
| Equivalent GBP price per kilogram | **26,477** | **25,721** |
| Equivalent GHC price per kilogram | **189,046** | **115,743** |
| Equivalent Kshs price per kilogram | **4,141,010** | **3,202,210** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

### SENSITIVITY ANALYSIS (CONTINUED)

2013

| | High case scenario | Low case scenario |
|---|---|---|
| Gold price – USD/oz | 1,500 | 1,300 |
| Rand/USD exchange rate | 11.00 | 9.50 |
| GBP/USD exchange rate | 1.55 | 1.47 |
| GHC/USD exchange rate | 2.30 | 1.70 |
| Kshs/USD exchange rate | 95.00 | 82.00 |
| Equivalent Rand price per kilogram | 530,487 | 397,061 |
| Equivalent GBP price per kilogram | 31,114 | 28,433 |
| Equivalent GHC price per kilogram | 110,920 | 71,053 |
| Equivalent Kshs price per kilogram | 4,581,475 | 3,427,265 |

### THE GROUP'S SENSITIVITY TO MARKET RISK

The following tables illustrate the Group's sensitivity to these risks based on the above assumptions:

2014

| | **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 | **8,082** | **(1,306)** |
| – Goldplat Recovery (Pty) Limited | **2,229** | **(1,595)** |
| – Kilimapesa Gold (Pty) Limited | **101** | **(88)** |

2013

| | 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 | 1,309 | (3,811) |
| – Goldplat Recovery (Pty) Limited | 2,404 | (1,963) |
| – Kilimapesa Gold (Pty) Limited | 10 | (194) |

### CURRENCY RISK

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than GBP. The currencies giving rise to this risk are primarily the US Dollar ("USD"), South African Rand ("RAND"), Ghanaian Cedi ("GHC"), 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.

### 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 statement of financial position.

### CAPITAL 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 2014 totalled £24,194,000 (2013: £24,889,000).

## 32. CAPITAL COMMITMENTS

There were no capital commitments as at 30 June 2014 (2013: £nil).

## 33. CONTINGENCIES

There were no contingent liabilities as at 30 June 2014 (2013: £nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

## 34. RELATED PARTIES

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

### OTHER RELATED PARTY TRANSACTIONS

Transactions with Group companies

The Group's subsidiary Gold Mineral Resources Limited had the following related party transactions and balances:

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| GOLDPLAT PLC | | |
| – Loans and borrowings | **(7,561)** | (7,926) |
| KILIMAPESA GOLD (PTY) LIMITED | | |
| – Loans and borrowings | **2,570** | 1,642 |
| NYIEME GOLD SARL | | |
| – Loans and borrowings | **1,042** | 1,026 |
| ANUMSO GOLD LIMITED | | |
| – Loans and borrowings | **62** | 2,633 |
| MIDAS GOLD SARL | | |
| – Loans and borrowings | **402** | 307 |
| GOLDPLAT RECOVERY (PTY) | | |
| – Loans and borrowings | **(34)** | – |

The Group's subsidiary Goldplat Recovery (Pty) Limited had the following related party transactions and balances:

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| KILIMAPESA GOLD (PTY) LIMITED | | |
| – Trade and other receivables | **169** | 394 |
| – Goods, equipment and services supplied | **397** | 366 |
| GOLD RECOVERY GHANA LIMITED | | |
| – Trade and other receivables | **25** | 34 |
| – Goods, equipment and services supplied | **144** | 319 |
| – Purchase of precious metals | **(338)** | (462) |
| – Trade and other payables | **(1)** | (413) |
| MIDAS GOLD | | |
| – Trade and other receivables | **–** | 4 |
| NYIEME GOLD SARL | | |
| – Trade and other receivables | **–** | 15 |
| GOLD MINERAL RESOURCES LIMITED | | |
| – Trade and other receivables | **34** | – |
| ANUMSO GOLD LIMITED | | |
| – Goods, equipment and services supplied | **5** | – |

The carrying value of these assets approximates to their fair value and require no impairment.

The Group's subsidiary Anumso Gold Limited had the following related party transactions and balances in addition to those already noted:

| | **2014 £'000** | 2013 £'000 |
|---|---|---|
| GOLD RECOVERY GHANA LIMITED | | |
| – Trade and other receivables | **–** | 19 |
| – Trade and other payables | **–** | (37) |

The Group's subsidiary Midas Gold had the following related party transactions and balances in addition to those already noted:

| | **2014 £'000** | 2013 £'000 |
|---|---|---|
| GOLD RECOVERY GHANA LIMITED | | |
| – Trade and other receivables | **–** | (5) |

## 35. GROUP ENTITIES

### SIGNIFICANT SUBSIDIARIES

| | Activity | Country of incorporation | Ownership interest **2014** | 2013 |
|---|---|---|---|---|
| DIRECTLY | | | | |
| Gold Mineral Resources Limited | Holding company | Guernsey | **100%** | 100% |
| INDIRECTLY | | | | |
| Gold Recovery Ghana Limited | Gold recovery | Ghana | **100%** | 100% |
| Kilimapesa Gold (Pty) Limited | Mining minerals | Kenya | **100%** | 100% |
| Anumso Gold Limited | Mining minerals | Ghana | **100%** | 100% |
| Nyieme Gold SARL | Mining minerals | Burkina Faso | **100%** | 100% |
| Goldplat Recovery (Pty) Limited | Gold recovery | South Africa | **74%** | 74% |
| Midas Gold | Gold recovery | Burkina Faso | **100%** | 100% |

## 36. SUBSEQUENT EVENTS

G Kisbey-Green was appointed as a Non-Executive Director on 11 August 2014.

Designed and Produced by Deane Wakefield Limited – 020 7713 9701.

SOUTH AFRICAN OFFICE:
Daveyton Road,
Po Box 40, Benoni 1500
South Africa

Tel: +27 (0) 11 423 1202
Fax: + 27 (0) 11 423 1230
Email: info@goldplat.com

UNITED KINGDOM OFFICE:
Craven House, West Street
Farnham, Surrey GU9 7EN
United Kingdom

Tel: +44 (0) 1932 918 070
Email: info@goldplat.com

www.goldplat.com