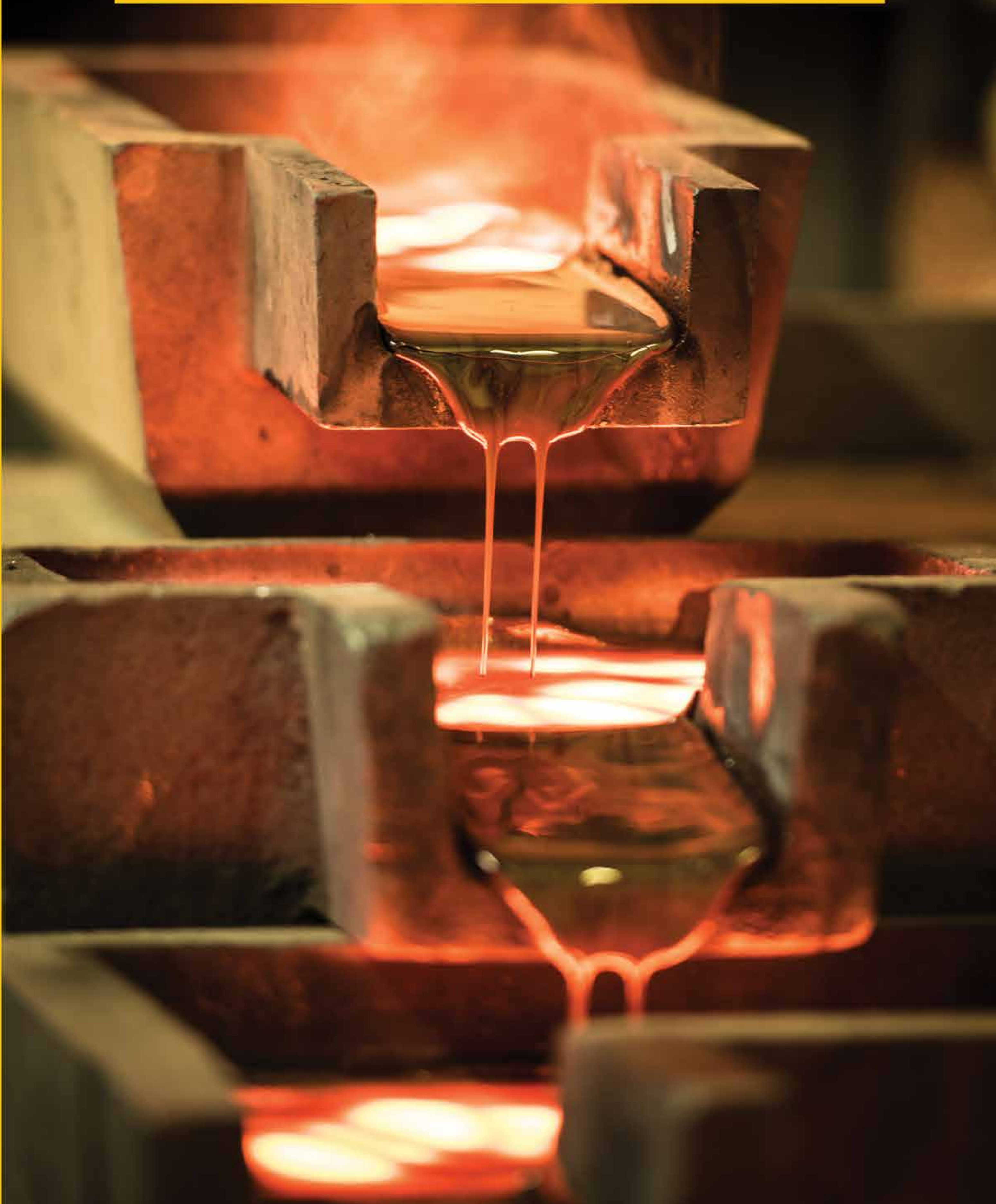
GOLDPLAT

GOLDPLAT PLC

ANNUAL REPORT 2020



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Chairman's Statement

I am pleased to introduce strong and much improved Group operational results for the year ended 30 June 2020 and to advise shareholders of significant progress in the Group's development towards sustainable profitability from our two precious metal recovery facilities in South Africa and Ghana.

Profit for the year from continuing operations was £5,666,000 before taxation (Restated 2019: £1,017,000), £3,305,000 after taxation (Restated 2019: £305,000) and net current assets at 30 June 2020 stood at £5,216,000 (Restated 2019: £3,577,000) including cash of £3,141,000 (Restated 2019: £2,367,000).

Whilst the gold price has clearly been a strong contributor to these results, that is far from being the whole story behind this year's operational success. The efforts that Goldplat's highly skilled team has been putting in to improve operational efficiency, developing new processes, widening the types of material we can profitably accommodate and developing our customer base are all contributing to these results, and should stand us in good stead irrespective of the gold price.

This year's results reflect the accounting adjustments arising from discontinued operations, being principally the Kilimapesa gold mine in Kenya. The conditional agreement we announced on 31 July 2020 for the sale of Kilimapesa, once completed, provides for Goldplat to have an equity interest in the prospective acquirer without being required to provide further finance or management time. Goldplat's management can then fully concentrate on the precious metal recovery businesses which have always been the source of the Group's profitability and positive cash flows.

We also still have work to do to ensure that the strong operational performance results in sustainable returns to shareholders. Aside from the one-off accounting loss arising from discontinued operations, the Group's results continue to be affected by a high effective tax rate (this year 42% of profit from continuing operating activities (2019: 70%)), and the effects of foreign exchange rates fluctuating across the four currencies in which we operate and sterling in which we report our results. We are looking at ways of simplifying the group structure to help address these issues so that we may realise our ambition of distributing cash surplus to the Group's operational requirements and growth plans to shareholders.

On 14 May 2020 I was pleased to announce the appointment of Gerard Kisbey-Green as a non-executive director, following dialogue with a substantial shareholder of the Company. Gerard had previously served as an Executive Director from 2014 until his resignation in 2019, he has extensive experience of the Group and its stakeholders and has much to contribute to the Group's development. Notwithstanding the travel restrictions and dislocation which the current pandemic has brought on, I believe that your Board of Directors has continued to function effectively over the period, meeting with the usual regularity (using teleconferencing where necessary) and receiving reports on all the Group's multi-national operations in the normal manner.

The pandemic also brought on new challenges to operating our facilities in South Africa and Ghana in a safe way for all our employees and local communities. The relevant regulatory authorities have been helpful and active in assisting businesses such as ours to meet these challenges, for which we are most appreciative. Operations in South Africa halted for approximately a month, in the circumstances not a long period, and I am pleased to report that both operations returned to near full production and near full employment within a matter of weeks. In addition to addressing the challenges of the pandemic, our performance in respect of our on-going health, safety and environmental obligations has continued to be strong.

My profound thanks to all Goldplat's employees in South Africa, Ghana, South America and Kenya for the ways in which they have risen to the current challenges, as well as to my fellow board members and Goldplat's advisors for their contributions. We look forward with optimism.

Matthew Robinson
Chairman
01 December 2020

Operations and Financial Report

Overview

Goldplat plc is a gold recovery services company with two market leading operations in South Africa and Ghana focused on recovering gold and other precious metals from by-products, contaminated soil and other gold bearing material from mining and other industries, providing an economic method for mines to dispose of waste materials while at the same time adhering to their environmental obligations.

The Company also has a small gold mining and exploration portfolio at Kilimapesa in Kenya (which is subject to certain pre-conditions the Company has agreed to sell) and Ghana.

Apart from resources defined under its mining and exploration portfolio, Goldplat has a JORC defined resource (see the announcement dated 29 January 2016 for further information) over part of its active Tailings Storage Facility ("TSF") at its operation in South Africa of 1.43 million tons at 1.78g/t for 81,959 ounces of gold. Since the resource estimate was made a further estimated 500,000 tons of material have been deposited on the TSF.

Goldplat's extraction processes and multiple process lines enable it to keep materials separate, which provides a high degree of flexibility when proposing a solution for a particular type of material. The processes which are employed include roasting in a rotary kiln, crushing, milling, thickening, flotation, gravity concentrators, leaching, CIL, elution and smelting of bullion.

Goldplat recovery operations recover between 1,800 ounces to 2,400 ounces monthly through its various circuits and on different contracts. The grade, recovery, margins and terms of contracts can differ significantly based on the nature of the material supplied and processed. At a minimum, 50% of material produced are exposed to the fluctuation in the gold price, with the remainder of the production being offset by corresponding changes in raw material costs.

The strategy of the company, which also drives the key performance indicators of management, is to return value to the shareholders by creating sustainable cash flow and profitability through: growing its customer base in South Africa, West Africa and further afield; increasing its ability to process lower grade contaminated material through investing into and improving processing methods; forming strategic partnerships with other industry participants; diversifying into processing of platinum group metals ("PGM") contaminated material; finding a final deposition site for, and optimising the processing of, the TSF; and de-investing from its mining and exploration portfolio.

Goldplat's highly experienced and successful management team has a proven track record in creating value from contaminated gold and other precious metals-bearing material.

Introduction

The current financial period for Goldplat has not just been a year of turnaround performance in its continuing operations, but also a transitional period, with renewed focus on key initiatives in its recovery operations, whilst moving away from mining.

The operations in South Africa had an exceptional year with a 102% increase in operating profits and delivering on the key initiative of enabling sustainable profitability through increasing the customer base and industry relationships, investing into plant improvements, improving operating efficiencies and achieving cost reductions. Additionally, the South African operation has been investing into potential growth areas, specifically through research and analysis of other raw materials for processing and the reprocessing of the TSF material.

The turnaround in performance from the Ghana operation was as a result of progress made in developing the market for the supply of material in West and Central Africa, supported by supply out of South America. The West

African market still has growth potential but remains dependent on getting approval for export of material from neighboring countries.

The operations throughout the group have benefitted from the increasing gold price which increased from an average of USD1,263/oz during the year ended 30 June 2019 to USD1,560/oz for the year ended 30 June 2020.

The below table on the operating performance of the continued operations indicates the ability of the recovery operations in South Africa and Ghana to produce profitably at various gold prices and production levels. The margins of the recovery business are exposed to the volume, quality and type of material received, the gold contained in such material, processing methods required to recover the gold, the final recovery of gold from such material, the contracts terms and gold price.

Management's key focus in the recovery operations remains to increase visibility of earnings through growing its customer base and contracted raw material supply and on site.

	2020	2019 Restated	2018 Restated	2017 Restated	2016 Restated
Average Gold Price per oz in US$ for the year	1,560	1,263	1,293	1,258	1,167
Average GBP / US Dollar exchange rate for the year	1.2603	1.2940	1.2800	1.2678	1.4848
Average Gold Price per kg in GBP for the year	39,798	31,377	32,475	31,912	25,270

	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Revenue	24,809	21,769	28,962	28,501	18,625
Gross Profit	**7,312**	**3,114**	**5,703**	**5,644**	**3,451**
Administrative Expenses	(964)	(861)	(1,389)	(1,008)	(810)
Operating Profit before Finance Cost	**6,348**	**2,253**	**4,313**	**4,636**	**2,641**

While an external investor was sought for the Kilimapesa mine in Kenya, the losses were stemmed through processing of small batches of artisanal tailings and putting the mine under care and maintenance from June 2019. As announced on 31 July 2020, a binding term sheet was signed for the sale of 100% of the share capital of Kilimapesa.

Continued operations

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

GPL had an exceptional year, supported by the increase in gold price and reduction in operating costs, and increased its operational profits by 102% to £5,624,000 (Restated 2019: £2,790,000). This was achieved despite revenues decreasing by 8%, to £15,900,000 (Restated 2019: £17,342,000), attributable to the loss of a month of production as a result of Covid-19 pandemic

By-products (carbon, woodchips, liners and other by-products)

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. During the period GPL signed contracts with 3 additional clients and maintained good relationships with major producers, although the risk to supply remains due to the short-term nature of contracts. The focus remains on improving the service provided to the mines, with the aim of increasing the terms of the contracts.

Low grade material

The low-grade material processed through GPL's carbon-in-leach circuits ('CIL') is surface material that has been contaminated by the more than 100 years of gold mining in South Africa. The gold grade in this material is between 1 to 4 g/t (average 2 g/t). During the period we have increased the low-grade material available for processing, on contract and on-site to more than 2 years.

With improved mining and processing methods and focus on the environment, significant tonnages of these types of materials is not being generated, and what is being generated, will be processed through the mines own plant before closure. As a result, the quantities of such materials available to GPL will reduce. Nevertheless, GPL believes there are still numerous sources available, although these will be of a lower grade and/or generate lower recoveries.

GPL continue to make changes to its circuit to increase its ability to extract value from these lower grade materials. During the year under review we installed and completed the following improvements in the plant:

- We have installed a pre-treatment facility for £66,000 to enable the company to increase the yield, and margins, by processing lower grade material. Purchasing material of this nature which are more readily available should result in maintaining and increasing the substantial stockpiles of low-grade material we currently have on site.
- At year end we invested £22,000 into new separation equipment to improve the recovery of materials treated.

Condition and reprocessing of the TSF

With GPL's TSF reaching full capacity, £210,000 was invested to improve its stability. Further capital cost of circa £200,000, will allow us to extend the use of the facility until June 2021. Due to the Covid-19 pandemic the process to approve the application for a new TSF has been delayed and approval is expected to be received towards the end of March 2021. GPL will need to invest circa £700,000 during the following financial period in establishing this tailings facility and we expect to finance this from operational cash flow.

We have made significant strides during the period, through research and development, in finding the optimal solution for reprocessing of the TSF material. The preferred option will likely be to process the TSF material off-site through a third-party plant and we are currently in negotiations on that.

The option to reprocess the TSF material at our premises remains but this will require us to invest in a new plant and more importantly obtain an appropriate final deposition site approved and established.

Gold Recovery Ghana Limited – Ghana ('GRG')

GRG focusses on the processing and recovery of gold from mine by-products and serves the industry in Ghana, West Africa, South America and other parts of Africa.

The sourcing efforts in West Africa and further afield returned value during the period through two new contracts, one recurring and the other once-off. The increase in feed material resulted in revenues increasing from £4,427,000 during the previous financial period to £8,909,000. As a result, GRG returned to profitability, posting an operating profit before finance cost of £724,000 (2019: loss of £536,000). The results for the year continue to reflect the sourcing risk to which the GRG is subject.

Due to the lengthy period it takes to extract value from material (60 to 210 days), from when material leave the mines to when gold is recovered and subsequently sold, GRG obtains financing to settle payment to the mines earlier. The working capital finance cost for the period for GRG was £154,000 (2019: £130,000). A further finance cost of £125,000 (2019: £110,000) was incurred at Group level to support working capital in Ghana.

Major investments made in Ghana in prior years has positioned GRG well to service its customers.

The following initiatives will continue to manage and reduce the risk of procurement of sufficient materials for Ghana:

- Expanding the successes achieved in Mali to other mines in Mali, Ivory Coast and Burkina Faso. Some of these efforts have been delayed due to the Covid-19 travel restrictions. In Burkina Faso there is still a case pending relating to the export of fine carbon material that is delaying any further export of material.
- To support the sourcing and export of material to GRG, subsidiaries have been incorporated in Peru and Brazil during the period, although no trading has been done through these entities as yet.
- To reduce the risk to the Ghana operation, we are seeking permission from the Minerals Commission to restart in some form the processing and/or tolling of tailings material. The process has been delayed due to the Covid-19 pandemic. A separate company has been incorporated in Ghana to conduct this business.

Midas Gold SARL

As part of the strategy to expand our gold recovery reach in Africa we envisaged rolling out the gold recovery business model in Burkina Faso in West Africa. With this in mind, a subsidiary company called Midas Gold SARL ('Midas') was created and a potential site in Dano in west Burkina Faso selected. An Environmental Study for the site in Dano was completed at the end of August 2013 and an operating license which covers artisanal semi-mechanised gold mining and gold reprocessing of by-products was awarded to Midas by the Government of Burkina Faso, however no material was processed under these licenses. Although the Board still believes that Burkina Faso has great potential for the provision of material to process, we now plan to process such material through our plant in Ghana. With this in mind a decision was made to impair the assets in Midas. As a result, a non-cashflow impairment loss to the value of £295,000 (2019: £nil) was recognized.

Discontinued operations

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

KPG owns the Kilimapesa gold mine and processing plant in South Western Kenya. The mine is located in the historically productive Migori Archaen Greenstone Belt and has a total resource (measured, indicated and inferred) 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 license to a third party.

Kilimapesa has been under care and maintenance since 1 June 2019. Small batches of surface material have been processed to offset some of the cost of care and maintenance. The focus however during the period was on seeking an investment partner for the mine.

On 31 July 2020, a binding term sheet was signed between Gold Minerals Resources ("GMR", KPG's intermediate holding company) and Mayflower Capital Investments (Pty) Limited ("Mayflower") for the sale of 100% of the share capital of KPG.

