GOLDPLAT

GOLDPLAT PLC

ANNUAL REPORT 2019

GOLDPLAT PLC

AIM LISTED GOLD PRODUCER, WITH INTERNATIONAL GOLD RECOVERY OPERATIONS LOCATED IN SOUTH AFRICA AND GHANA AND A GOLD MINE IN KENYA

GOLD RECOVERY

PRIMARY MINING

CONTENTS

HIGHLIGHTS

OPERATIONS / CORPORATE

- For the year to 30 June 2019 Group results from operating activities were a disappointing loss of £501,000 (2018: profit of £2,509,000).
- Within this, however, Recovery operations produced a reportable segment profit before tax £1,581,000 (2018: £3,769,000) whilst Mining and exploration produced a reportable segment loss before tax of £1,934,000 (2018: loss £897,000).
- The mining operation has been put on care and maintenance, with limited processing currently undertaken, and so its operating losses have been stemmed.
- Net cash position for the Group of £1,808,000 as at 30 June 2019 (£1,539,000 as at 30 June 2018)

GOLDPLAT RECOVERY (PTY) LTD ('GPL') – SOUTH AFRICA:

- Revenues decreased to £17,342,000 (2018: £22,669,000) and operating profits decreased to £2,607,000 (2018: £4,670,000).
- The South African subsidiary reported a net profit after tax of £1,901,000 (2018: £2,765,000).
- Good progress made in reducing processing costs and in design of the plant to facilitate processing of low-grade contaminated material profitably in future
- GPL's tailings storage facility ('TSF') is reaching full capacity, and GPL has two options available for future deposition, thus afford the Company an opportunity to monetise its current tailings.

GOLD RECOVERY GHANA LIMITED ('GRG') - GHANA:

- Revenues decreased to £4,427,000 (2018: £8,241,000) and operating profits decreased to a loss of £536,000 (2018: Profit £646,000).
- Significant work has gone into opening the markets in West Africa, especially Burkina Faso, Mali and the Ivory Coast, and the first batch of material from Mali was received towards the end of the year under review.
- Successful plant clean-up for a South American producer was performed during the year and are still continuing.

KILIMAPESA GOLD (PTY) LIMITED ('KILIMAPESA') - KENYA:

- Revenues decreased from £4,834,000 to £3,068,000 due to lower production and losses before finance costs increased to £1,643,000 (2018: Loss: £986,000)
- A decision was made to put the mining operation under care and maintenance effective 1 June 2019.
- Goldplat is seeking an investment partner for the mine to enable the Group to realise value from the operation without having to invest additional capital.
- A positive development has been the fact that the Kenya Revenue Authority has started refunding some of the Company's VAT claims after the year-end, which had remained unpaid since the time of incorporation.

Chairman's Statement

The Group's three principal operations comprise precious metal recovery facilities in South Africa and Ghana, and the gold mining, ore processing and exploration operation in Kenya.

For the year to 30 June 2019 Group results from operating activities were a disappointing loss of £501,000 (2018: profit of £2,509,000). Within this, however, Recovery operations produced a reportable segment profit before tax £1,581,000 (2018: £3,769,000) whilst Mining and exploration produced a reportable segment loss before tax of £1,934,000 (2018: loss £897,000).

Cash and cash equivalents at the year-end stood at £1,808,000 (2018: £1,539,000) whilst Net Current Assets stood at £3,348,000 (2018: £4,785,000)

In response to the operating results in Kenya, the mining operation has been put on care and maintenance, with only limited ore processing currently undertaken, and so its operating losses have been stemmed. We are seeking external investors to partner us in Kenya and the outcome of this exercise will inform how we proceed.

The South African Recovery operation performed strongly over the year, albeit with a weak first quarter. The Ghanaian Recovery operations have continued to significantly underperform because of material supply issues. The performance of both Recovery operations is dependent on the quality and quantity of material which we can acquire for processing.

We continue our initiatives to widen the types of material we process, as well as our geographic reach, making full use of the very extensive skill-sets and resources we have in-house. We are optimistic that these initiatives can address the supply issues in Ghana, secure better visibility on earnings in South Africa and provide opportunities to grow both businesses.

In April 2019 Goldplat announced the appointment of Werner Klingenberg as interim CEO following the resignation of Gerard Kisbey-Green and, after wide review, we were pleased recently to confirm the appointment on a permanent basis. Werner has been with Goldplat in various roles since 2015 and has an extensive and dispassionate understanding of the group. The board now comprises three non-executive and three executive directors. The fulfilment of the role of CFO, currently held by Werner, on a permanent basis is under consideration.

Gerard Kisbey-Green, who joined Goldplat's board in 2014, took on the role of CEO in 2015. On behalf of the whole board I thank Gerard for his significant contribution and service to Goldplat over that time.

The Group's performance in relation to its health and safety and environmental obligations has been exemplary. We are very conscious of the impact on the local community from our decision to put the Kenyan operation on care and maintenance, resulting in significant retrenchment of the workforce. We welcome the Kenyan authorities' positive attitude to our efforts to find an investor to partner with us.

I would like to again thank our employees in South Africa, Ghana and Kenya, as well as my fellow board members and Goldplat's advisers, for their efforts over the year. I believe the group has a very positive future and I look forward to their continued contributions.

Matthew Robinson
Chairman

7 October 2019

Operations and Financial Report

Introduction

Goldplat's performance for FY 2019 did not reflect the anticipated increased production or profitability we expected when we published in the 2018 report.

Sourcing of material for the recovery operations remains the main area of focus. Strategically, especially in South Africa, where the gold industry is declining, it is important for the Company to position itself to economically process lower grade material and to opportunistically take advantage of higher-grade material from old mining remnant clean-ups and by-products to sustain good levels of profitability. Significant test work has been done on our stockpiles, including some batch processing. We are satisfied with the results, but further test work is required before large investments in similar stockpiles will be made.

The production from the Ghana recovery operation was less than satisfactory during the year under review, as the Company suffered with a lack of material to process whilst the market is being developed. Progress has been made in developing the market in West Africa outside of Ghana, and we made a first successful import from this region towards the end of FY 2019. The efforts of the past two years are slowly bearing fruits and we have better visibility on acquiring material going forward. Gold Recovery Ghana is gaining traction in South American sourcing which bodes positively for the future.

Production at Kilimapesa decreased month-by-month during the year under review, and a decision was made to put the mine under care and maintenance as from June 2019. The Company ran out of ground to mine due to a lack of underground flat development which is a direct result of the poor cash position at Kilimapesa.

Currently small batches of artisanal tailings are being processed to cover care and maintenance costs whilst an investment partner for the mine is sought.

Group profitability is expected to improve since Kilimapesa's sustained losses have been stemmed.

Areas of Strategic Focus

The following areas of strategic focus were identified:

- Sustainability of sourcing material at the recovery operations will remain the highest priority and, in pursuit of this, it was decided to concentrate more on lower grade material for which there is less competition as the main feed source in both South Africa and Ghana; this will be achieved through increased efficiencies, investment in equipment and possibly having processing capacity in the form of specific plant and equipment closer to the sources of material.

- Reserves of lower grade material, which are available in larger volumes, should yield acceptable margins and can serve as the main feed source for the CIL operations in South Africa. In Ghana we aim to get approval to treat low grade material using third party facilities.

- Sourcing sufficient commercially viable by-products (mainly fine carbon) remains the key to the Ghana recovery business and we will continue our marketing efforts in West Africa and South America.

- Diversification into processing Platinum Group Metal ('PGM') materials has been a long-identified strategy and we expect to focus this aspect.

- The project regarding the re-processing of the existing stock dam in South Africa remains a future revenue source but is dependent on obtaining an alternative tailings storage facility. A decision in this regard is expected to be made by the end of the second quarter of FY 2020.

- Achieving profitability from Kilimapesa. Goldplat is seeking an investment partner to provide the required funding to develop the mine and property.

- Strategically, the prospectivity of Kilimapesa in a rising gold market also offers an attractive exploration opportunity for an interested party.

- Goldplat's strategy when it came to the AIM market in 2006 was to use surplus cash flow from the recovery operations to fund its development as a junior gold miner. With Kilimapesa placed under care and maintenance and an external investment being sought, it prompts the on-going review of Goldplat's strategy. Goldplat will continue to look beyond its current recovery operations for opportunities to apply its skillsets and resources to promote its longer-term growth.

Gold Production and Sales

Sales revenues from the recovery operations decreased by 25% to £21,769,000 (2018: £28,962,000), the decrease being mainly attributable to the lower procurement of material than expected from the Ghana operations.

Mining revenues decreased by 36% to £3,068,000 (2018: £4,834,000) which is directly attributable to the poor cash position at Kilimapesa and the resultant lack of underground development to open mineable resources. Kilimapesa has been placed on care and maintenance since June 2019, whilst an investment partner is sought.

Albeit we saw highs of US$1,430/oz gold prices during the FY, the average of US$1,263/oz (2018: US$1,293/oz) was slightly lower than the previous period.

Goldplat's Recovery Operations

Goldplat recovers precious metals, primarily gold and silver but also PGM's, from by-products of the mining industry and gains its competitive advantage from a combination of the diversity and flexibility of its treatment circuits, which make possible the recovery of metals and concentrates from these by-product materials, the strategic geographic locations of the Group's operations, and the extensive depth of knowledge and experience of its longstanding team.

Goldplat sources by-products from the mining and related industries. These include coarse and fine carbon, woodchips, rubber and steel mill liners, grease, concentrate bags, surface materials and rock dumps. The Group also assists in old mining plant clean-up operations. These materials typically present an environmental risk and cost to producers but can become a source of precious metals and revenue when processed by Goldplat. Clients include various gold producers in South Africa and Ghana as well as numerous producers from elsewhere in the world, including a growing number of PGM producers and a number of refineries requiring the processing of concentrate materials prior to final refining as bullion.

Goldplat Recovery (Pty) Ltd – South Africa – ('GPL')

GPL has been serving mainly the South African mining industry for many years and its processing facilities include several separate facilities which can treat various mining products. Its strength lies in the fact that a specific processing path can be designed for a batch of material, utilising the Company's milling capacity (three separate main mills and four batch mills) wash plants, incinerator plants, a spiral and flotation plant.

Revenues decreased to £17,342,000 (2018: £22,669,000) and operating profits decreased to £2,607,000 (2018: £3,670,000). The South African subsidiary reported a net profit after tax of £1,901,000 (2018: £2,765,000).

A large once-off contract benefitted both the 2017 and 2018 financial years and this year's result reflects a more normalised situation.

Notwithstanding a poor first quarter both the by-product section and the CIL sections performed well in the second half of FY 2019. The by-products section was supported by a drive to reduce older inventories of lower grade material and stock-levels are now low by historical standards which greatly improves inventory management and reduces the associated risk of holding inventory.

