Goldplat plc / Ticker: GDP / Index: AIM / Sector: Mining & Exploration

30 November 2020

Goldplat plc
('Goldplat', the 'Group' or 'the Company')

Preliminary unaudited results for year ended 30 June 2020

Goldplat plc ("Goldplat"), the AIM quoted gold producer, with international gold recovery operations located in South Africa and Ghana and a held for sale mining operation in Kenya, is pleased to announce its preliminary unaudited results for the year ended 30 June 2020.

Operational Highlights

The preliminary unaudited results for the year ended 30 June 2020 reflect the impact of our strategy to focus on the recovery operations and to divest from our exploration and mining portfolio to maximize shareholder value and ensure strong returns to shareholders in future. The Group produced a strong and much improved operational result for the year ended 30 June 2020 from continuing operations with:

- Profit before tax for the year from continuing operations increased to £5,666,000 (including a non-cashflow impairment loss of £295,000), versus a restated profit of £1,017,000 during the prior period;
- As a result, the profit after tax from continuing operations increased, by a factor of 10 to £3,305,000(Restated 2019: £305,000);
- The group net current assets at 30 June 2020 strengthened during the period to £5,216,000 from a restated balance of £3,577,000, with the cash position increasing to £3,141,000 (2019: £2,367,000);
- The conditional agreement we announced on 31 July 2020 for the sale of Kilimapesa ("KPG"), once completed, provides Goldplat an equity interest in the prospective acquirer without being required to provide further finance or management time;
- Due to the strategic decision to discontinue exploration and mining activities and divest from KPG, KPG and the equity investment in Anumso have been classified as discontinued operations. As a result, a loss from discontinued operations for the period of £5,270,000 (2019: £2,778,000) has been recognized, which includes the non-cashflow impairment of goodwill relating to KPG of £967,000, the non-cashflow impairment loss of £2,218,000 of KPG assets noted above and the non-cashflow impairment of the equity investment into Anumso of £660,000.
- The results for the prior year have been adjusted to:
    - Recognized the foreign currency translation reserve loss of £381,000 at 30 June 2019, attributable to the non-controlling interest in South Africa. The foreign currency reserve loss was previously included in the exchange reserve and not allocated to non-controlling interest.
    - Recognize the decommissioning asset with net book value at 30 June 2019 of £438,000 in respect of the environmental rehabilitation obligation. The future cost of decommissioning was previously included in the statement of profit or loss.
    - Recognize the loss of control in Anumso during the prior year. In the previous period Anumso was consolidated, but the re-assessment of the circumstances indicated a change to the elements of control, finding the basis of consolidation not appropriate. The prior year have been adjusted to include Anumso as an equity investment.
- None of the prior year adjustments had a cashflow impact and more detail on these have been provided in note 8 of the preliminary results attached.

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

- GPL had an exceptional year, supported by the increase in the gold price and a reduction in operating costs, and increased its operational profits by 102% to £5,624,000 (Restated 2019: £2,790,000). Revenues decreasing by 8%, to £15,900,000 (Restated 2019: £17,342,000), which is attributable to a month's loss of production as a result of Covid-19 pandemic;
- Sourcing risk has been managed during the period by adding an additional 3 clients and strengthening our good relationships with major producers;
- Significant strides have been made during the period, through research and development, in finding the optimal solution for reprocessing of the two million tons Tailing Storage Facility ("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 an adjoining TSF has been delayed and approval is expected to be received towards end of March 2021.

Gold Recovery Ghana Limited ('GRG') - Ghana

- GRG returned to profitability, posting an operating profit before finance cost of £724,000 (2019: loss of £536,000).
- The sourcing efforts in West Africa and further afield returned value during the period through two new contracts, one recurring and the other one-off. The increase in feed material resulted in revenues increasing from £4,427,000 during the previous financial period to £8,909,000.
- GRG has established stronger relationships with West African and South American clients during the period, improving our future outlook of supply.

Werner Klingenberg, CEO of Goldplat commented: "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 strong performance in the recovery operations reinforced our decision to divest from our exploration and mining portfolio. The discontinuing of our exploration and mining segment gave us the opportunity to impair Group assets to provide a clear view of the financial position of our continuing operations. The increase in supply of material during the period and the strengthening of our customer base, supported by the higher gold prices, has provided us with a good platform to drive our strategic initiatives during the next period and to return value to shareholders again."

For further information visit www.goldplat.com, follow on Twitter @GoldPlatPlc or contact:

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The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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) and £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 (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 improving 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 results convert into 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: 72%) and the effects of foreign exchange rates fluctuating across the four currencies in which we operate and sterling in which we present 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 Seymour Robinson
Chairman
30 November 2020

Operational 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 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 is 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 table below 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 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 the short-term nature of contracts. The focus remains on improving the service provided to the mines, with the aim of increasing the term 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 grams a ton (average 2 grams per ton). 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 mine's 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 Materials of this nature which are more readily available should result in maintaining and increasing the substantial stockpiles of low-grade materials 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 an adjoining 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 negotiation on that.