Under the binding term sheet GMR has conditionally agreed to sell Kilimapesa to Mayflower for an initial consideration of USD1,500,000 to be satisfied by the issue of shares to that value in Mayflower. In addition, GMR is entitled to receive a 1% net smelter royalty on future production from Kilimapesa capped at USD1,500,000. As envisaged by the binding term sheet, Mayflower has separately entered into an agreement under which it will assign its rights and obligations under the term sheet to Papillon Holdings plc (LSE: PPHP) ("Papillon"), a company listed on the London Stock Exchange, which will, subject to the appropriate regulatory and shareholder approvals, seek to complete the acquisition and raise a minimum USD4,000,000 of funding for the development of Kilimapesa's operations.

The term sheet remains subject to a number of conditions precedent including the completion of due diligence to be conducted by both Mayflower and GMR, the receipt of all necessary approvals, the finalising of formal agreements and the raising by Papillon of USD4,000,000 equity. Mayflower has paid a UD50,000 non-refundable exclusivity fee under the binding term sheet. Unless otherwise agreed by the parties, the formal agreements envisaged in the term sheet must be entered into before 31 December 2020.

Under the binding term sheet, GMR and Mayflower also agreed, in the interim period before completion of the sale of KPG, to invest, respectively, up to USD150,000 and USD300,000 into Kilimapesa as an interest free, unsecured loan to finance restarting the treatment of artisanal tailings at Kilimapesa's processing plant.

The loans are repayable out of profits generated from tailings processing after payment of current and historical creditors.

The KPG operations has been classified as a discontinued operation in these accounts and has been valued in the balance sheet as a held for sale asset. KPG reduced its operating loss whilst under care and maintenance, before impairment, by £692,000 to £950,000 (2019: £1,642,000). On reclassification of KPG as a held for sale asset based on the value receivable from Mayflower in the future, a further non-cashflow impairment loss of £2,016,000 (2019: £nil) has been recognised in these accounts.

Anumso Gold Project – Ghana ('AG')

The Anumso Gold project comprises as gold exploration licence in Ghana. During FY 2016, Goldplat entered into an earn-in option agreement with Ashanti Gold Corp ("Ashanti') under which Ashanti had the right to buy into the project by expending money on mining exploration in the licence area. On 5 November 2018, Ashanti exercised its option on 51% of Goldplat's share in the Anumso Gold Project having spent US$1,500,000. On 27 December 2018, Ashanti informed Goldplat that it would not take up the subsequent option for an additional 24%.

At present, the shareholders agreement and the issue of shares to Ashanti in AG to reflect their 45.9% interest, has not been finalized. The 2019 financial results have been restated to reflect the Group loss of control in AG and the investment in AG being accounted using the equity accounting method. With the loss of control of AG, the non-cashflow exchange reserve recognized on the translation of the AG balance sheet to the reporting currency of GBP during consolidation have been taken to retained earnings through the restated statement of profit or loss.

Both parties have agreed to seek a buyer for the AG project and as the Group does not have any intention to extend the Mining License of AG which expires during the next financial period, a decision was made to impair the investment in AG during the period. This resulted in a share of JV loss of £7,000 (2019: £8,000) and a non-cash flow impairment £594,000 (2019: £nil) during the current period which has been disclosed as part of discontinued operations.

Additional financial review

The functional currencies for the Group subsidiaries are South African Rand (ZAR), Ghana Cedi (GHS) and Kenyan Shilling (KES) whilst the presentation currency of the group is Pounds Sterling (GBP). 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 weakened against the Pound Sterling during the period under review are set out in the table below:

	2019/2020	2018/2019	Variance
	£	£	%
South African Rand (ZAR)	20.03	18.39	8.92%
Ghanaian Cedi (GHS)	7.08	6.51	8.76%
Kenyan Shilling (KES)	132.15	131.97	0.14%

Apart from the gold price the Company's performance is impacted by the fluctuation of its functional currencies against the USD in which a majority of its sales are recognised. The average exchange rates for the year used in the conversion of operating currencies against the USD during the period under review are set out in the table below:

	2019/2020	2018/2019	Variance
	USD	USD	%
South African Rand (ZAR)	15.91	14.21	11.97%
Ghanaian Cedi (GHS)	5.61	5.03	11.53%
Kenyan Shilling (KES)	104.86	101.95	2.85%

The 14% decrease in the personnel expenses to £3,446,000 (2019: £3,999,000) during the period, was mainly as a result of the circa 9% weakening, year on year, of the functional currencies of the recovery operations against the Pound Sterling. The further decrease was as a result of lower directors fees paid, £497,000 (2019: £650,000), due to one less executive director during the current period.

The net finance income of £331,000 (Restated FY 2019: loss £317,000) includes £135,000 interest on borrowings and finance liabilities (FY 2019: £118,000). The increase in interest on borrowings and finance liabilities was due to the working capital financing of a contract in GRG during the period.

Included in net finance income is a foreign exchange gain of £1,041,000 (2019: £141,000) and a foreign exchange loss of £326,000 (2019: £176,000). The net foreign exchange gain for the period of £715,000 (Restated loss FY 2019: 35,000) mainly related to unrealized exchange gain recognized on the intercompany balance outstanding from GMR to GPL during the current period. The intercompany loan is denominated in USD, and with the ZAR depreciating against the USD during the current period by 22.8%, a gain of £912,000 was recognized in GPL. The pound Sterling only weakened by 2.3% against the USD during the current period resulting in a small unrealized loss in GMR on conversion of the intercompany loan.

Taxation

With the increase in profits in continued operations, the taxation expenses in the Group increased. GPL is taxed under a mining tax formula in South Africa, which results in a higher percentage of tax when profits are high and capital expenditure low. Future capital expenditure on plant and equipment will remain deductible for tax in the year of acquisition and we expect to benefit from this provision when planned capital is expended in future. During the period, GPL was taxed at a percentage of 28.98% (2019: 23.66%) and recorded a tax expense of £2,018,000 (2019: £933,000).

GRG is registered as a Free Zone company in Ghana and is currently taxed at the rate of 15% of taxable profits.

Withholding taxation paid during the period on dividends declared from South Africa, at a rate of 20%, was £226,000, (2019: £268,000). The withholding tax is not recoverable by the Group.

Other comprehensive income

The high foreign exchange cost on translation of subsidiaries was as a result of the weakening of ZAR against the pound sterling by 19% resulting in a foreign exchange cost on translation of GPL of £1,882,000.

Property, plant & equipment

The decrease in property plant and equipment of £4,049,000 during the period was due to:

- The net book value of KPG in the amount of £2,340,000 was reclassified as assets in disposal groups classified as held for sale;

- £151,000 of preproduction expenditure in Midas was impaired during the period with the abandoning of the operations as explained above;
- On adoption of IFRS16, a net book value assets in the amount of £413,000 was reclassified as a right of use assets and disclosed separately on the balance sheet;
- In addition to the above the Group incurred capital expenditure of £356,000 in GPL on the TSF support and screening circuits.

The remainder of the changes relate to disposals, depreciation and foreign exchange movements as indicated in note 15.

Intangible Assets

- The decrease in intangible assets of £2,800,000 during the period was due to:
- The net book value of KPG in the amount of £1,444,000 was reclassified as assets in disposal groups classified as held for sale;
- A further amount of £967,000 of Goodwill relating to KPG was written off;
- £145,000 of preproduction expenditure in Midas was impaired during the period with the abandoning of the operations as explained above;

The remainder of the changes relate to amortisation for the year and foreign exchange movements as indicated in note 16.

Right-of-use asset

The right of use asset was recognised during the period on the adoption of IFRS 16. £329,000 of the right of use assets recognised was reclassified as assets in disposal groups classified as held for sale. Towards the end of the period GPL acquired £362,000 through new lease agreements.

The remainder of the changes relate to amortisation for the year and foreign exchange movements as indicated in note 17.

Loan receivable

The GMR loan receivable from the South African minority shareholders on the acquisition of shares are denominated in ZAR. The reduction during the loan period of £289,000 relates to the repayment of £156,000 from dividends declared by GPL to GMR. The balance is as a result of significant depreciation during the period the ZAR against the Pound Sterling of 19%.

Investment in Joint Venture

The investment in Anumso Gold Limited of £595,000 has been impaired during the period and the impairment together with the loss attributable from the equity investment have been disclosed as discontinued operations. The mining right expires during the following financial period and as management do not plan to renew this, a decision has been made to impair this investment.

Inventories

The increase of £590,000 in the inventory balance, relates to an increase of £1,173,000 in inventory at the recovery operations. The prior year figure includes £583,000 of inventory for KPG which has been reclassified as assets in disposal groups classified as held for sale.

The £1,173,000 increase related mainly to increase in precious metals on hand and in process, of which £800,000 related to the increased production in GRG during the period.

Trade and other receivables

The prior year receivable balance includes £1,370,000 relating to KPG which has been reclassified as assets in disposal groups classified as held for sale. Excluding this reclassification, the trade and other receivables decreased by a further £2,072,000. The decrease can be broken up into:

- Decrease of £2,578,000 in GPL which, in part, was as a result of the ZAR depreciating against the Pound Sterling by 19% during the period, reducing the trade and other receivable balance on conversion by £542,000.
- The balance receivable reduced further by £500,000 due to production loss during the month of April due to the lockdown as a result of Covid-19 pandemic. The previous period had a large high-grade consignment of £500,000 which was delivered to smelters during February 2019, which was outstanding at end of the year, with the remainder relating to the normal production fluctuation in GPL.
- Increase of £722,000 in GRG, which, similarly to the increase in inventory, is as a result of increased production and turnover in GRG during the period. GRG's production had limited impact by the Covid-19 as the plant did not require to close at any point.

Obligations under leases and lease liabilities

With the adoption of IFRS 16, the obligations under leases have been reclassified as lease liabilities. As indicated under right-of-use assets above, leases increased during the period by £362,000 as a result of additions to plant and machinery in GPL and decreased by £235,000 on reclassification of leases in KPG to liabilities in disposal groups classified as held for sale. During the period £191,000 was repaid on liabilities.

Provisions

The overall decrease in provisions was as a result of the significant depreciation during the period of the ZAR against Pound Sterling of 19%, resulting in a foreign exchange movement of £103,000.

Deferred tax liabilities

The increase in the deferred tax liability was as a result of the unrealised foreign exchange gain raised on the GMR intercompany loan with GPL, as a result of the depreciation of the ZAR against the USD during the period. The unrealised gain will only attract tax when it is realised, however a deferred tax charge has been raised in the current period. Further to this, the deferred tax liability increase as a result of £718,000 capital expenditure incurred on the property, plant and equipment and right-for-use assets acquired in GPL during the period, which was amortized fully for tax purposes, although limited depreciation was levied during the prior period on these assets.

Interest bearing borrowings

During the period the Group received £973,000 net proceeds from Scipion to fund the prepayment of large batches of material processed by Gold Recovery Ghana. During the period £394,000 of capital and £127,000 of interest was paid. The facility was extended by a further 6 months until the end of May 2021, however the interest rate was increased from 9.5% plus one-year LIBOR rate to 12% plus one-year LIBOR rate. It is management intention to decrease the balance during the next financial period.

Trade and other payables

The decrease in trade and other payables of £3,810,000 was in part as a result of the trade and other payables of KPG, in the amount of £1,870,000, reclassified to liabilities in disposal groups classified as held for sale. A further £681,000 was as a result of the ZAR depreciating against the Pound Sterling by 19% during the period.

The Group produces on average a minimum of 20kg of bullion per month. The remainder of the products produced are different types gold bearing concentrates that require final processing at smelters. The payment terms from smelters is between 120 and 150 days. To manage working capital requirements and to enable us to make early settlements to clients, we finance the costs relating to materials on route to/from or at the smelters.

Due to the increased revenues more product was pre-financed and interest cost during the period increased to £275,000 (FY 2019: £219,000).

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.

Contingencies

GRG is currently subject to a taxation audit by the Ghana Revenue Authority ('GRA'). As part of the audit, the GRA is questioning the taxation of profits derived from the tolling business during the 2013/2014 financial period. The GRA is seeking a further tax payment of circa £40,000, which is being opposed by GRG.

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

- finding structures best to return value to shareholders from continued profitability;
- investing in research and development to identify different processing methods and equipment to maximize value from sources available;
- expanding our environmental services delivery to industry; and
- identifying opportunities for growth in the recovery operations by investment into other locations and into additional equipment in our current operation, 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.

The recovery operations have nearly always been cashflow generative and previously this cashflow has been invested into the significant capital requirements of the Group's mining and exploration activities. With this capital requirement reducing, the Company's strategy in future includes distributing cash surplus to the Group's operational requirements and growth plans to shareholders.

During the 2021 financial period the South African operations will need to invest £700,000 into a new tailings facility and we expect to finance this from operational cash flow.

The focus for Ghana remains on sourcing material 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 TSF (which has a JORC Compliant Resource of 81,959 ounces) through a third party's plant on a toll basis. We believe this can be achieved in the near term, and that a transport solution is available that will reduce the requirement to wait for the tailings facility to dry out as reported in the past.

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 slow longer term 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 and building strategic partnerships in industry to increase security of supply. We will continue to see 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

The last financial period has been one with a significant amount of changes in Goldplat and the industry it operates in, as well as the world as a whole. I would like to compliment Goldplat's employees, its advisors, my fellow directors and the Company's shareholders not just for their efforts and support, but for how they have handled these changes. Goldplat's business has always involved change and opportunity, and the board is looking forward to building on this year's successes, creating opportunity from the ever-changing environment and returning value to shareholders.

Werner Klingenberg
Director
01 December 2020

The Board

MATTHEW SEYMOUR ROBINSON
Independent Non-Executive Chairman
(Appointed in 2016)

Matthew has spent much of his career in the growth company arena, with 19 years' experience in mining and resources. He spent 15 years to 2015 as a Corporate Finance Director at growth-company corporate brokers finnCap and Panmure Gordon/Durlacher. During this time, he was responsible for establishing both finnCap and Panmure Gordon's mining and resources investment businesses, in addition to his role as adviser to AIM and Official Listed companies on the London Stock Exchange.

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 which time Matthew managed its merger with European competitor Boxman.com, and equity raisings of approximately £20 million.

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, Werner 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.

JOHANNES HENDRIK 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. Hansie has enormous 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 this time Hansie was responsible for 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 PATRICK GORDON 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 which was 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 and 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.

GERARD KISBEY-GREEN

Non-Executive Director
(Appointed in 2020)

Gerard has built an expansive career in the mining and related financial industry, spanning over 30 years. After graduating as a Mining Engineer in South Africa in 1987, he gained extensive experience working in various management positions for a number of the larger South African mining companies, including Rand Mines Group and the gold division of Anglo American Corporation. During this time he worked on gold, platinum and coal mines primarily in South Africa and also in Germany and Australia. Gerard subsequently spent 17 years in the financial markets, including five years as a mining equity analyst and 12 years in mining corporate finance. He has worked in South Africa and the UK for banks including JPMorganChase, Investec and Standard Bank. Gerard has extensive experience in IPOs, capital raisings, M&A transactions and deals covering a great diversity of commodities and geographic locations. He also has experience in Nominated Adviser, broker and advisory roles. He has worked extensively in Africa, particularly South Africa, Western and Eastern Europe, the Middle East, Far East, Central Asia and North America. After returning to South Africa as a Managing Director with Standard Bank in 2009, Gerard left the banking industry and joined Peterstow Aquapower, a mining technology development company, as CEO in 2011, before accepting a position in 2012 with Aurigin Resources Inc., a privately-owned Toronto-based gold exploration company with assets in Ethiopia and Tanzania, as President and CEO. Gerard joined Goldplat plc as a non -executive Director in 2014 and took over the role of Chief Executive Officer in 2015, a position from which he resigned in 2019. He joined Goldplat Plc again as a non-executive Director in May 2020

STEPHEN FRANK 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 2020 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 profit from continued operations of £5,666,000 (Restated 2019: £1,017,000) and an after-tax profit of £3,305,000 (2019: £305,000).

Major events after the reporting date

As announced on 31 July 2020 and noted in the Operational and Financial Report above it has been conditionally agreed to sell Kilimapesa Gold (Pty) Ltd to Mayflower Capital Investments (Pty) Limited (Note 38).

Dividends

No dividend is proposed in respect of the year ended 30 June 2020 (2019: £nil per share).

Political donations

There were no political donations during the year (2019: £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. The application to Goldplat's corporate governance of the ten principles of the QCA Code are further set out on Goldplat's website, www.goldplat.com, under Corporate Governance, as envisaged in the QCA Code.

It is the Chairman's responsibility for establishing and monitoring effective corporate governance. Each member of the Board believes in the value and importance of good governance practices in promoting the longer term development of the group. The Board considers that it does not depart from any of the principles of the QCA Code and recognises that monitoring and developing its governance structure is a continuing process. We actively take account of the views of our shareholders and professional advisers in considering our practices.

Risk management

The Company's business model is set out in this Annual Report in the Operational and Financial Review, whilst the Strategic Report sets out the strategy and the principal risks and uncertainties, together with the steps taken to promote the success of the Company for the benefit of members as a whole.

On a regular basis, at least quarterly, the Board reviews progress both in terms of delivery of key strategic initiatives and the financial performance of the operating entities. In this the Board actively seeks to identify and mitigate risks to the group and its businesses.