The CIL sections benefited from good quality material sourced and also afforded GPL the opportunity to process a large batch of its strategic, lower grade, stockpile during the last month of the year. The results were marginal, as expected at this stage, and it is believed that recoveries can be improved by screening.

By reducing processing costs and increasing the recovery percentages, GPL reduces the sourcing risk for the CIL circuits, by allowing the sourcing team to procure lower grade material in larger volumes. This can act as a buffer stock when plant capacity cannot be fully utilised on higher grade material. With the opportunity to consider lower grade material in mind, the Company has strengthened its sourcing team.

With this strategic objective to treat more low-grade material, it was decided to install a wet screening section and change the feed arrangement to one of the mills by January 2020. This improvement to the plant will assist in removing some carbonaceous matter before the material reaches the milling phase and will not only increase the recovery percentage but should also increase volumes processed. Cost reduction initiatives will reduce the processing cost and increase the margins on this low grade material.

Consolidation continues in the South African gold industry; mines are closing and are becoming more efficient in their processing, resulting in reduced volumes and grade of by-products received. We maintain good relationships with the few remaining mining houses and have contracts with major producers; with the exception of one, contracts are not long-term and so there is a risk should we lose the support of a big supplier.

GPL's tailings storage facility ('TSF') is reaching full capacity. The Company has two options available to expand the TSF. The request to the Department of Minerals Resources to deposit tailings into the old workings at West Pit 3 has become entangled in bureaucracy and there is no clarity on timescale to resolve this. The Company may therefore opt to deposit tailings adjacent to its current TSF.

The upside with a new tailings facility will be that it will allow the existing TSF to fully de-water and thus afford the Company an opportunity to monetise its current tailings. At this stage trucking the contents of the TSF (containing 81,959 ounces of JORC Compliant Resource) away and processing the material at a third-party tailings' processor, still to be sought, is considered the best option for shareholders, but the TSF will take a number of years to dry before the Company will be able to truck the material.

Gold Recovery Ghana Limited – Ghana ('GRG')
GRG's gold recovery operation is located in the free port of Tema in Ghana and is afforded a favourable corporate tax rate of 15%.

Processing facilities include the elution plant erected in 2018, a spiral section, incinerators and a shotblast facility. Gold doré smelted is exported directly to a refiner and concentrates are either exported to GPL or to one of the Group's refinery partners. GRG has served the Ghana gold industry for more than a decade and has recently started importing by-products from other West African countries. Imports from South America and East Africa continue.

Revenues decreased to £4,427,000 (2018: £8,241,000) and operating profits decreased to a loss of £536,000 (2018: Profit £646,000).

The result for the year reflects the sourcing risk the recovery operations has. As a result, the plant ran under capacity for most of the year.

Significant work has gone into opening the markets in West Africa, especially Burkina Faso, Mali and the Ivory Coast, and the first batch of material from Mali was received towards the end of the year under review. Current indications are that imports from Burkina Faso will be possible once the judiciary has reversed a decision by the Burkina Faso customs to stop the export of a batch of carbon by a mining house to another processor. The Company is gaining traction in imports from South America and although margins and volumes are still low, it helps to keep the plant utilised.

We also visited Saudi Arabia and will provide an update in due course.

A subsidiary company will be registered in Peru to represent Goldplat with the objective to facilitate the sourcing and exports of material to GRG. As the market is exposed into other jurisdictions similar subsidiaries will be formed.

The opening of markets in regions other than Ghana are key to obtaining sustained profitability in Ghana.

To diminish the risk to the Ghana operation, we are continuing to work closely with the Ghana Government to obtain permission to restart tolling operations of low-grade material.

A plant clean-up for a South American producer was started during the year. The grade of material around the site did however not warrant the restart of the plant mill and therefore the clean-up focussed on the smelt house and other high-grade areas inside the plant.

Goldplat's Mining and Exploration

Kilimapesa Gold (Pty) Limited – Kenya ('KPG')

KPG is a gold mine located in South Western Kenya. The mine is located in the historically productive Migori Archaen Greenstone Belt and has a total resource of 6,810,000 tons at 2,43 g/t of gold for a total of 531,631 ounces of gold at 1 g/t. The total resource excludes the Red Ray resource on our prospecting license of 1,905,291 tons at 2,28 g/t of gold for a total of 139,185 ounces of gold at 1 g/t which has been granted to a third party and remains under dispute. We continue to engage with the Ministry of Mines with regards to the issuing of this exploration licence to a third party.

Revenues decreased from £4,834,000 to £3,068,000 due to lower production and losses before finance costs increased to £1,643,000 (2018: Loss: £986,000)

Gold produced gradually decreased after Q1 as a result of the mine not being developed ahead to open mineable ground. The mine has been experiencing cashflow problems for some time due to the impact of sustained losses. A decision was made to put the mining operation under care and maintenance effective 1 June 2019 with small batches of surface material being processed to offset the cost of care and maintenance.

Goldplat is seeking an investment partner for the mine to enable the Group to realise value from the operation without having to invest additional capital. Early stage talks with a number of interested parties continues.

Substantial work was done on the establishment of Kilimapesa's tailings storage facility with the installation of a penstock and return water compartment.

A positive development has been the fact that the Kenya Revenue Authority has started refunding some of the Company's VAT claims after the year-end, which had remained unpaid since the time of incorporation. This action sends a positive message to potential investors into Kenya as an investment destination and for Kilimapesa it is of tremendous importance as the funds will be applied to reduce the Company's debt.

Anumso Gold Project - Ghana ('AG')

During FY 2016, Goldplat entered into an earn-in option agreement with Ashanti Gold Corp ("Ashanti').

On 5 November 2018, Ashanti provided notice to Goldplat that it intended to exercise its 51% option on Anumso Gold Project. On 27 December 2018, Ashanti informed Goldplat that it will not elect to take up the subsequent option for an additional 24% of Anumso Project.
After analysis of the amount and nature of the earn-in expenditure, Goldplat has concurred that the US$1,500,000 spend by Ashanti met the requirement for the exercise of the 51% option.

The two companies are currently finalizing the shareholders agreement and once done additional shares in Anumso will be issued to Ashanti. As the agreement has not been finalized and the additional shares have not been issued, the issue of additional shares and the consideration for the shares of an exploration asset to the value of US$1,500,000 have not been recognized in the annual report.

Additional financial review
The operating currencies for the Group are South African Rand (ZAR), Ghanaian Cedi (GHS) and Kenyan Shilling (KES). The average exchange rates for the year used in the conversion of operating currencies in the Statement of Profit or Loss and Other Comprehensive Income strengthened against the Pound Sterling during the period under review, apart from the Ghanaian Cedi (GHS) which weakened by circa 10%.

The net finance cost of £586,000 (FY 2018: £722,000) includes £371,000 interest on borrowings and finance liabilities (FY 2018: £543,000). The decrease in interest on borrowings and finance liabilities was due in part to repayment of the loan that financed the construction of the elution plant at GRG during the previous period and in part to the reduction in sales resulting in less pre-financing of sales to smelters and refiners.

Included in the foreign exchange loss of £234,000 (FY 2018: £199,000) is an unrealised loss of £346,000 in GRG that was due to the increase in the amount of Ghanaian Cedi (GHS) to be repaid on its intercompany USD Dollar loan.

The additional foreign exchange loss is mainly as a result of the movement of the operating currencies against the US Dollar. The performance of the operating currencies against the USD Dollar fluctuated significantly during the period but year on year and on average all operating currencies weakened against the USD Dollar.

Taxation
The taxation expense includes GBP268,000 of dividend taxation paid on declaration of dividends from GPR. The dividend taxation rate in South Africa is 20%.

Contingencies
Trade and other receivables for the Group include a balance of £1,303,000 (FY 2018: £1,074,000) of Value-Added Taxation receivable from the Kenya Revenue Authority. Of the current balance £639,000 is older than three years. A positive development has been the fact that the Kenya Revenue Authority has started refunding some of the Company's VAT claims after year-end to the value of circa £169,000. Management is of the opinion that there is no legal reason not to recover the balance.

Outlook

Whilst sourcing of sufficient material to process economically remains key to growth and profitability for Goldplat in a declining gold industry in South Africa and to a lesser extent in Ghana, management is focused on identifying opportunities for growth in the recovery operations by investing into other locations and additional equipment in the jurisdiction it currently operates in, as well as enhancing operational efficiencies. This should enable the processing of lower grade material at current operations and at different locations closer to the source.

Focus will remain on sourcing more material for the Ghana operations from West Africa, South America and the other regions, whilst re-positioning GRG to process lower grade material sourced from within Ghana.

The South African operations will continue to serve the South African gold industry and will focus on sustaining profitability from old mining clean-ups and diversifying into PGM's where possible. The preferred option is to process our stock dams (which has a JORC Compliant Resource of 81,959 ounces) through a third party's plant on a toll basis. To achieve this, we have to design and build a new tailings storage facility whilst the stock dam dries out over the next three to five years.

Primary production at Kilimapesa is dependent on finding an investment partner into the mine and the successful operation of the mine.

Goldplat recognises the cyclical nature of the recovery operations as well as the risks inherent in relying on short term contracts for the supply of materials for processing, particularly in South Africa where the gold industry is in longer term slow decline. These risks can be mitigated by improving our operational capacities and efficiencies to enable us to treat a wider range of lower grade materials (of which there are larger quantities with less competition), as well as by seeking materials in wider geographic areas. We shall also keep looking beyond our current recovery operations for further opportunities to apply our skillsets and resources.

Conclusion

With the continued changes and uncertainty in the markets in which we operate, I believe Goldplat is well placed to take advantage of opportunities that will present themselves. I would like to thank our Goldplat employees, its advisors, my fellow directors and the Company's shareholders for their efforts and support during the year on many fronts. The Board looks forward to successes on identified strategic initiatives and consequent growth in production and profitability.

Werner Klingenberg
Director

7 October 2019

The Board

MATTHEW ROBINSON
Independent Non-Executive Chairman
(Appointed in 2016)
Matthew has spent much of his career in the growth company arena, with 18 years' experience in mining and resources. He spent 15 years to 2015 as a Corporate Finance Director at finnCap and Panmure Gordon/Durlacher. During this time, he was responsible for establishing finnCap and Panmure Gordon's mining and resources investment businesses, in addition to his role as adviser to AIM and Official List companies on the London Stock Exchange. Moving to the nascent finnCap in 2006, Matthew was instrumental in its rapid growth which saw it become the largest nominated adviser and broking firm, by number of clients, on the London Stock Exchange's AIM market.

Training as a Chartered Accountant, Matthew began his career at Binder Hamlyn and Touche Ross, the predecessor firm of Deloitte, before founding a business consultancy specialising in corporate turnarounds. He spent several years as the Finance Director and Company Secretary of Internet Music Shop, one of the first online music retailers. During his time with the Company, Matthew managed its merger with European competitor Boxman.com, with turnover growing to over £12 million per annum, and was responsible for raising approximately £20 million of equity.

WERNER KLINGENBERG
Chief Executive Officer
(Appointed in 2017)
Werner joined Goldplat in 2015 as Group Financial Manager. Within this role he was integral in managing Goldplat's financial and operational affairs. With his knowledge and understanding of the Group's operations, he was appointed to the role of Group Finance Director in 2017 , following a period as interim CEO, was appointed Group CEO on a permanent basis in September 2019. Werner qualified as a Chartered Accountant with Deloitte in South Africa and he has accrued significant commercial experience, both within Southern Africa and at a wider international level, initially working within the telecommunications and retail industries. His extensive knowledge spans audit and financial management and systems.

IAN VISAGIE
Executive Director
(Appointed in 2006)
Ian is a Chartered Accountant who has worked in senior positions in the mining industry since 1990. 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 its admission to AIM in 2006.

The Board

continued

HANSIE VAN VREDEN
Chief Operating Officer
(Appointed in 2013)

Hansie has been Chief Operating Officer since 2013 and is an experienced metallurgist with over 15 years in the mining industry. Since joining Goldplat Hansie has gained invaluable experience in the processing of mining by-products, clean ups and the processing of other precious metal materials. Prior to joining Goldplat he worked at several Anglo Gold Ashanti operations in South Africa, including Savuka, Mponeng and Kopanang Gold Plants, and Sunrise Dam Gold Mine in Western Australia. During his time at Anglo Gold Ashanti (1999 to 2013) he was responsible for the overall operational management, health and safety, production planning and execution, projects, metallurgical accounting, security and operational staff. He holds a Bachelor's degree in Engineering (Chemical: Mineral Processing) from the University of Stellenbosch.

NIGEL WYATT
Independent Non-Executive Director
(Appointed in 2013)

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. He was CEO, at flotation, of AIM listed Chromex Mining Plc, and subsequently sold under a takeover offer.

SANGO NTSALUBA
Non-Executive Director
(Appointed in 2017)

Sango is the executive chairman and co-founder of NMT Capital (Pty) Limited, a diversified investment holding group, which holds 26 per cent interest in Goldplat Recovery (Pty) Limited. He has built an illustrious career within South Africa, spanning over 30 years. This includes successfully founding Sizwe Ntsaluba Gobodo, one of South Africa's 'Big 5' accounting firms. Alongside a distinguished auditing career, Sango has extensive corporate experience in areas that include logistics and the automotive industry. He currently serves as an independent board member of Barloworld Limited, a leading global industrial company listed on the Johannesburg Stock Exchange ("JSE"), with responsibility for chairing the group's audit committee. He also serves on the boards of JSE listed companies Kumba Iron Ore Limited, Pioneer Foods Group Limited, a producer and distributor of a range of branded food and beverage products. Sango is the Chairman of the board of Goldplat's subsidiary, Goldplat Recovery (Pty) Ltd.

STEPHEN RONALDSON
Company Secretary
(Appointed in 2005)

Stephen is a partner in Druces LLP's Corporate & Commercial team, with over 30 years' experience in corporate law with a particular expertise in the mining and oil and gas sectors. Stephen acts as company secretary for several publicly listed companies.

Directors' Report

The Directors present their report together with the audited financial statements of the Group for the year ended 30 June 2019 and the operations report.

A review of the business and risks (including those relating to financial instruments) and uncertainties is included in the Strategic Report and the Operations and Financial Report.

Results

The Group reports a pre-tax loss from continued operations of £1,087,000 (2018: profit £1,787,000) and an after tax loss of £1,740,000 (2018: profit £506,000).

Major events after the reporting date

Recovering VAT from the Kenyan Revenue Authorities has always been problematic. We are delighted to report a major shift in this practice and we have been notified by the Authorities that they have agreed to refund a substantial sum of which £169,000 has been paid subsequent to the reporting date. The directors believe this action bodes well for future investors into Kenya.

Dividends

No dividend is proposed in respect of the year ended 30 June 2019 (2018: £nil per share).

Political donations

There were no political donations during the year (2018: £Nil).

Corporate governance

Chairman's Corporate Governance Statement

In 2018 Goldplat adopted the QCA Corporate Governance Code (2018) as its recognised corporate governance code (pursuant to the requirements of the AIM rules) and this statement, and other disclosures throughout these financial statements, are presented pursuant to that Code. Where aspects of Goldplat's corporate governance are disclosed on Goldplat's website this may be found at www.goldplat.com under Corporate Governance.

Corporate governance is an evolutionary process. From Goldplat's admission to AIM in 2006 until 2018, the Board practiced standards of corporate governance generally recognised as appropriate to a company on AIM of its size and resources. We actively take account of the views of our shareholders and professional advisers in considering our practices.

Risk management

The Board actively seeks to identify and mitigate risks to the group and its businesses. This is detailed in the Directors report under directors' responsibility.

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

– Audit Committee Report

The Audit Committee membership is Matthew Robinson, Chairman, and Ian Visagie. Ian Visagie is not considered an independent director. Ian Visagie is a Chartered Accountant (SA) and has wide knowledge of the group but has no responsibility for the finance function. Matthew Robinson is a Chartered Accountant (UK). The committee's terms of reference are available on the website.

The Audit Committee met twice in the year to 30 June 2019 to discuss planning of the annual audit and matters arising from the audit. Representatives of the auditors were in attendance.

The Audit Committee reports verbally to the full board ahead of the Board approving the accounts for the year in relation to matters arising from the audit which have been raised by the auditors. The audit committee did not undertake a separate review of risk identification and risk management across the group as these matters are considered by the whole board on a regular basis.

The Group's auditors, BDO LLP, were appointed in 2019 and provide no other services to the Group. The previous auditors, Moore Stephens LLP, merged with BDO LLP in February 2019. The three principal operating entities are separately audited by local firms and their work is subject to review by the Group auditor under guidelines of International Standards on Auditing (UK) (ISAs (UK)) and applicable law.

The terms of reference and composition of the Audit Committee are under review.

The two audit committee meetings held during the period were attended by both members.

– Remuneration Committee Report

The Remuneration Committee members are Matthew Robinson, Chairman, and Nigel Wyatt, both of whom are considered independent directors. The committee's terms of reference are available on the website. The committee has meet twice in the last year. The Committee's recommendations are reported to the full board, but it does not prepare a written report. Any recommendations are subject to approval by the whole board.

Goldplat seeks to retain and incentivise a strong executive management team and to ensure that remuneratively their interests are aligned over the medium term with those of shareholders. To this end, executive directors receive base salaries and, on a discretionary basis, performance related pay and options to acquire ordinary shares in the Company.

It is the Company's practice that option awards are made at market price at the time of award and vest and become exercisable over a period (usually three years) sufficient to ensure a balance between incentive for the executive and outcome for shareholders.

Executive's salaries take into account the individual's responsibilities within the group and their professional and technical qualifications, in the context of where the group operates. The group's parent is traded on a public market in the UK but has no operations in the UK and the operating entities are in South Africa, Ghana and Kenya. In this context, a comparison of the total pay of the highest paid director to the average pay of all company employees is not considered to be meaningful as an assessment of the pay of the highest paid director. The executive director's salaries were not increased during the period. There were no discretionary payments awarded in the year.

Executive director's employment contracts provide for six months' notice of termination on either side. Existing option entitlements are set out in note 26 of the Report and Accounts.

The terms of reference and composition of the Remuneration Committee is under review.

Director's Performance

The Board's performance is measured principally by the financial results and by the operations' performance regarding environmental, health and safety and other regulatory requirements and takes into account feedback from shareholders which is regularly received through shareholder meetings and correspondence.

The two remuneration committee meetings held during the period were attended by both members.

Directors' Report

continued

Directors

The following Directors served during the period:

G Kisbey-Green	(Chief Executive Officer) – resigned 26 April 2019
M S Robinson	(Non-executive Chairman)
I Visagie	(Executive Director)
J H Van Vreden	(Chief Operating Officer)
W Klingenberg	(Chief Executive Officer – appointed 30 September 2019 and Chief Finance Officer)
N G Wyatt	(Non-executive Director)
S Ntsaluba	(Non-executive Director)

During the year 6 board meetings were held. All the board meetings were attended by all board members.

Directors' interests

The beneficial interests of the Directors holding office on 30 June 2019 in the issued share capital of the Company were as follows:

	30 June 2019		30 June 2018	
	Number of ordinary shares of 1p each	Percentage of issued share capital	Number of ordinary shares of 1p each	Percentage of issued share capital
M S Robinson	300,000	0.18%	300,000	0.18%
N G Wyatt	30,950	0.018%	30,950	0.018%

No other Director had a beneficial interest in the share capital of the Company, and there has been no change in such interests since 30 June 2019.

Directors' remuneration and service contracts

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

2019

	Salaries £'000	Fees £'000	Total £'000
G Kisbey-Green	180	-	180
M S Robinson	-	35	35
I Visagie	134	-	134
J H Van Vreden	128	-	128
W Klingenberg	128	-	128
N G Wyatt	-	25	25
S Ntsaluba	-	20	20
	570	80	650

Management fees of £20,000 (FY 2018: £20,000) were paid during the reporting period by GPL to its minority shareholders, in which S Ntsaluba has an ultimate shareholding.

2018

	Salaries £'000	Fees £'000	Other £'000	Total £'000
G Kisbey-Green	176	–	40	216
M S Robinson	–	35	–	35
I Visagie	131	–	25	156
J H Van Vreden	132	–	25	157
W Klingenberg	112	–	10	122
N G Wyatt	–	25	–	25
S Ntsaluba		20		20
	551	80	100	731

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 these 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.

Statement of Directors' responsibilities

The Directors are responsible for preparing the directors' report, the strategic 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 and 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.

Directors' Report

continued

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

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.

Director's performance

The Board's performance is measured principally by the financial results and takes into account feedback from shareholders which is regularly received through shareholder meetings and correspondence.

Auditor

On 1 February 2019, Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the directors have appointed BDO LLP as auditor in their place. BDO LLP has indicated its willingness to continue in office and a resolution will be proposed at the annual general meeting to reappoint BDO LLP as auditor for the next financial year.

Werner Klingenberg
Director
7 October 2019

Strategic Report

The directors present their Strategic Report for the year ended 30 June 2019.

The Strategic Report is a 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.

Main Objects and Future Development

The Group's main object is to produce gold from the recovery of by-products discarded by the primary producers and to produce gold as a primary producer itself. Strategically we shall continue to look beyond our current recovery operations for further opportunities to apply our skillsets and resources.