Set out in the Annual Report under The Board are biographies of each director including their experience relevant to their responsibilities at Goldplat, whether they are considered to be independent and their length of service as directors of the Company, and set out in the Directors Report is the number of meetings of the Board and the attendance record. Additionally, the activities of the board committees is reviewed below.

Each director is expected to keep their skillsets up-to-date and relevant to Goldplat through continual development, both within Goldplat and from other business interests, as well as through membership of relevant professional bodies.

No external assessment of board performance was undertaken during the year, however the views of shareholders are taken into account and the appointment of Gerard Kisbey-Green as a non-executive director followed dialogue with a substantial shareholder. Additionally, as previously announced, the Board has under review the fulfilment of the role of a separate CFO.

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 2020 to discuss planning of the annual audit and matters arising from the audit. Significant issues identified in relation to the audit related to the decision to divest from primary mining and exploration activities. 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 met only twice because 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 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 met three times 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 an effective executive management team capable of delivering on the Group's operational requirements as well as its strategic goals. To this end, it is the Group's policy to have clear and simple remuneration structure, in line with many companies on the AIM market of a comparable size. Under this executive directors receive base salaries and may, on a discretionary basis, receive performance related pay as approved by the non-executive directors.

Additionally, as a longer term incentive, seeking to align the interests of executive directors over the medium term with those of shareholders, on a discretionary basis executive directors may be granted 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 and the executive directors' remuneration is referenced to their responsibilities as directors of a UK incorporated company traded on a public market in UK. The Group has no operations or employees in the UK. The Group's operating entities are in South Africa, Ghana and Kenya, which each has significantly different remuneration references than the UK, where it employs over three hundred locally based employees. 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.

With effect from 30 September 2019 the CEO's salary was increased to reflect his appointment on a permanent basis (having previously been acting-CEO). With effect from 30 September 2019 the COO's salary was increased to reflect the effects of inflation in South Africa.

As announced on 30 October 2019 the CEO was awarded an option to acquire shares in the company at an exercise price reflecting the company's share price at the time of award.

Executive director's employment contracts provide for six months' notice of termination on either side. Existing option entitlements are set out in note 30 of the Report and Accounts. The terms of reference and composition of the Remuneration Committee is under review.

Director's performance

Board

The responsibilities of the Chairman include providing leadership to the Board, ensuring its effectiveness in all aspects of its role and setting its agenda; ensuring that adequate time is available for discussion of all agenda items; ensuring that the Directors receive accurate, timely and clear information; ensuring effective communication with shareholders; promoting a culture of openness and debate by facilitating the effective contribution of the Board of Non-Executive directors in particular; and ensuring constructive relationships between the Executive and Non-executive Directors.

The Company provides independent professional and legal advice to all Directors where necessary, to ensure they are able to discharge their duties. In addition, all Board members have access to the services of the Company Secretary, who is responsible for ensuring all Board procedures are complied with.

All executive directors are appointed on a full-time basis and are actively involved in the running of the business. Non-executive directors are required to attend a board meetings quarterly, as a minimum and have made themselves available to support the executive directors.

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

Directors' Report

continued

Directors

The following Directors served during the period:

M S Robinson	(Non-executive Chairman)
W Klingenberg	(Chief Executive Officer)
I Visagie	(Executive Director)
J H Van Vreden	(Chief Operating Officer)
N G Wyatt	(Non-executive Director)
S Ntsaluba	(Non-executive Director)
G Kisbey-Green	(Non-executive Director) – appointed 14 May 2020

During the year 7 board meetings were held. Apart from S Ntsaluba not attending the meetings on which the preliminary result, 27 September 2020, and interim results was approved, 21 February 2020, all the board meetings were attended by all board members.

Directors' interests

The beneficial interests of the Directors holding office on 30 June 2020 in the issued share capital of the Company were as follows:

		30 June 2020		**30 June 2019**
	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, however there has been changes since 30 June 2020 resulting in the following beneficial interests as at Reporting date

		As at Reporting date
	Number of ordinary shares of 1p each	Percentage of issued share capital
M S Robinson	400,000	0.24%
N G Wyatt	230,950	0.14%
W Klingenberg	150,000	0.09%
S Ntsaluba	425,000	0.25%
G Kisbey-Green	1,333,333	0.79%

Directors' remuneration and service contracts

Details of directors' emoluments including share-based payments are disclosed in note 11 to these financial statements.

2020

	Salaries £'000	Fees £'000	Total £'000
M S Robinson	–	35	35
W Klingenberg	164	–	164
I Visagie	134	–	134
J H Van Vreden	117	–	117
G Kisbey-Green	–	3	3
N G Wyatt	–	25	25
S Ntsaluba	–	20	20
	415	83	498

Management fees of £18,000 (FY 2019: £20,000) were paid during the reporting period by GPL to its minority shareholders, in which S Ntsaluba has an ultimate shareholding.

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

Directors' options

Two directors of the company exercised their options subsequent to year end, which were due to lapse in July 2020 as disclosed in the share options note (Note 30).

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 assessed that the group is able to continue in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations and thus adopted the going concern basis in preparing these financial statements.

The assessment of the going concern assumption involves judgement, at a particular point in time, about the future outcome of events or conditions which are inherently uncertain. The judgement made by the directors included the availability of and the ability to secure material for processing at its plants in South Africa and Ghana, the impact of loss of key management, outlook of commodity prices and exchange rates in the short to medium term and changes to regulatory and licensing conditions.

During the period the Group has entered into new contracts with 3 suppliers in South Africa for by-product material and 2 suppliers in Ghana. Further progress has been made in securing additional contracts in West Africa. With the increase in supplier base and more than 12 months of resources of woodchips and surface sources on site or on contract, management believe that it should be in a position to operated sustainability for the foreseeable future.

A reverse stress test indicated that the business, alongside certain mitigating actions which are fully in control of the Directors, would be capable of withstanding approximately a reduction in gross margin of 80% in continued operations. The loss of production due to the inability to operate will have a lower impact on gross margin in the short-term as most cost associated with production are variable and should also reduce. In light of current trading and revised forecasts, the Directors have assessed the possible downturn in operating margin and concluded the likelihood of such a reduction to be remote, such that it does not impact the basis of preparation of the financial statements and concluded there is no material uncertainty in this regard.

In reaching this conclusion, the Group also assessed the impact of the current Covid-19 pandemic might be on the business. Although operations were required to shut during the critical period of the pandemic, the sector it is involved in has been judged by the various governments as an essential service. This ensured that material it sources could still be generated by the mining sector, supplied to its premises and processed.

It further also maintained the ability to export and sell the products it produced. The Covid-19 pandemic however brought on new challenges to operating our facilities in South Africa and Ghana in a safe way for all our employees and local communities. With the assistance of relevant regulatory authorities, the Directors believe sufficient procedures have been implemented to assist in safeguarding our employees and local communities.

Similar to other businesses, we have no background experience on how to manage the COVID-19 pandemic's impact on the business. Uncertainty remains over the outlook, and revisions to trade projections are likely. We are, however, comfortable that under the reverse stress test scenarios we ran, the Group could withstand a decline in operating profits and continue to operate within the available banking and other financing facilities. Accordingly, the Group and the Company continues to adopt the going concern basis in preparing the financial statements.

Employees

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

Financial instruments risk

Details of risks associated with the Group's financial instruments are given in Note 35 to the financial statements. The Company does not utilise any complex financial instruments.

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.

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.

Auditor

BDO LLP was reappointed as auditors at annual general meeting in October 2019. 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.

On behalf of the board

Werner Klingenberg
Director
01 December 2020

Strategic Report

The directors present their Strategic Report for the year ended 30 June 2020.

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 objective is to produce gold from the recovery of by-products discarded by the primary producers and have made the strategic decision to and is in the process of disinvesting from its mining and exploration properties. Strategically we shall continue to look beyond our current recovery operations for further opportunities to apply our skillsets and resources.

The aim for the 2021 year will be to start to return value to the shareholders by creating sustainable cashflow and profitability through: growing its customer base in South Africa, West Africa and further afield; increasing its ability to process lower grade contaminated material through investing into and improving processing methods; forming strategic partnerships in industry; diversifying into processing of PGM contaminated material; finding a final deposition site for, and optimizing the processing of, the TSF material; and completing the sale of KPG.

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. The group sources material to process not only in the African continent, but also from gold producing countries outside Africa.

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 on care and maintenance throughout the financial year and is in the process of being sold.

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 Operations 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.

Risks and uncertainties

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

Supplier Risk

Due to the small number of mining groups operating the larger mines in the jurisdictions of the Group's operations, and the Group contracting with the mining groups and not the mines directly, the number of suppliers it has contracts with is limited. The number of suppliers per product type and segment is listed below

Segment Operations	Product Type	Number of major Suppliers
South Africa Recovery	Low-grade surface sources	5
South Africa Recovery	Woodchips	3
South Africa Recovery	By-products	4
West African Recovery	By-products	6

A major supplier is a supplier that supplied a material amount of raw material to the operations during the last financial period. The number of major suppliers for the West African Recovery segment includes clients from South America and other geographical areas. The loss of one supplier can potentially have a significant impact on production, turnover and margin of the business.

The Group aim to mitigate these risks by its flexibility in the types of material it processes and building of strategic partnerships in the industry and employing a sourcing team managing relationship and seeking new clients. It has also been in the forefront of producing “Responsible Gold” which gives it a competitive advantage over its competitors.

Purchasing

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 purchasing risk is magnified by the short terms of contracts for the supply of material.

The Group aim to mitigate these risks by its flexibility in the types of material it processes. It has also been at 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.

Albeit these efforts, the volume and quality of feed material will differ from month to month resulting in fluctuating margins.

Risk in regards to variability in mixture of raw material

Mining companies supply various types of by-products, that differ in type, quality, grade and volume month to month. The quantity of precious metals contained in various types of material and variability in the amount that can be extracted can result in fluctuations from month to month in margins achieved.

The recovery operations are staffed with management with adequate knowledge and experience to evaluate raw materials and plan production to limit the fluctuations. The variety of products processed and materials received from different clients partially limits these fluctuations.

Ad-hoc contracts or supply from clients can have significant impact on quarterly production numbers.

Raw Material and Processing Technical risk

Notwithstanding the completion of metallurgical test-work, statistical analysis and pilot studies indicating the results from processing, the actual recovery from material through a plant might vary from the indicated results and the quantity of precious metals recovered or the cost to recover might differ from what was original indicated.

The recovery operations are staffed with management with adequate knowledge and experience to evaluate raw material before procurement of material and to manage the parameters in the plant to ensure optimum recovery of precious metals during processing.

Albeit these efforts, the return from various raw material fed into the plant will differ month to month resulting in fluctuating margins.

Price risk
The gold and precious metals produced by the Group are sold at world spot prices which may fluctuate substantially and which are not directly related to the cost of production. The Group mitigate this risk for by-product material through having contracts where the value paid to the supplier is linked to the price received for precious metal concentrates sold. The Group further seeks to mitigate this risk in part by adjusting the price it pays for future materials for processing but its margins remain sensitive to the changes in the gold price, specifically on low grade material where the cost of processing is a significant part of the cost of production.

The Group sensitivity to fluctuating prices has been further defined under Market Risk in note 35 of the financial statements.

Environmental risk
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. To manage the daily working capital requirements in the Group, subsidiaries make use of the US$ 2,000,000, revolving credit financing with Scipion and the financing of material on route and at smelters for final processing to enable us to settle suppliers of material earlier.

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 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 GPL 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. The risk is further mitigated by senior executives being closely involved in supplier and customer engagement as well as payments. The Group also limit cash payments as far as possible.

Financial instruments risk
Details of risks associated with the Group's financial instruments are given in Note 35 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.

Directors' section 172 statement
The following disclosure describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) and forms the Directors' statement required under section 414CZA of The Companies Act 2006. This reporting requirement is made in accordance with the corporate governance requirements.

The matters set out in section 172(1) (a) to (f) are that a Director must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

(a) the likely consequences of any decision in the long term;
(b) the interests of the Company's employees;
(c) the need to foster the Company's business relationships with suppliers, customers and others;
(d) the impact of the Company's operations on the community and the environment;
(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
(f) the need to act fairly between members of the Company.

In the above Strategic Report section of this Annual Report, the Company has set out the short to long term strategic priorities, and described the plans to support their achievement.

We have split our analysis into two distinct sections, the first to address Stakeholder engagement, which provides information on stakeholders, issues and methods of engagement, disclosed by stakeholder group. The second section addresses principal decisions made by the Board and focuses on how the regard for stakeholders influenced decision-making.

Section 1. Stakeholder mapping and engagement activities within the reporting period.

The Company continuously interacts with a variety of stakeholders, such as equity investors, the mining industries as suppliers of gold bearing material, vendor partners, debt providers, workforce, government bodies, local community and refiners of our products. The Company acknowledges the importance of all the stakeholders in the ultimate success of the Company and strives to maintain a high level of transparency in its processes, as it deals in high value materials, and a high degree of reliance is placed on these processes by the stakeholders. Engagement and communication are within the limitations of what can be disclosed to the various stakeholders with regards to maintaining confidentiality and protecting commercially sensitive information.

Who: Key Stakeholder groups	Why: Why is it important to engage this group of stakeholders	How: How Goldplat Plc engaged with the stakeholder group	What: What came of the engagement
Equity Investors and significant Partners All substantial shareholders that own more than 3% of the Company's shares are listed on Goldplat Plc website. The Group's largest subsidiary in South Africa, Goldplat Recovery (Pty) Limited, has a non-Goldplat group shareholder holding of 26% of issued share capital. In South Africa, the Black Economic Empowerment legislation, specifically the 2010 Mining Charter, requires historically disadvantaged South Africans to have a minimum 26% interest in all mining and exploration projects.	We are seeking to promote an investor base that is interested in a long term holding in the Company and will support the Company in achieving its strategic objectives including the raising of funds to support future growth as and when opportunities present themselves. Our South African partners have significant influence on the Group's flagship operation and it is therefore important to ensure that they are aligned with the Group strategy. Significant shareholders may affect and influence Group strategy as a result of their shareholding.	**Substantial Shareholders:** As announced on 14 May 2020 the appointment of Mr Gerard Kisbey-Green as a non-executive director followed engagement with a substantial shareholder of the Company. **Significant Partners:** The South African BEE partners are represented on the board of the Company, with a board seat by Mr. Sango Ntsaluba who also acts as Chairman of the South African Subsidiary. **Prospective and existing investors:** • Regular operational and project updates through Regulatory News Service ("RNS"). • The annual and Interim financial reports. • Roadshows and presentations. • Paid for external research by WH Ireland • As a result of the Covid pandemic the Directors plan to have more engagement with all role players via electronic means hosting question and answer sessions, doing online presentations via zoom, updating on twitter and so forth.	The substantial shareholder has increased his shareholding to 23.02% at the time of this report. The Group is currently in the process of divesting from its mining segment, and will focus on stabilising and growth of its recovery business and the processing of the Tailings Storage Facility ("TSF") in South Africa. The divesting from mining should have a positive effect over the medium term on the financial results, and reduces the mining and exploration risks. Consequently, without mining diversification, the procurement and reserve risk as set out in the strategic report, increases. It is uncertain at this time how future growth will need to be supported by the shareholders. The CEO presented at a number of investor roadshows and one-to-one meetings. At the Company's AGM on 30 October 2019, all resolutions were duly passed.
Desert Gold Venture Inc. ("Desert Gold") On August 22, 2019 Desert Gold did a business combination with Ashanti Gold Corp ("Ashanti"), who intern has a 51% interest in Anumso.	**Desert Gold** To discuss the joint strategy and management of Anumso exploration project.	**Desert Gold** Through meetings, as and when necessary with Dessert Gold management and appointed consultants.	**Desert Gold** The group indicated to Desert Gold our intention not to invest further into the project of the renewal of mining licence.

Who: Key Stakeholder groups	Why: Why is it important to engage this group of stakeholders	How: How Goldplat Plc engaged with the stakeholder group	What: What came of the engagement
Suppliers of Gold Bearing Material: These suppliers are substantially the primary producers from which we procure discarded precious metals, which is the main source of revenue with the only exception being our intention to re-process our own TSF in South Africa	Without the support of these producers the Goldplat business model could not succeed and therefore can only succeed if it satisfies the needs of these suppliers. To achieve this, Goldplat has to earn the trust of the supplier, perform in a transparent and ethical manner and deliver an acceptable return.	Both parties are in the same industry and due to the commercial relationship between the parties, ongoing engagement is in place. Goldplat has a specific sourcing department, that together with management, maintain the relationship on a day to day basis. Communication is with the plant operations and management. Supplies are normally delivered based on a written contract which is renewed from time to time.	Every mining company has its own structures within which Goldplat has to operate. Historically we have mostly engaged with Metallurgical and Financial Management. During the past year the directors have adopted a strategy of engaging on the corporate level rather than on mine level envisaging a more standardised service to a Mining group rather than dealing with individual mines. This strategy so far has been relatively successful but the long term success will be dependent on how the different groups that supply the Company prefers to contract. During the year the group engaged in four contracts with new customers, one in Ghana and three in South Africa, with all contracts being renewed.