The aim for the 2020 year will be to focus our marketing efforts and broadening the geographic and product diversity of materials sourced to expand and grow our recovery businesses; securing by-product material for GRG from outside of Ghana; re-start the tailings tolling program in Ghana; sourcing material for the CIL (Carbon-in-Leach) sections at GPL; and seeking co-investors to fund future development at Kilimapesa.

Principal Activity

The Group's operating businesses are based in Africa and comprise the production of gold and other precious metals, by processing by-products of the mining industry as well as mining itself. Marketing focus is not only directed at the African continent, but also other international gold producing countries.

The Group's primary operating base is situated near Benoni on the East Rand gold field 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. This business is 74% owned by the Group, in compliance with South African Black Economic Empowerment legislation.

The Group's Ghana operation based in the Freeport of Tema is in the process of being developed into a processing hub to service gold producing clients internationally and fully utilise the advantages of the low tax rates in the country's Freezone.

The Kilimapesa mine in Kenya, has been put on care and maintenance.

The Group's exploration assets also include Anumso in Ghana and Nyieme in Burkina Faso, the value of which has been written off in FY 2017.

Review of business and financial performance

Information on the operations and financial position including our analysis of our key performance indicators of the Group is set out in the Operational and Finance Report, Chairman's Statement and the annexed financial statements.

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.

Strategic Report

continued

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 or close existing operations due to life of mine, 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 over its competitors. This risk is further mitigated by expanding the Group's sourcing efforts from African based producers to producers outside Africa.

Price risk

The gold and precious metals produced by the Group are sold at world spot prices which may fluctuate substantially according to supply and demand, and are not directly related to the cost of production. The Group seeks 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. It should be noted that exploration is not the main focus of the Group's activities but that exploration, if required, can be conducted based on the Group's free cash flow.

Resource risk

All mineral projects have risk associated with defined grade and continuity. Mineral reserves and resources are, and 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.

This risk will be mitigated to some extent by only expanding into countries that pose a low country risk as perceived at the time.

Mining and Processing Technical risk

Notwithstanding the completion of metallurgical testwork, test mining and pilot studies indicating the technical viability of a processing or 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 mining operations are staffed with management with adequate knowledge and experience to operate the mine and ensure safe working conditions and standards. To mitigate development and mining risk the Group supplements this from time to time with the 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 and Liquidity risk
The Company may need to finance expansion through the equity and debt markets in futures 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.

This risk will be mitigated to some extent by only expanding into countries that pose a low country risk as perceived at the time.

Partner risk
In South Africa, the Black Economic Empowerment legislation, specifically the 2010 Mining Charter, required historically disadvantaged South Africans to have a minimum 26% interest in all mining and exploration projects. The Group can be adversely affected if business 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. On 15 June 2017 the Broad Based Socio-Economic Empowerment Charter for the South African mining and minerals industry, 2017, (the '2017 Charter') was announced and gazetted in South Africa. In addition to many other changes to the 2010 Mining Charter, the 2017 Mining Charter required a minimum of 30% Black Economic Empowerment shareholding. Further to an interdict application brought by the Chamber of Mines (now the Minerals Counsel of South Africa) against implementation of the Charter, the Minister of Mineral Resources undertook not to implement or apply the provisions of the 2017 Charter pending judgement on the interdict. On 15th June 2018 a new "draft Mining Charter 2018" was published by the Department of Mineral Resources.

On 27 September 2018 it was announced by the Department of Mineral Resources that the Mining Charter 2018 had been gazetted. GPL is compliant with the Mining Charter 2010, and with implementation of the 2018 Charter certain changes will be required to maintain compliance, primarily in respect of: (i) the "top-up" of mandatory Black Economic Empowerment shareholding which is currently set at 26%, but is to be increased to 30%, and (ii) in the required make-up of management demographics. The implications of the new Charter on Goldplat Recovery and plans for implementation over the required period will be considered.

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

Financial Instruments
Details of risks associated with the Group's financial instruments are given in Note 31 to the financial statements. The Company 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.

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.

Werner Klingenberg
Director
7 October 2019

Independent Auditor's Report to The Members of Goldplat Plc

Opinion

We have audited the financial statements of Goldplat Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2019 which comprise the consolidated statement of profit or loss and other comprehensive income, the consolidated and Company statements of financial position, the consolidated and Company statements of changes in equity, the consolidated and Company cash flow statements and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) 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.

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 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How we addressed the Key audit matter in the audit
Revenue recognition The Group recognises revenue from the sale of precious metals (notes 4 (k) and 8) when control has been transferred to the customer. There is a risk that revenue due to the Group has been overstated in order to improve the performance. These transactions involve assay valuations which are highly subjective and there is a need for the Group's customers to verify these assay reports through their own valuations and given the inherent delay in obtaining these valuations, there is a potential risk in terms of the completeness and accuracy of the revenue being recognized in the correct period.	We have agreed a sample of sales from invoices to the third party independent assay reports and gold valuation documents. We then traced these to the nominal ledger to ensure accuracy and completeness of revenue recognition. We have also reviewed the sequencing of the invoices, post year end bank receipts and post year-end sales in order to gain further assurance over accuracy and cut-off. For sales around the reporting date, we selected a sample from the nominal ledger and assessed whether they had been recorded in the correct period through a review of the independent assay valuations and timing of the gold shipments. Key observations : Based on our procedures we noted no material exceptions in respect of revenue recognition.
Intangible asset The Group recognizes intangible assets (note 4 (e) and 15) when they meet the relevant criteria in line with IFRS 6 and the directors are required to review intangibles at each reporting date to determine if there is any indication of impairment. Given the judgements and estimates involved in determining impairment there is a risk that the mining rights and pre-production expenditure intangibles are held at a value greater than fair value and any potential impairments have not been fully considered There is also a risk that these intangibles are not impaired in order to improve the performance and position of the Group to meet expectations of stakeholders. The directors made an assessment of the economic value of mining rights and pre-production expenditure to the Group by reference to a JORC compliant resource statement and a valuation report both prepared by independent valuers.	**How we addressed the matter** We read the directors' assessment of the economic value and the independent reports ensured economic value has been calculated in accordance with other audit evidence available to us and our knowledge of the Group and the industry. We also tested that the assumptions used in making this assessment were in accordance with our expectations. Key observations: Based on our procedures we noted no material exceptions in the carrying value of mining rights and pre-production expenditure

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

In establishing the audit strategy, it was determined that the level of uncorrected misstatements judged to be material for the financial statements and our audit overall would be £146,000 (2018: £216,900), approximately 10% of profit before tax. In addition, we set a Parent Company materiality of £135,000 (2018: £136,000) based on gross assets of which it represents 1% (2018: 1%). In each case the benchmark was selected based on the principal consideration for the members in assessing the financial performance of the Group and the Parent Company.
Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at 65%, 55% and 45% of the materiality for the Group financial statements as a whole for areas of basic, medium and high risk assertions, respectively.

Whilst materiality for the financial statements of a whole was £146,000 (2018: £216,900), each component of the Group was audited to a lower level of materiality. Component materiality ranged from £60,000 to £145,000 (2018: £96,700 to £164,800).

We agreed to report to the Audit and Risk Committee that we would report to the Committee all individual audit differences in excess of £7,300 (2018: £10,845). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls and the industry in which they operate.

In addition to the Parent Company the Group operates through three trading subsidiary undertakings which are all considered to be significant components for the purposes of the Group financial statements. The financial statements consolidate these entities together with a number of non-trading subsidiary undertakings which are considered to be insignificant components.

All significant components were subject to full-scope audits, the parent Company was audited by the group audit team and the others had component auditors. These other components are based in Kenya, Ghana and South Africa and were each audited by local auditors all of which are non BDO Network firms. The Group audit team was in contact, at each stage of the audit, in line with detailed instructions issued and through planning calls and regular written communication with the component auditors. Specifically, for all component teams, the Group team discussed in detail the planned audit approach at the component level and following the Group audit team review, discussed the detailed reported findings of the audit with each component team. The Group audit team visited the South African component where we met all the significant component auditors and carried out full file reviews on all three trading subsidiaries to ensure these procedures had been completed.
Specific audit procedures on certain balances and transactions were performed by the Group audit team, based upon Group materiality on the insignificant components.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of Directors

As explained more fully in the statement of directors' responsibilities of the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.
This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent Company's members those matters we are required to state to them in an auditor's 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Corrall, Senior Statutory Auditor
For and on behalf of BDO LLP,
Statutory Auditor
London
7 October 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2019

	Notes	2019 £'000	2018 £'000
Continuing operations			
Revenue	8	24,837	33,796
Cost of sales		(23,325)	(28,725)
Gross profit		1,512	5,071
Administrative expenses		(2,013)	(2,562)
(Loss)/Profit from operating activities		(501)	2,509
Finance income		19	20
Finance costs		(605)	(742)
Net finance cost	12	(586)	(722)
(Loss)/Profit from operating activities after finance income		(1,087)	1,787
Taxation	13	(653)	(1,281)
(Loss)/Profit for the year		(1,740)	506
(Loss)/Profit attributable to:			
Owners of the Company		(2,234)	(213)
Non-controlling interests		494	719
(Loss)/Profit for the year		(1,740)	506
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Foreign exchange cost on translation of subsidiaries			
Exchange translation		(27)	(880)
Other comprehensive expense for the year		(27)	(880)
Total comprehensive expense for the year		(1,767)	(374)
Total comprehensive (expense)/income attributable to:			
Owners of the Company		(2,261)	(1,093)
Non-controlling interests		494	719
Total comprehensive expense for the year		(1,767)	(374)
Earnings per share			
Basic loss per share (pence)	23	(1.33)	(0.13)

The notes on pages 33 to 64 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 30 June 2019

	Notes	2019 £'000	2018 £'000
Assets			
Property, plant and equipment	14	7,512	8,023
Intangible assets	15	8,201	8,462
Proceeds from sale of shares in subsidiary	16	950	1,137
Non-current assets		16,663	17,622
Inventories	19	5,842	7,791
Trade and other receivables	20	7,918	7,603
Cash at bank and on hand	21	2,368	1,915
Current assets		16,128	17,309
Total assets		32,791	34,931
Equity			
Share capital	22	1,675	1,675
Share premium	22	11,441	11,441
Exchange reserve	22	(6,100)	(6,073)
Retained earnings		8,858	11,092
Equity attributable to owners of the Company		15,874	18,135
Non-controlling interests		2,991	2,964
Total equity		18,865	21,099
Liabilities			
Obligations under finance leases	24	151	268
Provisions	27	633	417
Deferred tax liabilities	28	362	623
Non-current liabilities		1,146	1,308
Bank overdraft	21	560	376
Obligations under finance leases	24	213	192
Interest bearing borrowings	25	528	728
Taxation		53	300
Trade and other payables	29	11,426	10,928
Current liabilities		12,780	12,524
Total liabilities		13,926	13,832
Total equity and liabilities		32,791	34,931