Who: Key Stakeholder groups	Why: Why is it important to engage this group of stakeholders	How: How Goldplat Plc engaged with the stakeholder group	What: What came of the engagement
Debt providers The Company has a 12 month US$2 million debt facility with Scipion that commenced in July 2018.	The facility is utilised mainly to provide additional working capital especially where the Company purchases larger batches of precious bearing material with a processing timeline in excess of 60 days. Our raw material suppliers prefer to be paid promptly and the debt facility allows Goldplat to essentially pay for the agreed content, or a portion thereof, before all the precious metal has been physically recovered.	• Regular meetings and updates with the debt provider's CEO and senior staff. • Regular reporting updates on performance of the Group. • One-on-One meeting every time the Goldplat team visits London. Since Covid 19, this is now less desirable but same is achieved through meetings on electronic platforms	During the year under review, Scipion advanced GBP916,000 of funding that enabled the company's subsidiary, Gold Recovery Ghana, to acquire gold bearing material for processing which contributed to Gold Recovery Ghana's turnaround success The unutilised balance can be drawn at any time in future to purchase further materials as described.

Who: Key Stakeholder groups	Why: Why is it important to engage this group of stakeholders	How: How Goldplat Plc engaged with the stakeholder group	What: What came of the engagement
Workforce: The Company has two UK based directors. The balance of the Company's directors and workforce are based at the operations in South Africa, Ghana and Kenya. The Company also employs a Sourcing Manager based in Brazil who interacts with the suppliers in South America.	The Group employs approximately 330 employees for the recovery operations in South Africa and Ghana and approximately 85 employees in Kenya. All these countries have low levels of employment and our employees value the job creation and the financial benefits of our activities. The Company understands that our employees has gained specific skills which is vital to sustain our unique recovery businesses The Company's long-term success is dependent on the continued support of our workforce. The Company also recognises that substantial risk is associated with its senior management teams and directors whose contributions and knowledge of the business is paramount to its success and longevity.	The Company maintains an open line of communication between its employees, senior management and Board of Directors. Every subsidiary in the Group has a worker's forum which meets at least once a month with senior management and directors. These forums are open and can be attended by anyone who has been appointed by the workers. Operational, financial, safety and any relevant topic is discussed freely. During weekly management meetings which is attended by production staff on a rotating basis feedback is given on the state of finances, production issues etc. Most employees are incentivised and from that point of view their objectives are aligned with those of the Company.	The Company's recovery operations successfully re-negotiated all salary and incentive packages effective 1 May 2020. Directors salaries were adjusted by the remuneration committee and a number of share options were granted to deserving directors. Staff turnover throughout the Group is low.

Who: Key Stakeholder groups	Why: Why is it important to engage this group of stakeholders	How: How Goldplat Plc engaged with the stakeholder group	What: What came of the engagement
Governmental bodies: The Company is impacted by local governmental organisations in the UK, South Africa, Ghana and Kenya.	Goldplat operates in a number of jurisdictions, principally South Africa, Ghana and Kenya, in a highly regulated environment. Regulation encompasses, inter alia, licensing to process precious metals, royalty agreements, the environment, safety and health of employees and contractors, ownership of operations and community development and participation. Goldplat acknowledges that success will be dependent on the Company's interaction with Governments, the workforce and the community in addition to the interest of other stakeholders as described in this document. Additionally, Goldplat seeks to meet the Government's aspirations of the countries within which it operates in terms of maximising the local value-add of its operations and employing and training workforce. The interaction with stakeholders directly influences supply sourcing as well as employment aspirations all of which is closely monitored by Government institutions.	Each operation has a local board with local representation which interacts with the respective Governments. Mostly the interaction is by way of formal reporting on: • Production and Financial results • Safety Reports and Statistics • Environmental updates and compliance reporting • Scorecards on procurement, shareholding, women in mining and community involvement and local development programs. The operations receive regular visits from Government Inspectors in respect of Health and Safety, Machinery, Labour, Taxation amongst others. Additionally, advisers are retained in each jurisdiction, including legal and auditing. Goldplat's executive management seeks to maintain regular and open dialogue with all regulatory authorities and, as appropriate, local community representatives.	All the Group's licences, authorities, permissions have been issued and granted. The Group is engaging with the South African regulatory authorities whilst seeking permission to establish a new tailings facility which is critical for sustainable operations. The applications have been submitted and the approval process is expected to be complete by the second quarter of 2021.

Who: Key Stakeholder groups	Why: Why is it important to engage this group of stakeholders	How: How Goldplat Plc engaged with the stakeholder group	What: What came of the engagement
Community: The local community in South Africa, Ghana and the mine site in Kenya.	The community provides social licence to operate no matter the location.	In South Africa the community issues are regulated by the Government as part of the South African subsidiaries social and labour plan. The objective is that local communities must benefit from employment opportunities, local procurement and infrastructure initiatives. In Ghana the community issues are less prominent as the recovery operation is located in the Heavy Industrial area of Tema. Nevertheless, the Government expects the Company to employ from the surrounding area, train its employees and a training levy is also paid to the Free Zone Board. In Kenya, the Kilimapesa Mine is in a rural area and the community involvement is intense. Employment is only from the local community, who also benefits from a royalty arrangement, rental agreements, local purchasing of goods and services and a menagerie of local and cultural contributions.	The Company has ongoing engagements with the local communities in which it operates. In South Africa, being dictated by Government laws and charters, the Company is compliant. Our infrastructure project contributing £51,311 to build classrooms was successfully concluded in 2018. At Kilimapesa in Kenya, where the community is heavily dependent on our royalty and rent contributions, we have maintained a flow of funds despite the fact that the mine was under care and maintenance. The directors of Kilimapesa have gone to great lengths to ensure that the prospective new owners (Mayflower/ Papillon) have been properly briefed and introduced to community leaders, chiefs and other role players. We believe that the amounts due, the legal agreements, employment practices and other community initiatives have been properly addressed and that the new owners will continue to benefit from this harmonious relationship. We view the local community as a partner and maintaining a sustainable business in the long term is dependent on this good relationship.

Who: Key Stakeholder groups	Why: Why is it important to engage this group of stakeholders	How: How Goldplat Plc engaged with the stakeholder group	What: What came of the engagement
Suppliers: All suppliers are important to our Group of companies many of which have had a long relationship with us.	Goldplat, being in the precious metals business, is a price taker and therefore cost control is of utmost importance especially due to the cyclical nature of the metals we sell. By building long term relationships with our supplies it improves our chances to survive the cycles.	Our procurement departments continuously interact with our suppliers and senior management and directors meet with critical suppliers at least once a year.	During the year under review the South African operation negotiated a more favourable supply contract for its diesel supply.
Smelters and Refiners: Smelters and Refiners take delivery of Doré bars and concentrates for final refining.	Smelter and Refiners are important as it removes the burden of marketing gold and an efficient refiner ensures the Group can monetise its precious metal deliveries quickly and efficiently.	The Company has refining contracts with a number of refiners. Senior executives formally meet at least once a year but interact on a regular basis in normal course of business.	All contracts with Smelters and Refiners remain in good standing and relationships remain strong. This enables the Company to maintain low stock levels and improves critical cashflow to support earlier settlement to suppliers of material.

Principal decisions by the Board during the year under review:

We define principal decisions as both those that have long-term strategic impact and are material to the Group, but also those that are significant to our key stakeholder groups. In making the following principal decisions, the Board considered the outcome from its stakeholder engagement, the need to maintain a reputation for high standards of business conduct and the need to act fairly between members of the Company:

a) Disinvesting from Primary Mining and Exploration activities

Towards the end of the prior year, the Company's directors decided to put Kilimapesa gold mine in Kenya under care and maintenance and decided to divest and dispose of Kilimapesa gold mine.
This decision was formalised further during the current period and forms part of the strategy to disinvesting from primary mining and exploration activities and fully concentrate on the precious metal recovery businesses which have always been the source of the Group's profitability and positive cash flows.

As a result, the Anumso gold exploration project has been abandoned during the period and disclosed as a discontinued operation.
The decision was based on the –

- Group's ability to sustain the continued losses due to primary mining and exploration;
- Company's directors and shareholders willingness to invest the significant capital required by Primary Mining and Exploration projects; and
- Management time required and opportunities in the Group precious metal recovery business.
- This decision will not preclude the Group's ability to treat artisanal tailings and/or mined ore, provided it does not have an associated mining risk.

The directors are aware that with the divesting from primary mining and exploration, the diversification those activities provided for the Group procurement and reserve risk in the long term will be lost.

In line with this strategic decision, a binding term sheet was signed between GMR and Mayflower for the sale of 100% of the share capital of KPG on 30 July 2020.

Under the binding term sheet GMR has conditionally agreed to sell Kilimapesa to Mayflower for an initial consideration of USD1,500,000 to be satisfied by the issue of shares to that value in Mayflower. In addition, GMR is entitled to receive a 1% net smelter royalty on future production from Kilimapesa capped at USD1,500,000. As envisaged by the binding term sheet, Mayflower has separately entered into an agreement under which it will assign its rights and obligations under the term sheet to Papillon Holdings plc (LSE: PPHP) ("Papillon"), a company listed on the London Stock Exchange, which will, subject to the appropriate regulatory and shareholder approvals, seek to complete the acquisition and raise a minimum USD4,000,000 of funding for the development of Kilimapesa's operations.

The term sheet remains subject to a number of conditions precedent including the completion of due diligence to be conducted by both Mayflower and GMR, the receipt of all necessary approvals, the finalising of formal agreements and the raising by Papillon of USD4,000,000 funding. Mayflower has paid a UD50,000 non-refundable exclusivity fee under the binding term sheet. The term sheet has subsequently been extended to 31 December 2020.

As part of the negotiating and concluding of the sale transaction the directors considered the impact of further support of losses and management time on KPG, in the short-term will have had on the Group. The Directors also considered the impact of delayed investment into KPG on other stakeholders, specifically the community, its suppliers. The directors also believed that a long-term care & maintenance program will have resulted in deterioration of KPG plant and infrastructure and reduction in value for all stakeholders.

Werner Klingenberg
Director
01 December 2020

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 2020 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Statement of Cash Flows and 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 2020 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.

Revenue recognition

Matter identified	How we addressed the matter
The Group recognises revenue from the sale of precious metals when it completes its performance obligation which is determined to be when the metals are delivered to the customer and the customer takes control of the metals in line with contractual terms (notes 4(i) and 8). The audit risks identified relate to the potential for cut off errors arising and the assessment of the valuation of revenue. Sales transactions involve assay valuations which are highly subjective. In addition the Group's customers are required to verify the grade of metals sold through the performance of their own assay tests. We therefore consider the risk of completeness, accuracy and valuation of revenue to be present in the financial statements.	Our audit procedures included: • Reviewing a sample contracts with customers to verify the appropriateness of the Group's revenue recognition policy to ensure it is in line with the requirements of applicable accounting standards. • Testing a sample of sales transactions by agreeing the invoices to the third party independent assay reports, gold valuation documents and delivery documentation • Verifying the accuracy of gold prices and exchange rates used against independent sources of information obtained by us. • Tying back sales recorded immediately before and after the reporting date to the nominal ledger and assessing whether the revenue had been recorded in the correct period through a review of the documentation relating to the independent assay valuations and deliveries. • Reviewing the financial statements for appropriateness of disclosures in accordance with applicable accounting standards.
Key Observations: Based on our procedures we noted no material exceptions relating to the completeness, accuracy and valuation in respect of revenue recognition.	

Carrying value of PPE, goodwill and other intangible assets

<table>
<tr>
<td>The Group's non-current assets which comprise PPE and intangible assets (including goodwill) amount to £3.9m (2019 £7.9m) and £4.7m (2019: £7.4m) respectively (Notes 15 and 16).

Under applicable accounting standards Management are required to review, at least annually, whether there are indicators of impairment in respect of its non-current assets.

In the current environment where the global impact of Covid-19 is impacting many sectors, there is an increased level of judgement involved in Management's forecasting due to the uncertainty over the impact of the pandemic on the Group's performance in both the short and long term.

There is therefore a risk that impairment of the non-current assets has not been not appropriately recognised.</td>
<td>An impairment charge of £1.0m has been recognised (see Note 16) in respect of the Kilimapesa CGU on classification of the asset within the 'held for sale' line on the statement of financial position.

Our audit procedures included:
• Reviewing Management's assessment of the identification of the appropriate cash generating units ('CGU') in the Group against the requirements of the accounting standard.
• Reviewing Management's impairment indicators assessment for each CGU against the criteria in the accounting standards in order to determine whether Management's assessment was complete and in accordance with the requirements of the accounting standard;
• Performing an independent assessment of financial and non-financial data in order to identify any other potential impairment indicators.
• As Management and the Board had identified an impairment trigger present across all CGUs we:
• Compared the actual operating performance for each CGU for the year back to historical forecasts in order to assess whether the CGUs were operating in line with forecasts and in order to assess the Group's ability to forecast reliably.
• Obtained, reviewed and sensitised the key inputs in Management's discounted cash flow models, checking that the key inputs included in the models such as gold prices, production, capital expenditure and discount rates were reasonable and within an acceptable range. In so doing we obtained and identified our own inputs from source data available to us
• Tested the mathematical integrity of Management's models and checked that the basis of preparation of the model was in line with our expectations and an accepted valuation methodology for discounted cash flows.
• Reviewed and assessed the adequacy of the disclosures in the financial statements to check that they were in accordance with the requirements of the accounting standard.</td>
</tr>
<tr>
<td colspan="2">Key Observations: We found the judgements and estimates applied by Management in preparing the forecasts to be supportable and appropriate.</td>
</tr>
</table>

Accounting for discontinued operations

As announced on 31 July 2020 the Group is in the advanced stage of finalising the disposal of Kilimapesa Gold (Pty) Limited ('Kilimapesa'). IFRS 5 'Non-current assets held for sale and discontinued operations', the relevant accounting standard, requires that the assets and liabilities constituting a disposal group be carried at fair value less costs to sell at the reporting date. There is a risk that the carrying value of the disposal group may be materially misstated as the assessment of fair value involves significant judgement. Discontinued operations and Assets held for sale are disclosed in Notes 14 and 25 to the financial statements respectively.	Our audit procedures included: • Critically reviewing Management's documentation to establish whether the conditions specified in the applicable accounting standards have been satisfied as at year-end in respect of the held for sale classification and disclosure as discontinued operations by reviewing public announcements of Management's intentions and the way in which Management are currently managing the asset • Testing Management's fair value assessment and assessing the reasonableness of the production and gold price estimates used in determining the contingent consideration against alternative pricing sources and probabilities potentially foreseeable in order to assess the sensitivity of Management's assessment • Assessing the completeness and reasonableness of the estimates of costs to sell based on our understanding of the parties involved in the transactions and the nature of their services • Confirming the completeness of the impairment charge recorded to reduce the net assets to fair value less costs to sell based on the work performed as noted above. • Reviewing the financial statement disclosures to check that they are presented in accordance with the requirements of the accounting standard.

Accounting for the Ashanti Gold option in Anumso

<table>
<tr><td>On 5 November 2018, Ashanti Gold Corp ("Ashanti") exercised its option on the Anumso Gold Limited ("Anumso") license having satisfied the conditions precedent.

Applicable accounting standards require Management to assess whether there are any facts and/or circumstances that indicate a change to the elements of control, and determine whether the basis of consolidation remains appropriate. This involves Management judgement in assessing whether Ashanti had substantive rights over Anumso post the exercise of the option in November 2018.

In the period since the last financial statements were approved Management has determined that the considerations around the exercise of the option were not accounted for correctly in the prior year giving rise to a prior period adjustment in the current period financial statements (Note 39).

In view of the judgements involved we determined this to be a key audit matter.</td><td>Our audit procedures included:
• Reviewing Management's assessment paper relating to the loss of control over Anumso and critically assessing the judgements applied by Management against the requirements of the relevant accounting standard
• Reviewing the option agreement and provisions of the draft joint venture agreement to determine whether the Group lost control of Anumso when the Ashanti option was exercised.
• Considering the accuracy of the restatement to the financial statements comparative information to reflect the loss of control
• Challenging Management's considerations regarding the carrying value of the investment in Anumso at the end of the period for impairment by reference to draft sales terms.
• Reviewing the financial statement disclosures for appropriateness in accordance with the requirements of the accounting standards.</td></tr>
<tr><td colspan="2">Key Observations: Based on our procedures we noted no material exceptions in respect of the accounting for the exercise of the option and the adjustments and disclosures required in respect of the prior year adjustment.</td></tr>
</table>

Our application of materiality

	Materiality (£)	Basis for materiality
FY 2020	Group: 283,000	5% of profit before tax
FY 2019	Group: 146,000	Approximately 10% of profit before tax

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.

We determined materiality for the Group financial statements to be £283,000 (2019: £146,000) and for the materiality for the parent company to be £172,500 (2019: £135,000) based on a percentage of total assets. The percentage of profit before tax used in the determination of materiality has been adjusted down from 10% to 5%.

Performance materiality is the application of materiality at the individual account or balance level and is 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 for both the Group and the Parent Company was set at 70% (2019: 65%) of the above materiality levels.

We agreed with the Audit Committee that we would report to the Committee all individual audit differences identified during the course of our audit in excess of £5,600 (2019: £7,300).

Each significant component of the Group was audited to a lower level of materiality ranging from £50,000 to £172,500. These materiality levels were used to determine the financial statement areas that were included within the scope of the Components audits and the extent of sample sizes used during these audits.

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 the Group and Company operates.

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.

The table below highlights the coverage obtained from the full scope audits performed across the Group, based on Revenue and Total assets.

	Group Revenue	**Group Total Assets**
Full scope	100%	99.7%
Specific scope and desktop review	-	0.03%
Total	100%	100%

The audits of each of the significant three trading components were principally performed in the geographical location of the operations (South Africa, Ghana and Kenya) by non-BDO member firms. The audits of the Parent Company and other components were performed by BDO LLP.

The Group audit team was in contact, at each stage of the audit through planned calls and regular written communication with the component auditors. The Group audit team performed remote reviews of the significant components' working papers and, in addition to the review of detailed working papers of the component auditors the Group auditor received further supporting documentation from the component auditors as requested directly. The Group audit team attended regular virtual conference meetings throughout the audit and held completion calls with each component auditor to close out the component auditor's work from a Group audit perspective. Remote reviews were performed following the Covid-19 outbreak.

Specific audit procedures were performed to address the risk of material misstatement arising from key balances in non-significant components, with testing performed on all material balances within these components. These specific audit procedures were performed by the Group audit team. All other components were subject to analytical review procedures performed by the Group audit team.

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 set out on page 20, 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.

Anne Sayers (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
01 December 2020

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 2020

	Notes	2020 £'000	Restated 2019 £'000
Continuing operations			
Revenue		24,809	21,769
Cost of sales	8	(17,497)	(18,676)
Gross profit		7,312	3,093
Administrative expenses		(1,682)	(1,759)
Impairment loss	9	(295)	–
Profit from operating activities		5,335	1,334
Finance income		1,067	19
Finance costs		(736)	(336)
Net finance income/(cost)	12	331	(317)
Profit from operating activities after finance income		5,666	1,017
Taxation	13	(2,361)	(712)
Profit for the year from continuing operations		3,305	305
Discontinued operations			
Loss for the year from discontinued operations	14	(5,270)	(2,778)
Loss for the year		(1,965)	(2,473)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Foreign exchange cost on translation of subsidiaries			
Exchange translation		(1,882)	(24)
Exchange reserve reclassified on loss of control of Anumso		-	864
Other comprehensive loss for the year		(1,882)	840
Total comprehensive loss for the year		(3,847)	(1,633)
Profit/(Loss) from continued operations attributable to:			
Owners of the Company		2,133	(222)
Non-controlling interests		1,172	527
		3,305	305
Profit/(Loss) from operations attributable to:			
Owners of the Company		(3,137)	(3,000)
Non-controlling interests		1,172	527
		(1,965)	(2,473)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(4,531)	(2,202)
Non-controlling interests		684	569
Total comprehensive loss for the year		(3,847)	(1,633)
Earnings per share from Continued Operations attributable to the ordinary equity holders of the parent Operations			
Basic profit/loss per share (pence)	27	1.27	(0.13)
Diluted profit/loss per share (pence)		1.25	(0.13)
Earnings per share from Operations attributable to the ordinary equity holders of the parent Operations			
Basic loss per share (pence)	27	(1.87)	(1,79)
Diluted loss per share (pence)		(1.87)	(1.79)

The notes on pages 51 to 97 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 30 June 2020

	Notes	2020 £'000	Restated 2019 £'000	Restated 2018 £'000
Assets				
Property, plant and equipment	15	3,900	7,949	8.274
Intangible assets	16	4,664	7,464	8,462
Right of use assets	17	356	–	–
Loan receivable	18	661	950	1,137
Investment in joint venture	21	1	595	–
Non-current assets		9,582	16,958	17,873
Inventories	22	6,432	5,842	7,791
Trade and other receivables	23	4,476	7,918	7,603
Taxation		–	26	–
Cash at bank and on hand	24	3,141	2,367	1,915
Current assets		14,049	16,153	17,309
Assets in disposal groups classified as held for sale	25	3,380	–	–
Total assets		27,011	33,111	35,181
Equity				
Share capital	26	1,675	1,675	1,675
Share premium	26	11,441	11,441	11,441
Exchange reserve	26	(6,224)	(4,830)	(5,628)
Retained earnings		5,167	8,282	11,282
Equity attributable to owners of the Company		12,059	16,568	18,770
Non-controlling interests		3,057	2,717	2,615
Total equity		15,116	19,285	21,385
Liabilities				
Obligations under finance leases	28	–	151	268
Lease liabilities	17	145	–	–
Provisions	31	549	633	417
Deferred tax liabilities	32	919	466	667
Non-current liabilities		1,613	1,250	1,352
Bank overdraft	24	1	560	376
Obligations under finance leases	28	–	213	192
Interest bearing borrowings	29	1,004	528	728
Lease liabilities	17	206	–	–
Taxation		157	–	221
Trade and other payables	33	7,465	11,275	10,927
Current liabilities		8,833	12,576	12,444
Liabilities in disposal groups classified as held for sale	25	1,449	–	–
Total liabilities		11,895	13,826	13,796
Total equity and liabilities		27,011	33,111	35,181

The financial statements of Goldplat plc, company number 05340664, were approved by the Board of Directors and authorised for issue on 01 December 2020. They were signed on its behalf by: **Werner Klingenberg**, *Director.*

The notes on pages 51 to 97 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended 30 June 2020

	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 2019	1,675	11,441	(4,830)	8,282	16,568	2,717	19,285
Total comprehensive (expense)/income for the year							
(Loss)/profit for the year	–	–	–	(3,137)	(3,137)	1,172	(1,965)
Total other comprehensive income	–	–	(1,394)	–	(1,394)	(488)	(1,882)
Total comprehensive (expense)/income for the year	–	–	(1,394)	(3,137)	(4,531)	684	(3,847)
Transactions with owners of the Company recognized directly in equity							
Share based payment transactions	–	–	–	22	22	–	22
Changes in ownership interests in subsidiaries							
Non-controlling interests in subsidiary dividend	–	–	–	–	–	(344)	(344)
Total transactions with owners of the Company	–	–	–	22	22	(344)	(322)
Balance at 30 June 2020	1,675	11,441	(6,224)	5,167	12,059	3,057	15,116

Consolidated Statement of Changes in Equity

Year ended 30 June 2020

	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
Prior period error (note 39)	–	–	445	190	635	(349)	286
Restated Balance at 1 July 2018	1,675	11,441	(5,628)	11,282	18,770	2,615	21,385
Total comprehensive income for the year							
(Loss)/Profit for the year	–	–	–	(3,000)	(3,000)	527	(2,473)
Total other comprehensive income	–	–	(66)	–	(66)	42	(24)
Exchange reserve released through profit and loss on sale of Anumso	–	–	864	–	864	–	864
Total comprehensive (expense)/ income for the year	–	–	798	(3,000)	(2,202)	569	(1,633)
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	(4,830)	8,282	16,568	2,717	19,285

Consolidated Statement of Cash Flows

for the year ended 30 June 2020

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Loss for the year		(1,965)	(2,473)
Adjustments for:			
Depreciation		874	980
Amortisation of right-of-use assets	17	85	–
Amortisation	16	232	222
Provisions		(84)	
Finance Income	12	(1,237)	(19)
Finance Expense	12	906	605
Loss on sale of property, plant and equipment	15	6	(6)
Impairment of property, plant and equipment	15	151	–
Impairment of intangible assets	16	1,112	–
Impairment in JV		594	–
Loss on sale of discontinued operation	14	2,218	–
Foreign exchange net (gain)/loss		(767)	913
Share-based payment expense		22	-
Income tax expense		2,361	712
		4,508	**934**
Changes in:			
– inventories		(1,226)	1,949
– trade and other receivables		2,598	(315)
– trade and other payables		(1,106)	27
Cash generated from operating activities		**4,774**	**2,595**
Finance income		1,067	19
Finance cost	34.3	(736)	(586)
Taxes paid		(1,725)	(725)
Net cash from operating activities		**3,380**	**1,303**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		9	–
Acquisition of property, plant and equipment	34.1	(356)	(552)
Receipt from long term receivable	18	156	199
Net cash used in investing activities		**(191)**	**(353)**
Cash flows from financing activities			
Proceeds from drawdown of interest-bearing borrowings		973	760
Net (repayment)/ proceeds from debt factoring (included under trade and other payables)		(1,490)	471
Repayment of interest-bearing borrowings		(394)	(987)
Interest paid on interest-bearing borrowings		(127)	(110)
Principal paid on lease liabilities (2019: Payment of finance lease liabilities)	17	(151)	(240)
Interest paid on lease liabilities	17	(40)	(36)
Payment of dividend by subsidiary to non-controlling interest		(344)	(467)
Net cash flows used in financing activities		**(1,573)**	**(609)**
Net increase in cash and cash equivalents		**1,616**	**341**
Cash and cash equivalents at 1 July		1,807	1,539
Foreign Exchange Movement on opening balance		(277)	(73)
Cash and cash equivalents at 30 June	34.3	**3,146**	**1,807**
Cash flows of discontinued operations	14	5	(8)

The notes on pages 51 to 97 are an integral part of these consolidated financial statements.

Company Statement of Financial Position

as at 30 June 2020

	Notes	2020 £'000	2019 £'000
Assets			
Investments	20	9,425	9,425
Non-current assets		9,425	9,425
Loans to subsidiary companies	19	4,494	4,475
Trade and other receivables	23	24	12
Cash and cash equivalents	24	10	9
Current assets		4,528	4,496
Total assets		13,953	13,921
Equity			
Share capital	26	1,675	1,675
Share premium		11,441	11,441
Retained earnings		653	629
Total equity		13,769	13,745
Liabilities			
Trade and other payables	33	184	176
Current liabilities		184	176
Total liabilities		184	176
Total equity and liabilities		13,953	13,921

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 profit for the year ended 30 June 2020 was £24,000 (2019: loss £74,000).

These financial statements of Goldplat plc, company number 05340664, were approved by the Board of Directors and authorised for issue on 01 December 2020. They were signed on its behalf by:
Werner Klingenberg
Director

The notes on pages 51 to 97 are an integral part of these consolidated financial statements.

Company Statement of Changes in Equity

for the year ended 30 June 2020

	Attributable to owners of the Company			
	Share capital £'000	**Share premium £'000**	**Retained earnings £'000**	**Total equity**
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
Balance at 1 July 2019	1,675	11,441	629	13,745
Total comprehensive expense for the year				
Profit for the year	–	–	24	24
Total comprehensive expense for the year	–	–	24	24
Balance at 30 June 2020	1,675	11,441	653	13,769

The notes on pages 51 to 97 are an integral part of these consolidated financial statements.

Company Statement of Cash Flows

for the year ended 30 June 2020

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Loss for the year		24	(69)
Changes in:			
– trade and other receivables		12	4
– trade and other payables		(7)	135
Cash from operating activities		29	70
Interest paid	12	(9)	(5)
Net cash from operating activities		20	65
Cash flows used in investing activities			
Increase of Loans to subsidiary	19	(19)	(73)
Net cash flows used in investing activities		(19)	(73)
Net increase/(decrease) in cash and cash equivalents		1	(8)
Cash and cash equivalents at 1 July		9	17
Cash and cash equivalents at 30 June	24	10	9

The notes on pages 51 to 97 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020

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 Financial 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 directors assessed that the group continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations and thus adopted the going concern basis in preparing these financial statements.

The assessment of the going concern assumption involves judgement, at a particular point in time, about the future outcome of events or conditions which are inherently uncertain. The judgement made by the directors included the availability of and the ability to secure material for processing at its plants in South Africa and Ghana, the impact of loss of key management, outlook of commodity prices and exchange rates in the short to medium term and changes in regulatory and licensing conditions.

During the period the Group has entered into new contracts with 3 suppliers in South Africa for by-product material and 2 suppliers in Ghana. Further progress has been made in securing additional contracts in West Africa. With the increase in supplier base and more than 12 months of resources of woodchip and surface sources on site or on contract, management believe that it should be in a position to operate sustainability for the foreseeable future.

A reverse stress test indicated that the business, alongside certain mitigating actions which are fully within the directors' control, would be capable of withstanding approximately a reduction in gross margin of 80% in continued operations. The loss of production due to inability to operate will have a lower impact on gross margin in the short-term as most cost associated with production are variable and should also reduce.

In light of current trading and revised forecasts, the directors having assessed the possible downturn in operating margin and concluded the likelihood of such a reduction to be remote, such that it does not impact the basis of preparation of the financial statements and there is no material uncertainty in this regard.

In reaching this conclusion, the Group also assessed the impact of the current Covid-19 pandemic might be on the business. Although operations were required to shut during the critical period of the pandemic, the sector within which the Group operates has been judged by the various governments as an essential service. This ensured that material from the mining sector could still be sourced, delivered to its premises and processed. It further also maintained the ability to export and sell the products it produced. The Covid-19 pandemic however brought on new challenges to operating our facilities in South Africa and Ghana in a safe way for all our employees and local communities. With the assistance of relevant regulatory authorities, the directors believe sufficient procedures have been implemented to assist in safeguarding our employees and local communities.

Similar to other businesses, we have no background experience on how to manage the Covid-19 pandemic's impact on the business. Uncertainty remains over the outlook, and revisions to trade projections are likely. We are, however, comfortable that under the reverse stress test scenarios we have run, the Group could withstand a decline in operating profits and continue to operate within the available banking and other financing facilities and also that there is no material uncertainty with respect to going concern. Accordingly, the Group and the Company continues to adopt the going concern basis in preparing the 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 Group's subsidiaries' functional currency is considered to be the South African Rand (ZAR), Ghana Cedi (GHS) and the Kenyan Shilling (KES) and the Company's functional currency is Pounds Sterling (GBP) as these currency mainly influences sales prices and expenses.

(d) 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.

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 £4,664,000 (2019: £5,631,000) – Notes 4(e)(i) and 15
- Capitalisation of pre-production expenditure with a net book value of £nil (2019: £1,411,000) – Notes 4(e)(ii) and 16
- Precious metals on hand and in process to the value of £3,799,000 (2019: £2,574,000) – Notes 4(f) and 22
- Rehabilitation provision – Notes 4(h) and 31
- Useful economic lives – Notes 4(d) and 15
- Control assessment in respect of the investment in Anumso - Note 4(a) and 39

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.

(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 entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation.

Exchange gains and losses arising on the retranslation of monetary financial assets are treated as a separate component of the change in fair value and recognised in profit or loss. Exchange gains and losses on non-monetary OCI financial assets form part of the overall gain or loss in OCI recognised in respect of that financial instrument.

On consolidation, the results of overseas operations are translated into GBP at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On loss of control of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

(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 an annual average exchange rate.

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 the non-controlling interest. 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

Expected credit losses

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade and other receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables ad contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

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 £3,851,000 (2019: £6,124,000) as fair value through profit or loss due to the exposure to commodity prices as explained in Note 4(k). Due to the short nature of these amounts the impact on the profit or loss is immaterial.

The Group's as well as the Company'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. 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/Company. 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.

Trade receivables will be derecognized when the balance has been settled to the Group or where the balance has been assigned to another party, when such party has been settled.

Impairment provisions for receivables from related parties and loans to related parties are recognised on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

Financial liabilities

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

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

(i) Non-derivative financial liabilities

The Group initially recognises debt securities issued 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.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment as well as leasehold assets 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 analyzed by its nature. Substantial modification done on property, plant and equipment 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 that relate to day-to-day repairs are expensed and substantial modifications are capitalised provided that IAS 16 recognition criteria has been met.

(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).

(ii) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(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, 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: on a unit cost basis over the useful life from date of commencement of production

(f) 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.

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, overheads 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.

(g) Impairment

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

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.

(h) 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.

(i) 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 transfer of control takes place when the product has been delivered under the terms of the contract at the refiner or smelter premises. 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.

(j) 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.

(k) 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 substantively 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.

(l) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale when:

- They are available for immediate sale
- Management is committed to a plan to sell
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn
- An active programme to locate a buyer has been initiated
- The asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- A sale is expected to complete within 12 months from the date of classification

On initial classification as held-for-sale, generally, non-current assets and disposal groups are measured at the lower of the carrying amount and fair value less costs to sell, with any adjustments taken to profit or loss (or other comprehensive income in the case of a revalued asset). The same applies to gains and losses on subsequent remeasurement. However, certain items, such as financial assets within the scope of IAS 39: Financial Instruments: Recognition and Measurement and investment property within the scope of IAS 40: Investment Properties, continue to be measured in accordance with those standards.