The financial statements of Goldplat plc, company number 05340664, were approved by the Board of Directors and authorised for issue on 7 October 2019. They were signed on its behalf by:

Werner Klingenberg
Director

The notes on pages 33 to 64 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended 30 June 2019

	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 2018	1,675	11,441	(6,073)	11,092	18,135	2,964	21,099
Total comprehensive (expense)/income for the year							
(Loss)/profit for the year	–	–	–	(2,234)	(2,234)	494	(1,740)
Total other comprehensive expense	–	–	(27)	–	(27)		(27)
Total comprehensive (expense)/income for the year	–	–	(27)	(2,234)	(2,261)	494	(1,767)
Changes in ownership interests in subsidiaries							
Non-controlling interests in subsidiary dividend	–	–	–	–	–	(467)	(467)
Total transactions with owners of the Company	–	–	–	–	–	(467)	(467)
Balance at 30 June 2019	1,675	11,441	(6,100)	8,858	15,874	2,991	18,865

The notes on pages 33 to 64 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended 30 June 2018

	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 2017	1,675	11,441	(5,193)	11,305	19,228	2,673	21,901
Total comprehensive income for the year							
(Loss)/Profit for the year	–	–	–	(213)	(213)	719	506
Total other comprehensive income	–	–	(880)	–	(880)	–	(880)
Total comprehensive (expense)/income for the year	–	–	(880)	(213)	(1,093)	719	(374)
Changes in ownership interests in subsidiaries							
Non-controlling interests in subsidiary dividend	–	–	–	–	–	(428)	(428)
Total transactions with owners of the Company	–	–	–	–	–	(428)	(428)
Balance at 30 June 2018	1,675	11,441	(6,073)	11,092	18,135	2,964	21,099

The notes on pages 33 to 64 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
(Loss)/Profit for the year		(501)	2,509
Adjustments for:			
Depreciation		956	856
Amortisation		222	218
Loss on sale of property, plant and equipment		–	7
Foreign exchange differences		(134)	(415)
		543	3,175
Changes in:			
– inventories		1,949	1,171
– trade and other receivables		(315)	4,400
– trade and other payables		498	(5,503)
Cash generated from operating activities		2,675	3,243
Finance income		19	20
Finance cost	30.1	(586)	(647)
Taxes paid		(725)	(1,153)
Net cash from operating activities		1,383	1,463
Cash flows from investing activities			
Proceeds from sale of property, plant and		–	7
Enhancement of exploration and development asset		–	(17)
Acquisition of property, plant and equipment	30.2	(331)	(1,738)
Receipt of proceeds from sale of shares in subsidiary	16	199	181
Non-current cash deposit		–	201
Net cash used in investing activities		(132)	(1,366)
Cash flows from financing activities			
Proceeds from drawdown of interest-bearing borrowings		–	358
Payment of interest-bearing borrowings		(200)	(802)
Payment of dividend by subsidiary to non-controlling		(467)	(428)
Payment of finance lease liabilities		(242)	(183)
Net cash flows used in financing activities		(909)	(1,055)
Net increase/(decrease) in cash and cash equivalents		342	(958)
Cash and cash equivalents at 1 July		1,539	2,650
Foreign Exchange Movement on opening balance		(73)	(153)
Cash and cash equivalents at 30 June	21	1,808	1,539

The notes on pages 33 to 64 are an integral part of these consolidated financial statements.

Company Statement of Financial Position

as at 30 June 2019

	Notes	2019 £'000	2018 £'000
Assets			
Investments	18	9,425	9,425
Non-current assets		9,425	9,425
Loans to subsidiary companies	17	4,475	4,402
Trade and other receivables	20	12	16
Cash and cash equivalents	21	9	17
Current assets		4,496	4,435
Total assets		13,921	13,860
Equity			
Share capital	22	1,675	1,675
Share premium		11,441	11,441
Retained earnings		629	703
Total equity		13,745	13,819
Liabilities			
Trade and other payables	29	176	41
Current liabilities		176	41
Total liabilities		176	41
Total equity and liabilities		13,921	13,860

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 2019 was £74,000 (2018: loss £50,000).

These financial statements of Goldplat plc, company number 05340664, were approved by the Board of Directors and authorised for issue on 7 October 2019. They were signed on its behalf by:

Werner Klingenberg
Director

The notes on pages 33 to 64 are an integral part of these consolidated financial statements.

Company Statement of Changes in Equity

for the year ended 30 June 2019

	Attributable to owners of the Company			
	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2017	1,675	11,441	753	13,869
Total comprehensive expense for the year				
Loss for the year	–	–	(50)	(50)
Total comprehensive expense for the year	–	–	(50)	(50)
Balance at 30 June 2018	1,675	11,441	703	13,819
Balance at 1 July 2018	1,675	11,441	703	13,819
Total comprehensive expense for the year				
Loss for the year	–	–	(74)	(74)
Total comprehensive expense for the year	–	–	(74)	(74)
Balance at 30 June 2019	1,675	11,441	629	13,745

The notes on pages 33 to 64 are an integral part of these consolidated financial statements.

Company Statement of Cash Flows

for the year ended 30 June 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Loss for the year		(69)	(43)
Changes in:			
– trade and other receivables		4	10
– trade and other payables		135	(44)
Cash used in operating activities		70	(77)
Interest paid		(5)	(7)
Net cash used in operating activities		65	(84)
Cash flows from financing activities			
(Increase)/decrease of Loans to subsidiary		(73)	98
Net cash flows from financing activities		(73)	98
Net (decrease)/increase in cash and cash equivalents		(8)	14
Cash and cash equivalents at 1 July		17	3
Cash and cash equivalents at 30 June	21	9	17

The notes on pages 33 to 64 are an integral part of these consolidated financial statements.

1. Reporting entity

Goldplat plc (the 'Company') is a public company limited by shares domiciled and registered in England and Wales. The address of the Company's registered office is Salisbury House, London Wall, London, EC2M 5PS. 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, Operations and the Strategic report. 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 its exposures to credit risk and liquidity risk.

The Company has reserves of raw materials and ongoing contracts with its current suppliers to fulfil production requirements for 12 months from reporting date. The Company has a secure market for its precious metal products which are sold at market related prices which are above production costs.

The Directors believe that this performance will be sustainable for the 12 months from the date of this report 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, and the Companies Act 2006 as applicable to entities reporting in accordance with IFRS.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments that have been measured at fair value.

(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 currency is considered to be the US Dollar ("USD") as this currency mainly influences sales prices and expenses.

(d) Expected credit losses

The Group measures expected credit losses on trade receivables by grouping them based on similar credit risk and aging. The expected loss rates are based on the Group's historical credit losses, adjusting for the knowledge of the Group's customers.

(e) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS 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.

3. Basis of preparation continued

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 to the value of £5,631,000 (2018: 5,631,000)	– Notes 4(e)(i) and 15
•	Capitalisation of pre-production expenditure with a net book value of £1,411,000 (2018: £1,602,000)	– Notes 4(e)(ii) and 15
•	Precious metals on hand and in process to the value of £2,574,000 (2018: £3,797,000)	– Notes 4(g) and 19

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 all Group entities.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method 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. 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.

4. Significant accounting policies continued

(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) 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
Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Foreign currency differences arising on retranslation are recognised in the profit or loss for the year.

(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 item 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

Financial assets
The Group has adopted IFRS 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets.

The Group has classified £6,124,000 as fair value through profit and loss due to the exposure to commodity prices as explained in Note 4k. Due to the short nature of these amounts the impact on the profit and loss is immaterial.

4. Significant accounting policies continued

The Group's financial assets measured at amortised cost comprise trade and other receivables, and cash and cash equivalents in the consolidated statement of financial position.

Trade receivables and intra group balances are initially recognised at fair value. New impairment requirements use an expected credit loss model to recognise an allowance. For receivables a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available and has been adopted by the Group. During this process the probability of the non-payment of the receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being reported within the consolidated statement of comprehensive income. On confirmation that the trade and intra group receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

Financial liabilities are recognised in the Group's balance sheet when the Group becomes party to a contractual provision of the instrument.

Trade and other payables are recognised at their cost which approximates to their fair value.

Obligations under finance leases are initially measured at fair value net of any transaction costs directly attributable to the issue. Such interest-bearing liabilities are subsequently measured at amortised cost ensuring the interest element of the borrowing is expensed over the repayment period at a constant rate.

(i) 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.

(ii) 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.

4. Significant accounting policies continued

(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 is 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.

- leasehold land — lease period
- buildings — 20 years
- plant and equipment — 10 years
- motor vehicles — 5 years
- office equipment — 6 years
- environmental assets — life of mine

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

(e) Intangible assets

(i) Goodwill
Goodwill that arises on the acquisition of subsidiaries is presented within 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.

4. Significant accounting policies continued

(ii) Mining rights, pre-production expenditure and 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.

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. Pre-production expenditure is amortised over the estimated useful life of the mine.

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) 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.

(iv) 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 profit or loss.

- pre-production expenditure 10 years from date of commencement of production

(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.

(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.

4. Significant accounting policies continued

Precious Metals on Hand and in Process represents production on hand after the smelting process, gold contained in the elution process, gold loaded carbon in 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 estimated. It is valued at the average production cost for the year, including amortisation and depreciation.

Broken ore represents blasted ore, underground or on stockpile, and are measured at the lower of cost and net realisable value. The cost of broken ore is based on production costs and other costs incurred in bringing them to their existing location and condition.

(h) Impairment

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting 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 profit or loss.

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 to employees and others providing similar services are measured at the fair value at the grant date. The fair value excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based payments are set out in note 26.

(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.

4. Significant accounting policies continued

(k) Revenue

The Group has adopted IFRS 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition.

Revenue from precious metal sales is recognised when control of the mine product is passed to the refiner pursuant to a sales contract. The sales price is estimated on a provisional basis as 95% of market price at the end of the month in which the material is delivered to the refiner. Adjustments to the sales value occur based on the metal content which represent variable transaction price components up to the date of final pricing. Final pricing is based on the monthly average market price in the month of the settlement. The period between the final invoice and provisional invoice is typically three months. The revenue adjustment mechanism embedded within provisional priced sales arrangements has the characteristics of a commodity derivative. Accordingly, the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value recognised as an adjustment to the revenue in profit or loss and trade receivables in the statement of financial position.

There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Group no longer has physical possession, has a right to payment on agreed terms and it is considered that the Group has satisfied the performance obligation.

(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 profit or loss.

The finance expense component of finance lease payments is recognised in profit or loss 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 items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting 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.

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 after 1 July 2018 or later periods, but which the Group has not adopted early.

The International Accounting Standards Board and IFRIC have issued the following new and revised standards and interpretations with an effective date after the date of these financial statements, which have not been applied in these financial statements:

IFRS 16	Leases	1 January 2019

IFRS 16 replaces existing lease guidance. Leases will have the impact of increasing both creditors and fixed assets on the balance sheet by similar amounts that will depend on the operating leases that the Group is party to during the year ended 30 June 2019. There will be no amendments to the accounts on adoption of IFRS16.

6. Adoption of new and revised accounting standards

The new standards impacting on the Group have been adopted in its financial statements for the year ended 30 June 2019 and have changed the Group's accounting policies are:

- IFRS 9, Financial Instruments (IFRS 9) and
- IFRS 15, Revenue from Contracts with Customers (IFRS 15)

Effect of changes in accounting policies

IFRS 15 provides a single comprehensive standard in accounting for revenue arising from contracts with customers. IFRS 15 supersedes all previous revenue guidance. The Group has adopted IFRS 15 for the year ended 30 June 2019 and has made no transitional adjustments to the accounting treatment of revenue, however additional disclosures have been made.

The Group has applied IFRS 9 from 1 July 2018 and has made no amendments to the accounting treatment of financial instruments, however additional disclosures have been made.

IFRS 9 introduced a new classification and measurement model of financial assets reducing the number of categories of financial assets from previous standards. There are now three categories of financial assets recognised from being measured at

- fair value through profit or loss;
- fair value through other comprehensive income or at
- amortised cost.

The Group's financial assets measured at amortised cost comprise trade and other receivables, and cash and cash equivalents in the consolidated statement of financial position. Hence there is no reclassification or accounting changes required.

Under IFRS 9 the major change is on impairments which are recognised on an expected loss basis rather than incurred loss. The Group will always account for expected credit losses and changes in those expected losses reviewed at each year end. The Group measures expected credit losses on a collective basis, trade receivables are grouped based on ageing. The expected losses are based on the Group's historical credit losses over the past ten years, and consideration of future economic factors. The new impairment model has no impact on the Group results.

7. 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 segments.

- *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.

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.

Information about reportable segments:

For the year ended 30 June 2019

	Recovery operations £'000	Mining and exploration £'000	Adminis-tration £'000	Reconciliation to Group figures £'000	Group £'000
External revenues	21,769	3,068	–	–	24,837
Total revenues	21,769	3,068	–	–	24,837
Finance cost	491	293	(5)	–	779
Finance Income	–	–	126	67	193
Depreciation and amortisation	592	363	–	–	995
Reportable segment profit/(loss) from operating activities	2,071	(1,651)	(921)	–	(501)
Reportable segment profit/(loss) before tax	1,581	(1,935)	(800)	67	(1,087)
Taxation	(385)	–	(268)	–	(653)
Reportable segment assets	22,959	7,522	35,356	(33,046)	32,791
Capital expenditure	313	164	–	–	477
Reportable segment liabilities	12,922	11,541	9,433	(19,970)	13,926

7. Operating segments continued

For the year ended 30 June 2018

	Recovery operations £'000	Mining and exploration £'000	Adminis-tration £'000	Reconciliation to Group figures £'000	Group £'000
External revenues	28,962	4,834	–	–	33,796
Inter-segment revenues	1,948		–	(1,948)	–
Total revenues	30,910	4,834	–	(1,948)	33,796
Finance cost	(564)	98	(276)	–	(742)
Depreciation and amortisation	515	559	–	–	1,074
Reportable segment results from operating activities	4,313	(995)	(809)	–	2,509
Reportable segment profit/(loss) before tax of continuing operation	3,769	(897)	(1,141)	56	1,787
Taxation	(1,037)	–	(244)	–	(1,281)
Reportable segment assets	22,778	1,792	31,119	(20,758)	34,931
Capital expenditure	1,509	506	–	–	2,015
Reportable segment liabilities	12,230	3,764	5,524	(7,686)	13,832

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 products delivered in concentrate form to refiners in South Africa and Europe. No sales are made in the UK.

Revenue per country segment is:

	2019 £'000	2018 £'000
South Africa	17,342	22,669
Ghana	4,427	8,242
Kenya	3,068	4,834
	24,837	35,745

Non-current assets

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

Major customer

Revenues from the recovery operations were mainly derived from 4 different customers of which the largest presented 38% (2018: 45%). The other customers presented 26%, 20% and 16% respectively. Revenues from the mining and exploration revenues was derived from 3 different customers of which the largest presented 93% (2018: 57%).

8. Revenue

	2019 £'000	2018 £'000
Sales of precious metals – Recovery operations	21,661	28,632
Sales of precious metals – Mining and exploration	3,068	4,834
Processing fees charged to customers	108	330
	24,837	33,796

9. Expenses by nature

	Notes	2019 £'000	2018 £'000
Employee benefit expense	10	5,030	5,459
Depreciation expense	14	956	856
Amortisation charged to cost of sales	15	222	218
Auditor's remuneration			
– Audit fee		84	101
Bad debt written-off		–	320
Directors' remuneration	11	650	731
Loss on disposal of property, plant and equipment		–	7

Auditor's remuneration in respect of the Company amounted to £41,000 (2018: £33,000).

10. Personnel expenses

	2019 £'000	2018 £'000
Wages and salaries	4,563	4,845
Performance based payments	265	366
National insurance and unemployment fund	23	43
Skills development levy	30	34
Medical aid contributions	47	60
Group life contributions	48	61
Provident funds	54	50
	5,030	5,459

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

	2019	2018
Directors	7	7
Administrative personnel	40	53
Production personnel	470	515
	517	575

11. Directors' emoluments

2019

	Executive £'000	Non-executive £'000	Total £'000
Wages and salaries	570	–	570
Fees	–	80	80
	570	80	650

2018

	Executive £'000	Non-executive £'000	Total £'000
Wages and salaries	551	–	551
Fees	–	80	80
Other benefits	100	–	100
	651	80	731

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

	2019 £'000	2018 £'000
Emoluments for qualifying services	180	216

Key management

Emoluments paid to key management personnel, including directors, amounted to £1,527,000 (2018: £1,588,000).

12. Finance income and finance costs

Recognised in profit or loss

	2019 £'000	2018 £'000
Interest income on cash balances held	19	20
Finance income	19	20
Interest expense on borrowings	(334)	(513)
Interest on finance leases	(37)	(30)
Foreign exchange loss	(234)	(199)
Finance costs	(605)	(742)
Net finance costs recognised in profit or loss	(586)	(722)

13. Taxation

Current tax expense

	2019 £'000	2018 £'000
Tax recognised in profit or loss		
Current tax expense		
Current period	657	1,018
Secondary tax on dividends paid from South Africa	268	224
	925	1,242
Deferred tax expense		
Origination and reversal of temporary differences	(272)	39
	(272)	39
Total tax expense	653	1,281

Reconciliation of effective tax rate

	2019 £'000	2018 £'000
(Loss)/Profit for the year	(1,740)	506
Total tax expense	653	1,281
(Loss)/Profit excluding tax	(1,086)	1,787
Tax using the Company's domestic tax rate of 19% (2018: 19%)	(206)	340
Effects of:		
Expenses not deductible for tax purposes	74	42
Effect of higher tax levied on overseas subsidiaries	87	199
Tax losses incurred during period on overseas subsidiaries for which no deferred tax asset recognised	431	387
Adjustment to tax charge in respect of previous periods	–	89
Secondary tax on dividends paid from South Africa	268	224
	653	1,281

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

The tax charge arises in South Africa and Ghana.

The group has tax losses available to be carried forward against future profits arising in Kenya of £10.2 million (2018: £9 million).

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 2017	506	490	7,927	1,104	111	80	10,218
Additions		6	1,838	143	11	–	1,998
Disposals	–	–	(27)	–	–	–	(27)
Effect of movements in exchange rates	(3)	(9)	(368)	(49)	(7)	(5)	(441)
Balance at 30 June 2018	503	487	9,370	1,198	115	75	11,748
Balance at 1 July 2018	503	487	9,370	1,198	115	75	11,748
Additions	–	39	423	15	–	–	477
Effect of movements in exchange rates	–	(2)	(23)	13	(1)	1	(12)
Balance at 30 June 2019	503	524	9,770	1,226	114	76	12,213
Depreciation							
Balance at 1 July 2017	6	174	2,163	578	64	52	3,037
Depreciation charge for the year	–	23	674	145	10	4	856
Disposals	–	–	(13)	–	–	–	(13)
Effect of movements in exchange rates	–	(10)	(113)	(25)	(4)	(3)	(155)
Balance at 30 June 2018	6	187	2,711	698	70	53	3,725
Balance at 1 July 2018	6	187	2,711	698	70	53	3,725
Depreciation charge for the year	–	25	813	104	10	4	956
Effect of movements in exchange rates	(1)	–	15	6	(1)	1	20
Balance at 30 June 2019	5	212	3,539	808	79	58	4,701
Carrying amounts							
At 30 June 2017	500	316	5,764	526	47	28	7,181
At 30 June 2018	497	300	6,659	500	45	22	8,023
At 30 June 2019	498	312	6,231	418	35	18	7,512

14. Property, plant and equipment continued

Leased plant and equipment

The Group leases land, plant and equipment under a number of finance lease agreements. The leased assets secure lease obligations. At 30 June 2019 the net carrying amount of leased land, plant and equipment was £413,000 (2018: £312,000). During the year, the Group acquired leased assets of £146,000 (2018: £260,000) (see note 24 and 30.2).

15. Intangible assets

	Goodwill £'000	Mining rights and pre-production expenditure £'000	Exploration and development £'000	Total £'000
Cost				
Balance at 1 July 2017	5,631	3,769	2,170	11,570
Additions	–	–	17	17
Effect of movements in exchange rates	–	(40)	(40)	(80)
Balance at 30 June 2018	5,631	3,729	2,147	11,507
Cost				
Balance at 1 July 2018	5,631	3,729	2,147	11,507
Effect of movements in exchange rates	–	(33)	(30)	(63)
Balance at 30 June 2019	5,631	3,696	2,117	11,444
Amortisation and impairment losses				
Balance at 1 July 2017	–	1,978	885	2,863
Amortisation for the year	–	168	50	218
Effect of movements in exchange rates	–	(19)	(17)	(36)
Balance at 30 June 2018	–	2,127	918	3,045
Amortisation and impairment losses				
Balance at 1 July 2018	–	2,127	918	3,045
Amortisation for the year	–	168	54	222
Effect of movements in exchange rates	–	(10)	(14)	(24)
Balance at 30 June 2019	–	2,285	958	3,243
Carrying amounts				
Balance at 30 June 2017	5,631	1,791	1,285	8,707
Balance at 30 June 2018	5,631	1,602	1,229	8,462
Balance at 30 June 2019	5,631	1,411	1,159	8,201

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

Mining rights and preproduction expenditure are amortised over the life of the mine. The life of the mine within the Group range between 10 and 25 years.