Impairment losses subsequent to classification of assets as held-for-sale are recognised in profit or loss. Increases in fair value less costs to sell assets that have been classified as held-for-sale are recognised in profit or loss to the extent that the increase is not in excess of any cumulative impairment loss previously recognised in respect of the asset

Gains and losses on remeasurement and impairment losses subsequent to classification as disposal groups and non-current assets held-for-sale are shown within continuing operations in profit or loss, unless they qualify as discontinued operations. Disposal groups and non-current assets held-for-sale are presented separately from other assets and liabilities on the statement of financial position. Prior periods are not reclassified.

(m) Discontinued operations

Discontinued operations are presented in the consolidated statement of comprehensive income as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations.

(n) Dividends paid out to non-controlling interest

For business combinations completed prior to 1 January 2010, the Group initially recognised any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. For business combinations completed on or after 1 January 2010 the Group has the choice, on a transaction by transaction basis, to initially recognise any non-controlling interest in the acquiree which is a present ownership interest and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. Other components of non-controlling interest such as outstanding share options are generally measured at fair value. The group has not elected to take the option to use fair value in acquisitions completed to date.

From 1 January 2010, the total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests. Before this date, unfunded losses in such subsidiaries were attributed entirely to the group. In accordance with the transitional requirements of IAS 27 (2008), the carrying value of non-controlling interests at the effective date of the amendment has not been restated.

(o) Leases

The majority of the Group's accounting policies for leases are set out in note 17.

Identifying Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset;
(b) The Group obtains substantially all the economic benefits from use of the asset; and
(c) The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16

5. New standards and interpretations not yet adopted

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

There are several standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2020:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- IFRS 3 Business Combinations (Amendment – Definition of Business)
- Revised Conceptual Framework for Financial Reporting

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability.

6. Adoption of new and revised accounting standards

New standards impacting the Group that will be adopted in the annual financial statements for the year ended 30 June 2020, and which have given rise to changes in the Group's accounting policies are:

• IFRS 16 Leases (IFRS 16); and
• IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23)

Details of the impact IFRS 16 standards have had are given in note 37 below. The impact of IFRIC 23 has been considered during the period in terms of uncertainty over income tax treatment, however this did not result in any material adjustments.

Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

Please refer to note 17 where the impact of IFRS 16 has been further disclosed.

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.

- South African Recovery operations. Includes the recovery of precious metals from metallurgical challenging materials and the processing of ore, sourced from other mining operations in South Africa. These products often represent an environmental challenge to the primary producer and are processed in a responsible manner by the company.
- West African Recovery Operations. Includes the recovery of precious metals from metallurgical challenging materials and the processing of ore, sourced from other mining operations in South Africa and Burkina Faso. The operations in Burkina Faso have been discontinued during the period. 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. During the period the assets under this segment has been classified as discontinued operations.
- 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.

For the year ended 30 June 2020

	South African Recovery operations £'000	West African Recovery operations £'000	Mining and exploration £'000	Administration £'000	Reconciliation to Group figures £'000	Group £'000
External revenues for continued operations	15,900	8,909	–	–	–	24,809
Total revenues	15,900	8,909	–	–	–	24,809
Depreciation for continued operations	(430)	(150)	–	–	–	(580)
Finance cost for continued operations	(189)	(480)	–	(313)	246	(736)
Finance Income for continued operations	1,092	12	–	56	(93)	1,067
Reportable segment profit/(loss) before tax for continued operations	6,526	(39)	–	(952)	131	5,666
Taxation	(2,018)	(117)	–	(226)	–	(2,361)
Discontinued operations	–	–	(4,303)	(967)	–	(5,270)
Reportable segment assets	17,262	5,790	3,582	36,168	(35,589)	27,213
Reportable segment liabilities	5,513	5,478	1,651	10,285	(10,830)	12,097

For the year ended 30 June 2019

	South African Recovery operations £'000	West African Recovery operations £'000	Mining and exploration £'000	Administration £'000	Reconciliation to Group figures £'000	Group £'000
External revenues for continued operations	17,342	8,909	–	–	–	21,769
Total revenues	17,342	8,909	–	–	–	21,769
Depreciation for continued operations	(440)	(152)	–	–	–	(592)
Finance cost for continued operations	(173)	(335)	–	(130)	302	(336)
Finance Income for continued operations	18	–	–	2	(1)	19
Reportable segment profit/ (loss) before tax for continued operations	2,635	(872)	–	(814)	68	1,017
Taxation for continued operations	(609)	166	–	(269)	–	(712)
Discontinued operations	–	(3)	(2,775)	–	–	(2,778)
Reportable segment assets	18,913	4,183	7,679	35,356	(33,020)	33,111
Reportable segment liabilities	8,484	4,001	11,851	9,433	(19,943)	13,826

Geographical information
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 for continued operations per country segment is:

	2020 £'000	**2019 £'000**
South Africa	15,900	17,342
Ghana	8,909	4,427
	24,809	21,769

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 indicated below:

	2020		2019	
	%	Value	%	Value
South African Recovery Operations				
Customer 1	32	5,112	48	8,324
Customer 2	27	4,281	18	3,122
Customer 3	25	3,971	17	2,948
Customer 4	16	2,536	17	2,948
Total	**100**	**15,900**	**100**	**17,342**
West African Recovery Operations				
Customer 2	30	2,638	13	576
Customer 3	21	1,892	28	1,240
Customer 4	49	4,379	59	2,612
Total	**100**	**8,909**	**100**	**4,428**

8. Revenue

	2020 £'000	**2019** £'000
Sales of precious metals – Recovery operations	24,495	21,661
Processing fees charged to customers	314	108
	24,809	21,769

9. Expenses by nature

	Notes	**2020** £'000	**2019** £'000
Employee benefit expense	10	3,446	3,999
Depreciation expense	15	874	980
Auditor's remuneration			
• Audit of parent and consolidation		57	41
• Audit of subsidiaries		35	37
Impairment		295	–
Directors' remuneration	11	497	650
Loss on disposal of property, plant and equipment		6	–

Auditor's remuneration in respect of the Company amounted to £57,000 (2019: £41,000).

10. Personnel expenses

Group:	**2020** £'000	**2019** £'000
Wages and salaries	3,038	3,573
Performance based payments	233	235
National insurance and unemployment fund	16	17
Skills development levy	27	30
Medical aid contributions	43	42
Group life contributions	39	48
Provident funds	50	54
	3,446	3,999

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

	2020	2019
Directors	7	7
Administrative personnel	19	36
Production personnel	292	268
	318	311

Company:	**2020** £'000	**2019** £'000
Directors fees	83	58

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

	2020	**2019**
Directors	7	7

11. Directors' emoluments

2020	**Executive £'000**	**Non-executive £'000**	**Total £'000**
Wages and salaries	404	–	404
Fees	–	83	83
Other benefits	10	–	10
Directors	414	83	497

2019	**Executive £'000**	**Non-executive £'000**	**Total £'000**
Wages and salaries	570	–	570
Fees	–	80	80
Other benefits	10	–	10
Directors	570	80	650

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

	2020 £'000	2019 £'000
Emoluments for qualifying services	164	180

Key management
Emoluments paid to key management personnel, excluding directors, amounted to £576,000 (2019: £877,000).

12. Finance income and finance costs

Recognised in profit or loss

	2020 £'000	2019 £'000
Interest income on cash balances held	26	55
Foreign exchange gain	1,041	141
Finance income	1,067	196
Bank overdraft and creditors	(275)	(219)
Interest expense on borrowings	(125)	(110)
Interest on finance leases	(10)	(8)
Foreign exchange loss	(326)	(176)
Finance costs	(736)	(513)
Net finance income/(costs) recognised in profit or loss	331	(317)

13. Taxation

Current tax expense

	2020 £'000	2019 £'000
Tax recognised in profit or loss		
Current tax expense		
Current period	1,563	657
Secondary tax on dividends paid from South Africa	226	268
	1,789	925
Deferred tax expense		
Origination and reversal of temporary differences	456	(213)
Deferred tax Rate adjustment	116	-
	572	(213)
Total tax expense	2,361	712

Reconciliation of effective tax rate

	2020 £'000	2019 £'000
Profit for the year	3,305	305
Total tax expense	2,361	712
Profit excluding tax and discontinued operations	5,666	1,017
Tax using the Company's domestic tax rate of 19% (2019:19%)	1,076	295

Effects of:		
Expenses not deductible for tax purposes	7	4
Effect of higher tax levied on overseas subsidiaries	641	122
Tax losses incurred during period by overseas subsidiaries for which no deferred tax asset recognised	294	23
Adjustment to prior period tax rate	117	–
Secondary tax on dividends paid from South Africa	226	268
	2,361	712

The discontinued operations did not attract any tax and no deferred taxation asset/liability was raised. None of the components of other comprehensive income have a tax impact. The increase in effect of higher tax levied on overseas subsidiaries is as a result of higher profits achieved in the South African Recovery segment resulting in higher taxable income and also a higher formula tax rate. The tax charge arises in South Africa and Ghana.

14. Discontinued operations

During the period the group classified KPG and Anumso has discontinued operation.

Kilimapesa Gold (Pty) Ltd

At 30 June 2020, the Group classified KPG as a disposal group held for sale. The fair value of the disposal group held for sale is indicated in note 24. As the intention is to dispose of KPG it result for the period have been stated as a discontinued operations.

Anumso Gold SARL

The equity investment in Anumso have been shown as a discontinued operation as the Group has effectively abandoned the project. The mining license on Anumso need to be renewed in the following period and management does not intend to invest further capital to renew such license. Exploration and evaluation activities were abandon during the year and the investment in the JV has been impaired to a nominal value of £1,000 (2019: £595,000).

The financial position as at 30 June 2020, financial results and cashflow in these two entities have been summarized below:

Statement of financial position of discontinued operations

	Anumso Gold SARL £'000	Kilimapesa Gold (Pty) Ltd £'000	Total £'000
Assets			
Property, plant and equipment	-	2,670	2,670
Investment in Joint Venture	1	-	1
Intangible assets	-	1,444	1,444
Inventories	-	636	636
Trade and other receivables	-	843	843
Cash and cash equivalents	-	5	5
Total assets	1	5,598	5,599

Liabilities			
Lease liabilities	-	235	235
Loans and borrowings	-	–	–
Trade and other payables	-	1,214	1,214
Total liabilities	-	1,449	1,449

*Note that included in discontinued operations is the investment in JV with a value of £1 (2019: £565).

Statement of profit or loss of discontinued operations

	2020 £'000	**Restated 2019** £'000
Revenue	1,076	3,068
Expenses other than finance costs	(1,886)	(4,464)
Administration costs	(140)	(246)
Share of JV loss	(7)	(15)
Finance costs	(468)	(257)
Loss for the year	(1,425)	(1,914)

Reconciliation of Loss from discontinued operations:

	2020 £'000	**2019** £'000
Kilimapesa Gold (Pty) Ltd		
Loss after tax	(1,418)	(1,899)
Impairment recognised	(2,218)	–
KPG – loss from discontinued operations	**(3,636)**	**(1,899)**
Anumso Gold Limited		
Share of JV loss	(7)	(15)
Impairment recognized	(660)	–
Reversal of exchange reserve due to disposal	–	(864)
Anumso – loss from discontinued operations	**(667)**	**(879)**
Impairment on goodwill *	**(967)**	**–**
Loss for the year from discontinued operations	**(5,270)**	**(2,778)**

*As a result of a possible sale of Kilimapesa Gold (Pty) Ltd, an impairment loss of £967,000 was recognised against the Goodwill which related to this entity.

Statement of cashflows

The statement of cash flows of Kilimapesa Gold (Pty) Ltd and Anumso includes the following amounts relating to discontinued operations.

	2020 £'000	2019 £'000
Operating activities	(716)	(2,592)
Investing activities	–	(164)
Financing activities	721	2,748
Net cash used in discontinued operations	**5**	**(8)**

15. 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 2018	503	487	9,370	1,198	115	417	12,090
Disposals	–	–	(1)	–	–	–	(1)
Additions	–	39	423	15	–	211	688
Effect of movements in exchange rates	–	(2)	(23)	13	(1)	4	(9)
Balance at 30 June 2019	503	524	9,769	1,226	114	632	12,768
Balance at 1 July 2019	503	524	9,769	1,226	114	632	12,768
Reclassification due to adoption of IFRS 16	–	–	(436)	(138)	–	–	(574)
Additions	–	–	356	–	–	–	356
Disposals	–	–	(47)	(61)	(21)	–	(129)
Disposal group classified as held for sale or other disposals	(264)	(105)	(3,191)	(187)	(15)	–	(3,762)
Effect of movements in exchange rates	(6)	(59)	(811)	(142)	(12)	(102)	(1,132)
Balance at 30 June 2020	233	360	5,640	698	66	530	7,527
Depreciation							
Balance at 1 July 2018	6	187	2,711	698	70	147	3,819
Depreciation charge for the year	–	25	813	104	10	28	980
Effect of movements in exchange rates	(1)	–	15	6	(1)	1	20
Balance at 30 June 2019	5	212	3,539	808	79	176	4,819
Balance at 1 July 2019	5	212	3,539	808	79	176	4,819
Reclassification due to adoption of IFRS 16	–	–	(94)	(67)	–	–	(161)
Depreciation charge for the year	–	23	735	70	8	38	874
Disposal group classified as held for sale or other disposals	–	(39)	(1,204)	(167)	(13)	–	(1,423)
Impairment	148	–	–	–	3	–	151
Disposals	–	–	(43)	(49)	(20)	–	(112)
Effect of movements in exchange rates	1	(26)	(368)	(92)	(8)	(28)	(521)
Balance at 30 June 2020	154	170	2,565	503	49	186	3,627

Carrying amounts							
At 30 June 2018	497	300	6,659	500	45	270	8,271
At 30 June 2019	498	312	6,230	418	35	456	7,949
At 30 June 2020	79	190	3,075	195	17	344	3,900

Leased vehicles, plant and equipment

The Group leases plant and equipment under a number of finance lease agreements and have been reclassified during the period and are disclosed separately on the balance sheet as right-of-use assets (note 17). At the end of the previous period, leased assets net carrying value (£413,000) was disclosed under plant and equipment.

16. Intangible assets

	Goodwill £'000	**Mining rights and pre-production expenditure** £'000	**Exploration and development** £'000	**Total** £'000
Cost				
Balance at 1 July 2018	5,631	3,729	2,147	11,507
Effect of movements in exchange rates	–	(33)	(30)	(63)
Disposal	–	(1,055)	(638)	(1,693)
Balance at 30 June 2019	5,631	2,641	1,479	9,751
Cost				
Balance at 1 July 2019	5,631	2,641	1,479	9,751
Disposal group classified as held for sale or other disposals	–	(2,382)	(1,464)	(3,846)
Effect of movements in exchange rates	–	(114)	(15)	(129)
Balance at 30 June 2020	5,631	145	–	5,776
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	–	(331)	(14)	(345)
Disposal	–	(357)	(278)	(635)
Balance at 30 June 2019	–	1,607	680	2,287
Amortisation and impairment losses				
Balance at 1 July 2019	–	1,607	680	2,287
Disposal group classified as held for sale or other disposals	–	(1,676)	(726)	(2,402)
Amortisation for the year	–	179	53	232
Impairment	967	145	–	1,112
Effect of movements in exchange rates	–	(110)	(7)	(117)
Balance at 30 June 2020	967	145	–	1,112
Carrying amounts				
Balance at 30 June 2018	5,631	1,602	1,229	8,462
Balance at 30 June 2019	5,631	1,034	799	7,464
Balance at 30 June 2020	4,664	–	–	4,664

*Please note that the 2019 balances have been restated

Goodwill and impairment

Goodwill relates to the investment held in Gold Mineral Resources Limited. As a result of a possible sale of Kilimapesa Gold (Pty) Ltd, an impairment loss of £967,000 was recognised to the Goodwill of the group. The remainder of the Goodwill balance is supported by the combined ongoing gold recovery operations in South Africa and Ghana

Goodwill relates to the investments held in Gold Mineral Resources Limited.

The Group is required to test, on an annual basis whether goodwill has suffered any impairment. The recoverable amount is determined based on the value-in-use calculation. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

As a result of a possible sale of Kilimapesa Gold (Pty) Ltd, an impairment loss of £967,000 was recognised to the Goodwill of the group.

The remainder of the Goodwill balance is supported by the combined ongoing gold recovery operations in South Africa and Ghana.

The recoverable amounts of CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets. Other major assumptions are as follows:

	Goldplat Recovery (Pty) Ltd	Gold Recovery Ghana Limited
2020		
Gold price/ oz	US$1,500	US$1,500
Discount rate	12%	14%
Growth rate*	-%	-%
2019		
Gold price/oz	US$1,250	US$1,250
Discount rate	12%	15%
Growth rate	-%	-%

* The growth rate and operating margin assumptions applies only to the period beyond the formal budgeted period with the value-in-use calculation based on an exploration of the budgeted cash flows for year five.

Discount rates are based on the Group's weighted cost of capital adjusted to reflect management's assessment of specific risk related to the cash generating unit.

If any one of the following changes were made to the above key assumptions, the carrying amount and recoverable amount would be equal.

	Goldplat Recovery (Pty) Ltd	Gold Recovery Ghana Limited
Gold price/oz	Reduction from US$1,500 to US$1,300	Reduction from US$1,500 to US$1,300
Discount rate	Increase from 12% to 29%	Increase from 14% to 29%

Exploration and development rights
The exploration and development rights relate to the mining rights to the Kilimapesa mine in Kenya which has been classified as discontinued operations during the period and either impaired or disposed as a disposal group classified as held for sale.

Included under mining rights and pre-production expenditure is £0 (2019: £377,000) and under exploration and development £0 (2019: £360,000) relating to Anumso Gold Limited which is under option agreement as described under note 39.

The Group has historically capitalised all expenditure incurred on the Kilimapesa gold mining project

Kilimapesa has a current mineral resource of 8,715,291 tons 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 was advised of an application for an exploration license over an area in the Kilimapesa exploration license. 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. The mineral resource and dispute form part of the company that is in the process of being disposed.

Midas was a company found in Burkina Faso in 2012 with the intention of starting a gold recovery business. A piece of land was procured specifically for the purposes of setting a processing plant and some pre-production cost was incurred and capitalised.

16. Intangible assets continued

A decision was made during the period to rather focus on the export of material to the processing plant in neighboring Ghana, rather than investing further capital cost in Burkina Faso.

As the project has effectively been abandoned and there is no intention of constructing plant in Burkina Faso, Management has decided to impair the property plant and equipment together with preproduction costs

17. Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less

IFRS 16 was adopted 1 July 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 July 2019, see note 37. The following policies apply subsequent to the date of initial application, 1 July 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee.
- The exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.
- Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the group contractually required to dismantle, remove or restore the lease asset (typically leasehold dilapidations)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease

Nature of leasing activities (in the capacity as lessee)

The group also leases certain items of plant and equipment and motor vehicles. Leases of plant, equipment and motor vehicles comprise only fixed payments over the lease terms.

Right-of-use assets:

	Plant, machinery and motor vehicles £'000	**Total** £'000
At 1 July 2019	413	413
Additions	362	362
Amortisation	(85)	(85)
Disposal group classified as held for sale or other disposals	(329)	(329)
Foreign exchange movements	(5)	(5)
Balance at 30 June 2020	356	356

Lease liabilities:

	Plant, machinery and motor vehicles £'000	**Total** £'000
At 1 July 2019	364	364
Additions	362	362
Interest expense	34	34
Lease payments	(191)	(191)

Disposal group classified as held for sale or other disposals	(235)	(235)
Foreign exchange movements	17	17
Balance at 30 June 2020	351	351

	2020 £'000
Low value lease expense	6

At 30 June 2020	**Up to 12 Months** £'000	**Between 1 and 5 years** £'000	**Total**
Lease liabilities	145	206	351

The average lease term is 2 years. For the year ended 30 June 2020, the average effective borrowing rate was 7.25%. Interest rates are variable over the lease term and vary according to the South African prime interest rate.

The Group's lease liabilities are secured over the leased assets.

18. Loan receivable

(Please note that in the prior year, this balance was named 'Proceeds from sale of shares in subsidiary'.)

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

	2020 £'000	**2019** £'000
Balance at beginning of year	950	1,137
Received from dividends	(156)	(199)
Effect of movement in exchange rates	(133)	12
Balance at end of year	661	950

The loan receivable 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 the carrying amount represents the fair value of the assets.

19. Loans to subsidiary companies

	2020 £'000	**2019** £'000
Funds advanced to Gold Mineral Resources Limited	4,494	4,475

The loan is unsecured, payable on demand and interest free.

20. Investments

	2020 £'000	2019 £'000
Investment in Gold Minerals Resources Limited	9,425	9,425

21. Investment in joint venture

The following entities have been included in the consolidated financial statements using the equity method:

Name	**2020 %**	**2019 %**
Anumso Gold Limited	49	49

Reconciliation of Investment in JV		
Balance at 1 July	595	-
Recognition of investment at fair value	73	601
Share of loss in joint venture	(7)	(6)
Impairment loss	(660)	-
Closing balance of Investment	1	595

Extract of the Statement of profit or loss and other comprehensive income		
Administrative Expenses	(7)	(5)
Financing Cost Group	(6)	(7)
Loss after Tax	(13)	(12)
Loss allocation	(7)	(6)

During FY 2016, Goldplat entered into an earn-in option agreement with Ashanti Gold Corp ("Ashanti') in regards with the Anumso Gold Project. On 5 November 2018, Ashanti provided notice to Goldplat that it intended to exercise its 51% option on Anumso Gold Project and therefore at 30 June 2019, Ashanti owned 51% of Anumso Gold Limited. Goldplat PLC still has significant influence over the operations and therefore the investment will be recognised using the equity accounting method. Exploration and evaluation activities were abandon during the year and the investment in the JV has been impaired to a nominal value of £1,000 (2019: £595,000).

22. Inventories

	2020 £'000	2019 £'000
Consumable stores	643	1,231
Raw materials	1,990	1,996
Precious metals on hand and in process	3,799	2,574
Broken ore	–	41
	6,432	5,842

Amount of charged, which include raw material, transport, labour, consumables and other cost, as an expense was £17,497,000 (Restated 2019: £18,676,000).

23. Trade and other receivables

Group

	2020 £'000	2019 £'000
Trade receivables	3,850	6,124
Other receivables	626	1,794
	4,476	7,918

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

	2020 £'000	2019 £'000
Current portion – 0 to 120 days	3,241	4,337
120 to 150 days	417	1,932
150 to 180 days	1	1
More than 180 days	817	1,648
	4,476	7,918

Company

	2020 £'000	2019 £'000
Other receivables	24	12
	24	12

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

On 30 June 2020, £1,388,000 (2019: £2,878,000) of trade receivables has been sold to a provider of debt factoring services. The Group is committed to underwrite any of these debts transferred and therefore continues to recognize the debts sold within trade receivables until the debtors repay or default. Since the trade receivable continue to be recognized, the business model of the Group is not affected. The proceeds from transferring the debts of £1,388,000 (2019: £2,878,000) are included under trade and other payables until the debts are collected or the Group makes good any losses incurred by the service provider.

The Group applies IFRS 9 and uses the simplified approach for trade and other receivables. The probability of default takes into consideration financial and non-financial information about each specific customer. The expected loss rates are based on the Group's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. Trade accounts receivable are assumed to be credit-impaired if it is unlikely that the customer will fulfil its obligations.

The expected credit losses have been assessed to be low and immaterial. The probability of default takes into consideration financial and non-financial information about each specific customer. The expected loss rates are based on the Group's historical credit losses experiences over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. Trade accounts receivable are assumed to be credit-impaired if it is unlikely that the customer will fulfil its obligations. There are no indications as at 30 June 2020 that a debtor 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.

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 35.

The provision for impairment of trade and other receivables for the year to June 2020 was £nil (2019: £nil) and no receivable was written off during the year as uncollectible (2019: £nil).

24. Cash and cash equivalents

Group	**2020** £'000	**2019** £'000
Bank balances	3,141	2,367
	3,141	2,367
Bank overdrafts used for cash management purposes	(1)	(560)
Cash and cash equivalents	3,140	1,807

Company	**2020** £'000	**2019** £'000
Bank balances	10	9
Cash and cash equivalents	10	9

25. Assets and liabilities classified as held for sale

In 2019 the board announced its intention to dispose of Kilimapesa Gold (Pty) Ltd (KPG) and began marketing the company during the same period. On 31 July 2020, a binding terms sheet was signed with Mayflower Capital Investments (Pty) Ltd for the sale of 100% of the share capital of KPG. Management expect that the sale will be completed within the next 12 months.

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 license to a third party.

Assets and liabilities held for sale:

The following major classes of assets and liabilities relating to these operations have been classified as held for sale in the consolidated statement of financial position on 30 June:

	2020 £'000	**2019** £'000
Property, plant and equipment	2,670	3,064
Intangible assets	1,444	1,691
Inventories	636	583
Trade and other receivables	843	1,370
Cash at bank and on hand	5	–
Assets held for sale	5,598	6,708

Leases liabilities	(235)	(320)
Trade and other payables	(1,214)	(1,870)
Liabilities held for sale	(1,449)	2,190
Net asset value	4,149	4,518
Fair value	(1,931)	(4,518)
Impairment loss	2,218	–

Assets held for sale include a balance of £769,000 (FY 2019: £1,303,000) of Value-Added Taxation receivable from the Kenya Revenue Authority. Of the current balance £639,000 is older than three years. During the period the Kenya Revenue Authority has refunded the Company's VAT claims to the value of circa £506,000. Management is of the opinion that there is no legal reason not to recover the balance.

Impairment losses

An impairment loss of £2,016,000 (2019: £nil) on the measurement of the disposal group to fair value less cost to sell has been recognised and is included in the loss from discontinued operations. The division was included within the mining and exploration segment (note 7) and are in the process of being disposed.

Fair value measurement

The fair value of the disposable group classified as held for sale (£1,972,000, less disposal costs of £41,000) are categorized as level 3 non-recurring fair value measurements. The valuation techniques and significant unobservable inputs used in determining the fair value of assets and liabilities held for sale are indicated in the table below.

Reclassification of Prior Year

During the period, Kilimapesa Gold (Pty) Ltd & Anumso Gold Limited were classified as discontinued operations and as a result the comparative numbers for these entities in the Statement of Profit or Loss and other comprehensive income have been classified under discontinued operations. Refer to note 14 for more detail.

Valuation technique used	**Key unobservable inputs**	**Relationship between unobservable inputs to fair value**
Fair value is determined by: 1) the estimated cash flows of the non-current receivable of the 1% net royalty as per signed terms sheet discounted using a discount rate applicable to the risk associated with future cash flows. The future cash flow will be dependent on the level of gold production per year and the gold price. 2) plus shares in acquirer's new structure equivalent to the value of US$ 1,500,000 (£1,216,742).	Discount rate of 13% has been applied	The higher the discount rate the lower the fair value
	Gold production of 15,000oz per annum	The higher the production level, the higher the fair value
	A gold price of USD1,500/oz was used	

The fair value was measured for the first time during the current period.
The fair value measurement is based on the above items' highest and best uses, which do not differ from their actual use.

26. Capital and reserves

Share capital and share premium

	Number of ordinary shares	
	2020	2019
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 Authorised, called up and fully paid	
	2020 £'000	2019 £'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.

27. Earnings/(loss) per share

Basic earnings per share
The calculation of basic earnings per share at 30 June 2020 was based on the profit attributable to owners of the Company and a weighted average number of ordinary shares outstanding as tabled below:

Profit/(loss) attributable to ordinary shareholders

	2020 Continuing operations £'000	2020 Discontinued operations £'000	2020 Total £'000	2019 Continuing operations £'000	2019 Discontinued operations £'000	Total 2019 £'000
Profit/(loss) attributable to owners of the company used in calculation of basic and diluted earnings per share	2,133	(5,270)	(3,137)	(222)	(2,778)	(3,000)

Weighted average number of ordinary shares	**2020**	**2019**
Issued ordinary shares at 1 July	167,441,000	167,441,000
Weighted average number of ordinary shares at 30 June used in basic earnings per share	167,441,000	167,441,000

Notes to the Consolidated Financial Statements

continued

Weighted average number of ordinary shares	2020	
Weighted average number of ordinary shares at 30 June used in basic earnings per share Issued ordinary shares at 1 July	167,441,000	
Dilutive effect of share options	3,120,000	
Weighted average number of ordinary shares at 30 June used in diluted earnings per share	170,561,000	

The dilutive effect of share options for FY2019 was not indicated as it was undiluted due to losses experienced in the operations.

Earnings per share from Discontinued Operations attributable to the ordinary equity holders of the parent Operations

Basic loss per share (pence)	(3.15)	(1,66)
Diluted loss per share (pence)	(3.15)	(1,66)

28. Obligations under finance leases - 2019 only

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

*Obligations under finance leases have been reclassified in terms of IFRS 16 to lease liabilities. Refer note 37 – Changes in Accounting policies for more detail.

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 liabilities				364	364

Finance lease liabilities

Finance lease liabilities are payable as follows:

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

29. Interest bearing borrowings

	2020 £'000	2019 £'000
Current liabilities		
Interest bearing borrowings	1,004	528

Terms and conditions of outstanding borrowings were as follows:

2020	Currency	Nominal interest rate	Year of maturity	Face value £'000	Carrying amount £'000
Interest bearing borrowings	USD	12% plus 1yr LIBOR	2021	1,004	1,004
Total interest-bearing liabilities				1,004	1,004

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.

2020	Future minimum lease payments £'000	Interest £'000	Present value of minimum payments £'000
Less than one year	1,104	100	1,004
	1,104	100	1,004

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

Interest bearing borrowings are payable as follows:

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

30. Share options

Reconciliation of outstanding share options

	2020 Number of options	2019 Number of options
Outstanding at 1 July	5,666,667	18,500,000
Issued	3,000,000	–
Expired	–	(7,500,000)
Forfeited on resignation of director	–	(5,333,333)
Outstanding at 30 June	8,666,667	5,666,667

The exercise price of the exercisable options is £0.0310 (2019: £0.0313). The weighted average exercise price of the expired options £0.1170 and the weighted average exercise price of the forfeited options was £0.0313. The total exercisable options at 30 June 2020 was 8,666,667 (2019: 5,666,667), of which 8,666,667 was held by the board.

The weighted average remaining contractual life of the options outstanding at the reporting date is 2 year 24 days.

31. Provisions

Environmental obligation

	2020 £'000	2019 £'000
Balance at 1 July	633	417
Increase in provision	19	211
Effect of foreign exchange movements	(103)	5
Balance at 30 June	549	633

In terms of section 54 of the regulations of the Minerals Resource and Petroleum Act of 2002, in South Africa, a Quantum of Financial Provisioning is required for activities performed under mining lease. Quantum of Financial Provisioning requires a detailed itemization of actual costs relating to the premature closure, decommissioning and final closure and post closure management. The Company makes use of an independent consultant to calculate the detail itemized actual current costs for rehabilitation and to evaluate any critical estimates and assumptions. The Quantum of Financial Provisioning has been approved by Department of Minerals Resources in South Africa. The Company has insured the obligation and has ceded the proceeds from the policy to the Department of Minerals Resources.

32. Deferred taxation

	2020 £'000	2019 £'000
Balance at 1 July	362	668
Current charge		
– temporary difference	572	(213)
Effect of foreign exchange movements	(15)	11
Balance at 30 June	919	466
Comprising:		
Capital allowances	940	808
Unrelieved tax losses and provisions	(21)	(342)
	919	466

33. Trade and other payables

Group

	2020 £'000	2019 £'000
Trade payables	1,573	3,744
Invoice financing creditor	1,388	2,878
Accrued expenses	4,504	4,653
	7,465	11,275

Company

	2020 £'000	2019 £'000
Trade payables	65	95
Accrued expenses	119	81
	184	176

Proceeds of transferring of debt relates to trade receivables sold to a provider of debt factoring services. The Group is committed to underwrite any of these debts transferred and therefore continues to recognize the trade receivable and the proceeds of transferring of this debt is recorded under trade and other payables. Accrued expenses substantially relate to procurement of precious metals on hand and in process (note 22).

The Group's and Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 35.

34. Notes to the cash flow statement

34.1 Acquisition of property, plant and equipment

	2020 £'000	2019 £'000
Additions for the year	(356)	(477)
Adjusted for: Additions acquired on hire purchase (Prior year) (note 15)	–	146
	(356)	(331)

34.2 Bank

	2020 £'000	2019 £'000
Bank balance for the year	3,141	1,808
Cash from discontinued operations (note 14)	5	–
	3,146	1,808

34.3 Debt reconciliation

	Non-current borrowings		Current borrowings	
	Lease liabilities £'000	Interest-bearing borrowings £'000	Lease liabilities £'000	Total £'000
At 1 July 2019	–	528	–	528
Cash flows:	–	452	(191)	261
- Net proceeds from ABL	–	973	–	973
- Repayment – Capital		(394)	(151)	(545)
- Repayment - Interest	–	(127)	(40)	(167)
Non-cash movements:				
- Lease liabilities on adoption of IFRS 16	151	–	213	364
- Reclassification from non-current to current	(64)	–	64	–
- Additions of right-of-use asset	156	–	206	362
- Disposal group held for sale	(87)	–	(148)	(235)
- Foreign exchange movement	(11)	24	62	75
At 30 June 2020	145	1,004	206	1,355

	Non-current borrowings		Current borrowings	
	Lease liabilities £'000	Interest-bearing borrowings £'000	Lease liabilities £'000	Total £'000
At 1 July 2018	268	728	728	1,188
Cash flows:	–	(337)	(276)	(613)
- Net proceeds from ABL	–	760	-	760
- Repayment – Capital		(987)	(240)	(1,227)
- Repayment – Interest	–	(110)	(36)	(146)
Non-cash movements:				
- Interest charged for the year	-	110	36	146
- Additions on finance Lease obligations	–	–	138	138
- Reclassification from non-current to current	(121)	–	121	–
- Foreign exchange movement	4	27	2	33
At 30 June 2019	151	528	213	892

35. 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	**2020 £'000**	**2019 £'000**
Trade and other receivables	4,476	7,918
Loan Receivable	661	950
Cash and cash equivalents	3,140	1,807
	8,277	10,675

	Carrying amount	
Company	**2020 £'000**	**2019 £'000**
Loans to subsidiary	4,494	4,475
Cash and cash equivalents	10	9

Liquidity risk

Liquidity risk is the risk that the Group or Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.
The Group reviews its facilities regularly to ensure it has adequate funds for operations and expansion plans.