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

Included under mining rights and pre-production expenditure is £377,000 (2018: £410,000) and under exploration and development £360,000 (2018: £377,000) relating to Anumso Gold Limited which is under option agreement as described under note 33.

15. Intangible assets continued

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

Kilimapesa has a current 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. This comprises the Kilimapesa Hill and the Red Ray deposits. In October 2017 management were advised of an application for an exploration licence over an area in the Kilimapesa exploration licence. An objection was lodged and it is unclear as to the exact status of this application and the Company is taking legal advice on the best way to proceed. The area under dispute contains roughly 140,000 ounces of gold in resource, or approximately 20% of the total resource for Kilimapesa. However, the resource on Kilimapesa Hill, where current mining activities are taking place, remains unaffected at approximately 532,000 ounces. As the exact status of this application is unclear, no impairment has been made to intangible assets.

16. Proceeds from sale of shares in subsidiary

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

	2019 £'000	2018 £'000
Balance at beginning of year	1,137	1,424
Received from dividends	(199)	(181)
Effect of movement in exchange rates	12	(106)
Balance at end of year	950	1,137

The proceeds from sale of shares in Goldplat Recovery (Pty) Limited, in compliance with Black Economic Empowerment legislation in South Africa, are recoverable from future dividends. They have been included at historical cost due to the uncertainty surrounding the variables required to calculate this asset at amortised cost. The directors consider that this reflects the most accurate measurement of the asset.

17. Loans to subsidiary companies

	2019 £'000	2018 £'000
Funds advanced to Gold Mineral Resources Limited	4,475	4,402

Interest is charged at 2% above LIBOR on the monthly outstanding balances. This interest was waived due to commercial reasons for the year ended 30 June 2019 (2018: £Nil as waived). The loan is unsecured.

18. Investments

	2019 £'000	2018 £'000
Investment in Gold Mineral Resources Limited	9,425	9,425

Details of the Company's subsidiaries are outlined in note 33.

19. Inventories

	2019 £'000	2018 £'000
Consumable stores	1,231	1,345
Raw materials	1,996	2,605
Precious metals on hand and in process	2,574	3,797
Broken ore	41	44
	5,842	7,791

Amount of inventory charged, which include raw material, transport, labour, consumables and other cost, as an expense was £23,325,000 (2018: £28,725,000).

20. Trade and other receivables

Group

	2019 £'000	2018 £'000
Trade receivables	6,124	5,584
Other receivables	1,794	2,019
	7,918	7,603

The table below summarises the maturity profile of the group's trade and other receivables

	2019 £'000	2018 £'000
Current portion – 0 to 120 days	4,338	3,942
120 to 150 days	1,932	2,123
150 to 180 days	1	–
More than 180 days	1,648	1,538
	7,918	7,603

Company

	2019 £'000	2018 £'000
Other receivables	12	16
	12	16

Trade and other receivables for the Group, outstanding for more than 180 days, include a balance of £1,303,000 (FY 2018: £1,074,000) of Value-Added Taxation receivable from the Kenya Revenue Authority. Of the current balance £639,000 is older than three years. A positive development has been the fact that the Kenya Revenue Authority has started refunding some of the Company's VAT claims after year-end to the value of circa £169,000. Management is of the opinion that there is no legal reason not to recover the balance.

Other trade and other receivables outstanding for longer than 180 days are within its normal contract terms. The Group and Company's exposure to credit and currency risk is disclosed in note 31.

There were £nil (2018: £nil) of trade receivables that were provided against. There are no indications as at 30 June 2019 that the debtors will not meet their payment obligations in respect of the amount of trade receivables recognised in the balance sheet whether past due or not and not provided.

20. Trade and other receivables continued

The Group uses the simplified approach for trade accounts receivable, other receivables and for contract assets. The Group considers a financial asset in default when it is unlikely to receive the outstanding contractual amounts in full. The probability of default takes into consideration financial and non-financial information about customers. The consideration is forward-looking and verified using historical credit losses. Trade accounts receivable are assumed to be credit-impaired if it is unlikely that the customer will fulfil its obligations.

The impairment allowance for bad debts are calculated using a lifetime expected credit loss model in accordance with IFRS 9. The actual doubtful debt allowance for the year to June 2019 was £nil and the comparatives have not been restated.

21. Cash and cash equivalents

Group

	2019 £'000	2018 £'000
Bank balances	2,368	1,915
	2,368	1,915
Bank overdrafts used for cash management purposes	(560)	(376)
Cash and cash equivalents in the statement of cash flows	1,808	1,539

Company

	2019 £'000	2018 £'000
Bank balances	9	17
Cash and cash equivalents in the statement of cash flows	9	17

22. Capital and reserves

Share capital and share premium

	Number of ordinary shares 2019	2018
On issue at 1 July	167,441,000	167,441,000
On issue at 30 June – fully paid	167,441,000	167,441,000
Authorised – par value £0.01	1,000,000,000	1,000,000,000

	Ordinary share capital 2019 £'000	2018 £'000
Balance at 1 July	1,675	1,675
Balance at 30 June	1,675	1,675

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.

Share Premium
Represents excess paid above nominal value on historical shares issued.

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

23. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2019 was based on the loss attributable to owners of the Company of £2,234,000 (2018: loss £213,000), and a weighted average number of ordinary shares outstanding of 167,441,000 (2018: 167,441,000), calculated as follows:

Loss attributable to ordinary shareholders

	2019 £'000	2018 £'000
Loss attributable to owners of the Company	(2,234)	(213)

Weighted average number of ordinary shares

	2019	2018
Issued ordinary shares at 1 July	167,441,000	167,441,000
Weighted average number of ordinary shares at 30 June	167,441,000	167,441,000

Diluted earnings per share

Diluted earnings per share at 30 June 2019 and 30 June 2018 have not been calculated as the effect would be antidilutive.

24. Obligations under finance leases

	2019 £'000	2018 £'000
Non-current liabilities		
Finance lease liabilities	151	268
Current liabilities		
Current portion of finance lease liabilities	213	192

Terms and conditions of outstanding leases were as follows:

2019	Currency	Nominal interest rate	Year of maturity	Fair value £'000	Carrying amount £'000
Finance lease liabilities	KES	10.25%	2023	320	320
Finance lease liabilities	ZAR	10.25%	2021	44	44
Total interest-bearing				364	364

2018	Currency	Nominal interest rate	Year of maturity	Fair value £'000	Carrying amount £'000
Finance lease liabilities	KES	10.5%	2023	348	348
Finance lease liabilities	ZAR	10.0%	2021	112	112
Total interest-bearing				460	460

Finance lease liabilities

Finance lease liabilities are payable as follows:

2019	Future minimum lease payments £'000	Interest £'000	Present value of minimum lease payments £'000
Less than one year	231	18	213
Between one and five years	155	4	151
	386	22	364

2018	Future minimum lease payments £'000	Interest £'000	Present value of minimum lease payments £'000
Less than one year	219	27	192
Between one and five years	282	14	268
	501	41	460

The average lease term is 3.1 years. For the year ended 30 June 2019, the average effective borrowing rate was 10.25% (2018: 10.25%). Interest rates are variable over the lease term and vary according to the South African prime interest rate and US Base interest rate.

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

25. Interest bearing borrowings

	2019 £'000	2018 £'000
Current liabilities		
Interest bearing borrowings	528	728

Terms and conditions of outstanding borrowings were as follows:

2019	Currency	Nominal interest rate	Year of maturity	Face value £'000	Carrying amount £'000
Interest bearing borrowings	USD	9.5% plus 1yr LIBOR	2019	528	528
Total interest-bearing liabilities				528	528

The interest-bearing borrowing is an on-demand, revolving pre-export loan with Scipion Active Trading Fund. Security on the drawn amounts has been granted over Goldplat Recovery (Pty) Limited's tailings facility in South Africa, intercompany loan agreements, contracts and proceeds of sale with gold refiners, and the collection bank account operated by Gold Mineral Resources for that purpose.

Interest bearing borrowings are payable as follows:

2019	Future minimum payments £'000	Interest £'000	Present value of minimum payments £'000
Less than one year	547	19	528
	547	19	528

2018	Currency	Nominal interest rate	Year of maturity	Face value £'000	Carrying amount £'000
Interest bearing borrowings	USD	9.5% 1yr LIBOR	2019	728	728
Total interest-bearing liabilities				728	728

The interest-bearing borrowing is an on-demand, revolving pre-export loan with Scipion Active Trading Fund. Security on the drawn amounts has been granted over Goldplat Recovery (Pty) Limited's tailings facility in South Africa, intercompany loan agreements, contracts and proceeds of sale with gold refiners, and the collection bank account operated by Gold Mineral Resources for that purpose.

Interest bearing borrowings are payable as follows:

2018	Future minimum payments £'000	Interest £'000	Present value of minimum payments £'000
Less than one year	750	22	728
	750	22	728

26. Share options

Reconciliation of outstanding share options

	2019 Number of options	2018 Number of options
Outstanding at 1 July	18,500,000	18,500,000
Expired	(7,500,000)	-
Forfeited on resignation of director	(5,333,333)	-
Outstanding at 30 June	5,666,667	18,500,000

The exercise price of the exercisable options is £0.0313 (2018: £0.0660). The weighted average exercise price of the expired options was £0.1170 (2018: £0.00) and the weighted average exercise price of the forfeited options was £0.0313 (2018: £0.00). The total exercisable options at 1 July 2019 was 5,666,667 (2018: 18,500,000), of which 3,000,000 was held by the board.

The weighted average remaining contractual life of the options outstanding at the reporting date is 1 year 271 days.

27. Provisions

Environmental obligation

	2019 £'000	2018 £'000
Balance at 1 July	417	446
Increase in provision	211	-
Effect of foreign exchange movements	5	(29)
Balance at 30 June	633	417

The provision relates to a requirement to rehabilitate the mining area in South Africa upon cessation of the mining lease during 2023. The Company has the right to extend the mining lease upon cessation. The calculation of future rehabilitation cost is done in line with the Mineral and Petroleum Resource Development Act of South Africa and the Company makes use of independent consultants to evaluate critical estimates and assumptions. The Company has insured the obligation and has ceded the proceeds from the policy to the Department of Mineral Resources in South Africa.

28. Deferred taxation

	2019 £'000	2018 £'000
Balance at 1 July	623	584
Current charge		
– temporary difference	(264)	79
Effect of foreign exchange movements	3	(40)
Balance at 30 June	362	623
Comprising:		
Capital allowances	744	746
Unrelieved tax losses and provisions	(382)	(123)
	362	623

29. Trade and other payables

Group

	2019 £'000	2018 £'000
Trade payables	3,895	3,419
Amounts received in advance	2,878	2,407
Accrued expenses	4,653	5,102
	11,426	10,928

Company

	2019 £'000	2018 £'000
Trade payables	95	50
Accrued expenses	81	(9)
	176	41

Amounts received in advance are secured by the trade receivable balances to which they relate. Accrued expenses substantially relate to procurement of precious metals on hand and in process (note 19).