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

Group

2020	**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						
Interest bearing borrowings	1,004	(1,004)	(461)	(643)	-	-
Trade and other payables	7,465	(7,465)	(2,733)	(4,745)	-	-
	8,469	(8,469)	(3,194)	(5,388)	-	-

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	11,275	(11,275)	(4,149)	(7,277)	-	-
	12,167	(12,334)	(4,360)	(7,843)	(282)	-

Company

2020	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						
Trade and other payables	184	(184)	(184)	-	-	-
	184	(184)	(184)	-	-	-

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						
Trade and other payables	176	(176)	(176)	-	-	-
	176	(176)	(176)	-	-	-

Market risk

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

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

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

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

2020	**High**	**Low**	**Average**
Gold price – USD/oz	1,771	1,390	1,560
Rand/USD exchange rate	19.04	13.89	15.66
GBP/USD exchange rate	1.34	1.15	1.26
GHC/USD exchange rate	5.81	5.31	5.56
Kshs/USD exchange rate	106.42	99.20	102.48
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

Sensitivity analysis

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

2020	**High case scenario**	**Low case scenario**
Gold price – USD/oz	1,771	1,390
Equivalent Rand price per kilogram	1,084,058	620,511
Equivalent GBP price per kilogram	42,520	38,688
Equivalent GHC price per kilogram	330,820	237,049
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

The Group's sensitivity to market risk

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

2020	**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	1,803	(1,455)
– Goldplat Recovery (Pty) Limited	6,041	(3,341)
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)

Currency risk

The Group has balances denominated in different currencies than the subsidiaries functional currency and is therefore exposed to fluctuations in exchange rates. At period end, the company had balances denominated in USD under cash and cash equivalents and interest-bearing borrowings. The below sensitivity analysis aim to identify the impact that changes in foreign currency can have on the results of the Group considering a high and low case scenario.

	High case scenario	**Low case scenario**
Rand / US Dollar exchange rate	19.04	13.89
GHC/ US Dollar exchange rate	5.81	5.31
GBP / US Dollar exchange rate	1.34	1.15

The Group had the following balances at year-end not denominated in the subsidiary functional currency:

Subsidiary	Functional Currency	Account	Currency	30 June 2020
Goldplat Recovery (Pty) Ltd	ZAR	Cash and cash equivalents	USD	2,408,269
Gold Recovery Ghana Ltd	GHS	Cash and cash equivalents	USD	433,957
Gold Mineral Resources Ltd	GBP	Interest-bearing borrowings	USD	1,237,274

Subsidiary	Currency	Account	High-case scenario	Low-case scenario
Goldplat Recovery (Pty) Ltd	ZAR	Cash and cash equivalents	204,353	(415,139)
Gold Recovery Ghana Ltd	GHS	Cash and cash equivalents	(488)	(31,420)
Gold Mineral Resources Ltd	GBP	Interest-bearing borrowings	79,600	(67,697)

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 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, 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, share premium, retained earnings and exchange reserves, which at 30 June 2020 totalled £12,059,000 (Restated 2019 £16,568,000).

36. 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 Goldplat PLC
Transactions with Group companies
The Group's subsidiary Gold Mineral Resources Limited had the following related party transactions and balances:

	2020 £'000	2019 £'000
Goldplat plc		
– Loans and borrowings	(4,494)	(4,475)

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

	2020 £'000	2019 £'000
NMT Capital		
– Goods, equipment and services supplied	25	7
NMT Group		
– Goods, equipment and services supplied	12	13

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

Directors		
– Trade and other payables	(83)	(212)

Management fees of £18,000 (FY 2019: £20,000) were paid during the reporting period by GPL to its minority shareholders, in which S Ntsaluba has an ultimate shareholding.

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

	2020 £'000	2019 £'000
Total Assets	16,941	18,475
Total Liabilities	5,259	8,461
Profit for the year	4,822	1,901
Cash flow movements in year	459	(1,343)

Profit for the year allocated to non-controlling interest:

	2020 £'000	2019 £'000
Profit for the year allocated to non-controlling interest:	1,172	624
Accumulated non-controlling interest:	3,057	2,717

Subsidiaries	**Address**
Gold Mineral Resources Limited Holding: 100% (2019: 100%) Holding Company	Trafalgar Court Admiral Park St Peter Port Guernsey
Goldplat PLC Holding: 100% (2019: 100%)	Salisbury London Wall London, ECM2M 5PS United Kingdom

Gold Recovery Ghana Limited Holding: 100% (2019: 100%) Gold Recovery	BCB Legacy House 1 Nii Amugi Avenue East Adabraka, Accra Ghana
Kilimapesa Gold (Pty) Limited Holding: 100% (2019: 100%) Mining Minerals	I.R. No 209/8342/3 Fist Ngong Avenue Nairobi Kenya
Anumso Gold Limited Holding: 100% (2019: 100%) Mining Minerals	Nexia Debrah and Co BCB Legacy House Haatso-Atomin Road Accra La Nkwantanang-Madina Greater Accra Ghana
Nyieme Gold SARL Holding: 100% (2019: 100%) Mining minerals	Trafalgar Court,2nd Floor, East Wing Admiral Park St Peter Port Guernsey
Goldplat Recovery (Pty) Ltd Holding: 74% (2019: 74%) Gold recovery	Daveyton Road New Modder Benoni, 1501 South Africa
Midas Gold SARL Holding: 100% (2019: 100%) Gold recovery	Trafalgar Court,2nd Floor, East Wing Admiral Park St Peter Port Guernsey
Gold Recovery Brasil Recuperacao de Metais Preciosos LTDA Holding: 100% (2019: NA) Gold recovery (Incorporated subsequent to year end – 14 July 2020)	Av do contorno, 2905 Sala 407, Santa Efigênia CEP: 30.110-915 Belo Horizonte/MG Brasil
Gold Recovery Peru SAC Holding: 100% (2019: NA) Gold recovery (Incorporated during the period – 26 July 2019)	Calle Mártir José Olaya, 129 Of. 1101 Miraflores, Lima, 15074, Perú
GRG Tolling Ghana Ltd Holding: 100% (2019: NA) Gold recovery	BCB Legacy House 1 Nii Amugi Avenue East Adabraka, Accra Ghana

37. Changes in accounting policy

IFRS 16
Effective 1 January 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Group does not have significant leasing activities acting as a lessor.

Transition Method and Practical Expedients Utilised
The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 July 2019), without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 July 2019.

As a lessee, the Group previously classified leases as operating, or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoptions of IFRS 16, the Group recognised right-of-use assets and lease liabilities as follows:

Classification under IAS 17	Right-of-use assets	Lease liabilities
All operating leases	Office space: Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. All other: the carrying value that would have resulted from IFRS 16 being applied from the commencement date of the leases, subject to the practical expedients note above.	Measured at the present value of remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 July 2019. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 5.5%
Finance leases	Measured based on the carrying values for the lease assets and liabilities immediately before the date of initial application (i.e. Carrying values brought forward, unadjusted).	

The following table presents the impact of adopting IFRS 16 on the statement of financial positions as at 1 July 2019:

Assets

	Adjustments	30 June 2019 As originally presented £'000	IFRS 16 £'000	1 July 2019 £'000
Assets				
Property, plant and equipment	(a)	3,926	(413)	3,513
Right-of -use assets	(b)	–	413	413
Liabilities				
Obligations under finance lese	(c)	364	–	–
Lease liabilities	(d)	–	364	364

The following table reconciles the minimum lease commitments disclosed in the Group's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019 £'000
Minimum operating lease commitments at 31 July 2019	6
Less: low value leases not recognised under IFRS 16	(6)
Undiscounted lease payments	–
Plus: leases previously classified as finance type under IAS 17	364
Lease liability as at 1 July 2019	364

38. Post-balance sheet events

Sale of Kilimapesa Gold

As announced on 31 July 2020, it has been conditionally agreed to sell Kilimapesa to Mayflower Capital Investments (Pty) Limited for an initial consideration of USD1,500,000 to be satisfied by the issue of shares to that value in Mayflower and that Mayflower has separately entered into an agreement under which it will assign its rights and obligations under the term sheet to Papillon Holdings plc which is listed on the London Stock Exchange and which will, subject to the appropriate regulatory and shareholder approvals, seek to complete the acquisition and raise a minimum USD 4,000,000 of funding for the development of Kilimapesa's operations.

The terms of the agreement between GMR and Mayflower is subject to a number of conditions precedent including the completion of due diligence to be conducted by both Mayflower and GMR, the receipt of all necessary approvals, the finalising of formal agreements and the raising of at least USD4,000,000 of funding which will be used towards meeting capital and working capital costs for the re-commencement of mining and processing operations.

The transaction has progressed well, with number of conditions precedent being met, specifically the restart of the operation, payment of exclusivity fee and finalisation of Mayflower's due diligence. The parties have now agreed to extend the term sheet and exclusivity period from 30 September 2020 to 31 December 2020. GMR still to complete its due diligence of Mayflower and Papillon.

Directors Options

Two directors of the company exercised their options which were due to lapse in July 2020 as disclosed in note (Note 30).

39. Restatement

39.1 Allocation of foreign exchange reserve to non-controlling interest

As per the Group accounting policy under note 4(b)(ii) Foreign Operations, if the foreign operation is a non-wholly owned subsidiary, the relevant proportion of the translation difference is allocated to the non-controlling interest. The 26% share of the minorities of Goldplat Recovery (Pty) Limited's translation difference that arose in prior periods on translation to GBP had not been allocated to non-controlling interest in prior periods. The prior year figures have been restated accordingly as set out below:

39.2 Recognition of environmental asset in the prior year

In terms of section 54 of the regulations of the Minerals Resource and Petroleum Act of 2002, in South Africa, a Quantum of Financial Provisioning is required for activities performed under mining lease. Refer to note 31 for the provision that has been raised.

During the prior year, an assessment was made that the increase of the rehabilitation provision relates to benefits derived from historical operations. On re-assessment, it has been determined that management will get future benefit from the rehabilitation cost to be incurred, and its environmental asset have been increased to reflect the required accounting treatment.

Management has assessed the useful life of the environmental asset to be 10 years and the asset is being depreciated over that term. The prior year figures have been restated accordingly as set out below:

39.3 Recognition of exploration and evaluation asset in the prior year

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

On 5 November 2018, Ashanti Gold Corp ("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. 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 were not recognized in the prior year annual report.

We have subsequently evaluated the IFRS 10 indicators of control and concluded that control of the Anumso Project did pass to Ashanti on 5 November 2018 and therefore a portion of the Anumso Project should have been recognised as a disposal in the prior year. Such figures have been restated accordingly as set out below:

Statement of Changes in Equity

2018

	30 June 2018 as originally presented £'000	Restatement 1 impact £'000	Restatement 2 impact £'000	Restatement 3 impact £'000	Restated Audited 30 June 2018 £'000
Exchange reserve	(6,073)	423	22	–	(5,628)
Retained earnings	11,092	–	190	–	11,282
Non-controlling interests	2,964	(423)	74	–	2,615

Statement of Financial Position

2019

	30 June 2019 as originally presented £'000	39.1 Restatement impact £'000	39.2 Restatement impact £'000	39.3 Restatement impact £'000	Restated Audited 30 June 2019 £'000
Assets					
Property, plant and equipment	7,512	–	438	(1)	7,949
Intangible assets	8,201	–	–	(737)	7,464
Investment in JV	–	–	–	595	595
Cash at bank and on hand	2,368	–	–	(1)	2,367
Equity					
Exchange reserve	(6,100)	381	25	864	(4,830)
Retained earnings	8,858	–	282	(858)	8,282
Non-controlling interest	2,991	(381)	107	–	2,717
Liabilities					
Trade and other payables	11,426	–	–	(150)	11,276
Deferred tax	362	–	104	–	466
Tax payable	53	–	(79)	–	(26)

Notes to the Consolidated Financial Statements

continued

Statement of Profit of loss and other comprehensive income

2019

	30 June 2019 as originally presented £'000	**39.1 Restatement impact** £'000	**39.2 Restatement impact** £'000	**39.3 Restatement impact** £'000	**Restated Audited 30 June 2019** £'000
Cost of sales	(23,325)	–	(183)	-	(23,508)
Administrative expenses	(2,013)	–	–	8	(2,005)
Finance costs	(605)	–	–	12	(593)
Discontinued operations	–	–	–	(878)	(878)
Tax expense	(653)	–	(59)	-	(712)
Foreign exchange profit attributable to Non-controlling interest	–	42	–	-	42

Company Information

Directors:	Werner Klingenberg	Chief Executive Officer
	Matthew Seymour Robinson	Non-Executive Chairman
	Ian Visagie	Executive Director
	Johannes Hendrik Van Vreden	Chief Operating Officer
	Nigel Patrick Gordon Wyatt	Non-Executive Director
	Sango Ntsaluba	Non-Executive Director
	Gerard Kisby-Green	Non-Executive Director

Company secretary: Stephen Ronaldson
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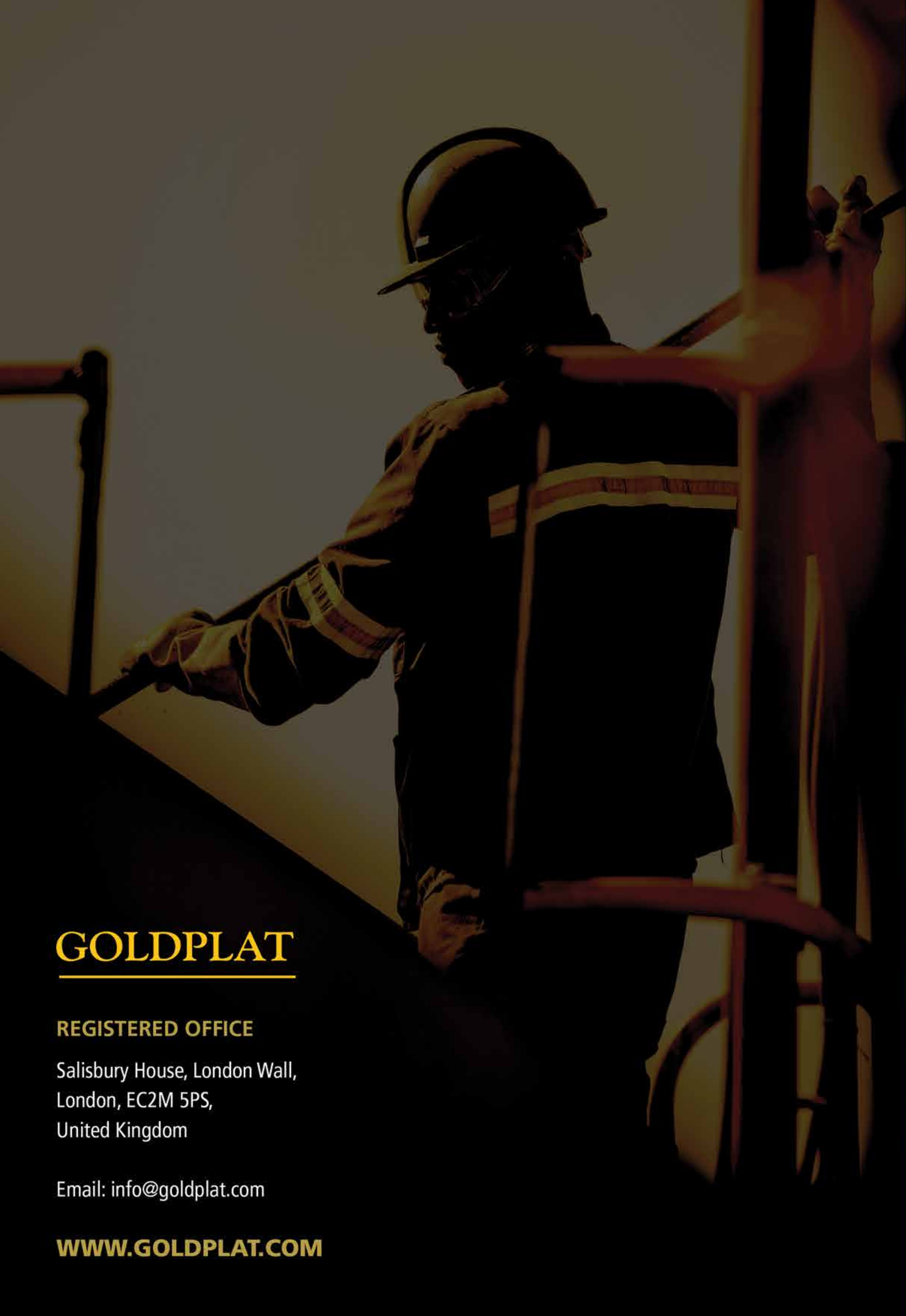

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