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

	2019 £'000	2018 £'000
As per statement of profit or loss and other comprehensive	(605)	(742)
Adjusted for: Unrealised foreign exchange loss	19	95
	(586)	(647)

30.2 Acquisition of property, plant and equipment

	2019 £'000	2018 £'000
Additions for the year	(477)	(1,998)
Adjusted for: Additions acquired on hire purchase (note 14)	146	260
	(331)	(1,738)

30. Notes to the cash flow statement continued

30.3 Reconciliation of debt

	2019 £'000	2018 £'000
Balance at 1 July	1,188	1,555
Additions acquired on hire purchase	146	260
Payment of finance lease liabilities	(242)	(183)
Proceeds from drawdown of interest bearing borrowings	–	358
Payment of interest bearing borrowings	(200)	(802)
Balance at 30 June	892	1,188
Payable within 1 year	741	920
Payable within 2 to 5 years	151	268

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, counterparty to a financial instrument or counterparty to the sale of subsidiary fails to meet its contractual obligations.

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

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 below and none of these were past due.

	Carrying amount	
Group	**2019 £'000**	**2018 £'000**
Trade and other receivables	7,918	7,603
Proceeds from sale of shares in subsidiary	950	1,137
Cash and cash equivalents	1,808	1,539
	10,676	10,279

	Carrying amount	
Company	**2019 £'000**	**2018 £'000**
Loans to subsidiary	4,475	4,402
Cash and cash equivalents	9	17

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.

31. Financial instruments continued

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

Group

2019	Carrying amount £'000	Contractual cash flows £'000	2 months or less £'000	2-12 months £'000	1-5 years £'000	5 years or more £'000
Non-derivative financial liabilities						
Finance lease liabilities	364	(512)	(38)	(192)	(282)	–
Interest bearing borrowings	528	(547)	(173)	(374)	–	–
Trade and other payables	11,426	(11,426)	(4,149)	(7,277)	–	–
	12,318	(12,485)	(4,360)	(7,843)	(282)	–

2018	Carrying amount £'000	Contractual cash flows £'000	2 months or less £'000	2-12 months £'000	1-5 years £'000	5 years or more £'000
Non-derivative financial liabilities						
Finance lease liabilities	460	(501)	(37)	(182)	(282)	–
Interest bearing borrowings	728	(752)	(376)	(376)	–	–
Trade and other payables	10,928	(10,928)	(4,402)	(6,526)	–	–
	12,116	(12,181)	(4,815)	(7,084)	(282)	–

Company

2019	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 and other payables	176	(176)	(176)	–	–
	176	(176)	(176)	–	–

2018	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 and other payables	41	(41)	(41)	–	–
	41	(41)	(41)	–	–

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

31. Financial instruments continued

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

2019	High	Low	Average
Gold price – USD/oz	1,430	1,178	1,263
Rand/USD exchange rate	15.42	13.14	14.18
GBP/USD exchange rate	1.33	1.25	1.29
GHC/USD exchange rate	5.65	4.71	5.00
Kshs/USD exchange rate	102.35	98.92	100.34

2018	High	Low	Average
Gold price – USD/oz	1,358	1,210	1,293
Rand/USD exchange rate	14.48	11.55	12.86
GBP/USD exchange rate	1.43	1.28	1.35
GHC/USD exchange rate	4.80	4.35	4.49
Kshs/USD exchange rate	104.00	99.89	102.36

Sensitivity analysis

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

2019	High case scenario	Low case scenario
Gold price – USD/oz	1,430	1,178
Equivalent Rand price per kilogram	709,352	497,479
Equivalent GBP price per kilogram	34,611	30,196
Equivalent GHC price per kilogram	259,807	178,151
Equivalent Kshs price per kilogram	4,707,334	3,744,936

2018	High case scenario	Low case scenario
Gold price – USD/oz	1,358	1,210
Equivalent Rand price per kilogram	631,863	449,026
Equivalent GBP price per kilogram	30,442	30,386
Equivalent GHC price per kilogram	209,509	169,152
Equivalent Kshs price per kilogram	4,539,370	3,885,072

31. Financial instruments continued

The Group's sensitivity to market risk

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

2019	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	556	(244)
– Goldplat Recovery (Pty) Limited	3,035	(1,774)
– Kilimapesa Gold (Pty) Limited	477	(248)

2018	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	1,001	(779)
– Goldplat Recovery (Pty) Limited	4,130	(3,625)
– Kilimapesa Gold (Pty) Limited	323	(420)

Currency risk

Based on the level of non USD transactions the impact of currency risk is not material to the group.

Interest rate risk

The Group is exposed to fluctuations in 1 yr LIBOR rates, South African prime interest rate and US Base interest rate. The material repayment period for finance leases is less than 3 years and interest borrowings is less than 1 year, which reduce the impact of fluctuation in these interest rates.

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 2019 totalled £21,974,000 (2018 £24,208,000).

32. Related parties

Other than the waiver of intercompany interest, 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:

	2019 £'000	2018 £'000
Goldplat plc		
– Loans and borrowings	(4,082)	(4,402)
– Goods, equipment and services received	(393)	(358)
Kilimapesa Gold (Pty) Limited		
– Loans and borrowings	7,863	5,087
Nyieme Gold SARL		
– Loans and borrowings	1,281	1,252
Anumso Gold Limited		
– Loans and borrowings	83	80
Midas Gold SARL		
– Loans and borrowings	450	444
Goldplat Recovery (Pty) Limited		
– Loans and borrowings	(4,100)	(280)
– Goods, equipment and services supplied	(51)	(41)
Gold Recovery Ghana Limited		
– Loans and borrowings	1,503	–

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

	2019 £'000	2018 £'000
Kilimapesa Gold (Pty) Limited		
– Trade and other receivables	2	1,821
– Goods, equipment and services supplied	497	1,113
Gold Recovery Ghana Limited		
– Trade and other receivables	67	1,364
– Goods, equipment and services supplied	175	1,146
– Purchase of precious metals	–	(1,782)
Anumso Gold Limited		
– Trade and other receivables	13	12

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

32. Related parties continued

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

	2019 £'000	2018 £'000
Nyieme Gold SARL		
– Trade and other receivables	48	–
– Goods, equipment and services supplied	–	3
Anumso Gold Limited		
– Trade and other receivables	40	35
– Goods, equipment and services supplied	7	8

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

	2019 £'000	2018 £'000
Nyieme Gold SARL		
– Trade and other payables	4	4

Other transactions

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

	2019 £'000	2018 £'000
Directors		
– Trade and other payables	(212)	(222)

Management fees of £20,000 (FY 2018: £20,000) were paid during the reporting period by GPL to its minority shareholders, in which S Ntsaluba has an ultimate shareholding.

33. Group entities

Subsidiaries

	Activity	Country of incorporation	Ownership interest 2019	2018
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)	Gold recovery	South Africa	74%	74%
Midas Gold SARL	Gold recovery	Burkina Faso	100%	100%

The following summarised financial information is in respect of Goldplat Recovery (Pty) Limited which has a 26% non-controlling interest:

	2019 £'000	2018 £'000
Total Assets	18,475	17,064
Total Liabilities	8,461	7,284
Profit for the year	106	1,118
Cash flow movements in year	(1,343)	(1,526)

On 14 September 2016 Goldplat executed an earn-in option agreement (the "Agreement") with Ashanti Gold Corp. ("Ashanti") (formerly Gulf Shore Resources Ltd) which gives Ashanti the option for a US$3 million earn-in to Goldplat's Anumso Gold Project in Ghana (the "Project").

On 30 March 2017 Ashanti exercised its initial option to earn into the Anumso Gold Project in Ghana ("Anumso" or the "Project") under the terms of the option agreement between Goldplat and Ashanti.

Ashanti has the right to earn 75% of Goldplat's interest in the Project (giving Ashanti 67.5% of the overall Project interest) by expending US$3 million on exploration over a period of 2.5 years. An initial 51% share of Goldplat's interest will be earned through expending US$1.5 million in the first 18 months (the "Initial Option Period"), which includes a six-month review period. This review period is now over and Ashanti has elected to continue with the Agreement. Ashanti is obliged to either expend US$1.5 million on the Project within the Initial Option Period, or pay the deficiency to Goldplat. On 12 January 2018 it was announced that the initial option period had been extended to 31 October 2018. On 5 November 2018, Ashanti provided notice to Goldplat that it intended to exercise its 51% option on Anumso Gold Project. On 27 December 2018, Ashanti informed Goldplat that it will not elect the subsequent option for an additional 24% of Anumso Project.

Goldplat analysed the total and nature of the earn-in expenditure and approved that the US$1,500,000 spend is sufficient for 51% option exercised.

The two companies are currently finalizing the shareholders agreement and once done additional shares in Anumso will be issued to Ashanti. As the agreement has not been finalized and the additional shares have not been issued, the issue of additional shares and the compensation for the shares of an exploration asset to the value of US$1,5 million have not been recognized in the annual report.

As Anumso is still owed 100% by GMR no adjustment has to legal shareholding in table above.

33. Group entities

The following balance for Anumso have been included in the current year annual report -

	2019 £'000	2018 £'000
Assets		
Property, plant and equipment	1	1
Intangible assets	737	806
Trade and other receivables	1	1
Cash and cash equivalents	1	1
Equity		
Share capital	2,818	2,818
Exchange reserve	(864)	(805)
Retained earnings	(1,365)	(1,345)
Liabilities		
Loan to holding company	83	80
Trade and other payables	67	60

The net loss for Anumso included in the statement of comprehensive income for the year was

	2019 £'000	2018 £'000
Loss for the period	20	16

Company Information

Directors:	Werner Klingenberg	Chief Executive Officer
	Matthew Robinson	Non-Executive Chairman
	Ian Visagie	Executive Director
	Hansie Van Vreden	Chief Operating Officer
	Nigel Wyatt	Non-Executive Director
	Sango Ntsaluba	Non-Executive Director
Company secretary:	Stephen Ronaldson Salisbury House London Wall London EC2M 5PS	
Company number:	05340664	
Registered office:	Salisbury House London Wall London EC2M 5PS	
Nominated adviser:	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU	
Broker:	WH Ireland 24 Martin Lane London EC4R 0DR	
Solicitors:	Druces LLP Salisbury House London Wall London EC2M 5PS	
Registrars:	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey GU9 7DR	
Auditors:	BDO LLP 55 Baker Street London W1U 7EU	
Website:	www.goldplat.com	

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