The option to reprocessing the TSF material at our premises remains but this will require us to invest in a new plant and more importantly get 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 one-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 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 is 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 Stirling 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 £2,361,000 (2019: £712,000).

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 £1,887,000.

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.

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.

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 on finance lease agreements.

The remainder of the changes relate to amortisation for the year and foreign exchange movements

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 of the ZAR against the Pound Sterling of 19%.

Investment in Joint Venture

The investment in Anumso Gold Limited of £595,000 have 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 finance leases and lease liabilities

With the adoption of IFRS 16, the obligations under finance leases have been reclassified as lease liabilities. As indicated under right-of-use assets above, finance 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 finance leases in KPG to liabilities in disposal groups classified as held for sale. During the period £191,000 was repaid on finance 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 of 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 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
30 November 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year 30 June 2020

	Unaudited 2020 £'000	Restated 2019 £'000
Continuing operations		
Revenue	24,809	21,769
Cost of sales	(17,497)	(18,676)
Gross profit	7,312	3,093
Administrative expenses	(1,682)	(1,759)
Impairment loss	(295)	–
Profit from operating activities	5,335	1,334
Finance income	1,067	19
Finance costs	(736)	(336)
Net finance income/(cost)	331	(317)
Profit from operating activities after finance income	5,666	1,017
Taxation	(2,361)	(712)
Profit for the year from continuing operations	3,305	305
Discontinued operations		
Loss for the year from discontinued operations	(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 expense for the year	(1,882)	840
Total comprehensive expense 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 (expense)/income attributable to:		
Owners of the Company	(4,531)	(2,202)
Non-controlling interests	684	569
Total comprehensive expense 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)	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)	(1.87)	(1,79)
Diluted loss per share (pence)	(1,87)	(1,79)

Consolidated Statement of Financial Position
As at 30 June 2020

	Unaudited 2020 £'000	**Restated 2019** £'000
Assets		
Property, plant and equipment	3,900	7,949
Intangible assets	4,664	7,464
Right of use assets	356	–
Loan receivable	661	950
Investment in joint venture	1	595
Non-current assets	9,582	16,958
Inventories	6,432	5,842
Trade and other receivables	4,476	7,918
Taxation	–	26
Cash at bank and on hand	3,141	2,367
Current assets	14,049	16,153
Assets in disposal groups classified as held for sale	3,380	–
Total assets	27,011	33,111
Equity		
Share capital	1,675	1,675
Share premium	11,441	11,441
Exchange reserve	(6,224)	(4,830)
Retained earnings	5,167	8,282
Equity attributable to owners of the Company	12,059	16,568
Non-controlling interests	3,057	2,717
Total equity	15,116	19,285
Liabilities		
Obligations under finance leases	–	151
Lease liabilities	145	–
Provisions	549	633
Deferred tax liabilities	919	466
Non-current liabilities	1,613	1,250
Bank overdraft	1	560
Obligations under finance leases	–	213
Interest bearing borrowings	1,004	528
Lease liabilities	206	–
Taxation	157	–
Trade and other payables	7,465	11,275
Current liabilities	8,833	12,576
Liabilities in disposal groups classified as held for sale	1,449	–
Total liabilities	11,895	13,826
Total equity and liabilities	27,011	33,111

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

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	co
Balance at 1 July 2018	1,675	11,441	(6,073)	11,092	18,135	
Prior period error (note 39)	–	–	445	190	635	
Restated Balance at 1 July 2018	1,675	11,441	(5,628)	11,282	18,770	
Total comprehensive income for the year						
(Loss)/Profit for the year	–	–	–	(3,000)	(3,000)	
Total other comprehensive income	–	–	(66)	–	(66)	
Exchange reserve released through profit and loss on sale of Anumso	–	–	864	–	864	
Total comprehensive (expense)/ income for the year	–	–	798	(3,000)	(2,202)	
Changes in ownership interests in subsidiaries						
Non-controlling interests in subsidiary dividend	–	–	–	–	–	
Total transactions with owners of the Company	–	–	–	–	–	
Balance at 30 June 2019	1,675	11,441	(4,830)	8,282	16,568	

Consolidated Statement of Cash Flows
For the year ended 30 June 2020

	Unaudited 2020 £'000	Restated 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	85	–
Amortisation	232	222
Provisions	(84)	–
Finance Income	(1,237)	(19)
Finance Expense	906	605
Loss on sale of property, plant and equipment	6	(6)
Impairment of property, plant and equipment	151	–
Impairment of intangible assets	1,112	–
Impairment in JV	594	–
Loss on sale of discontinued operation	1,933	–
Foreign exchange net (gain)/loss	(767)	913
Share-based payment expense	22	-
Income tax expense	2,361	712
	4,223	**934**
Changes in:		
– inventories	(1,226)	1,949
– trade and other receivables	2,598	(315)
– trade and other payables	(821)	27
Cash generated from operating activities	**4,774**	**2,595**
Finance income	1,237	19
Finance cost	(906)	(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	(356)	(552)
Receipt from long term receivable	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 invoice discounting (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)	(151)	(240)
Interest paid on lease liabilities	(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	1,808	1,539
Foreign Exchange Movement on opening balance	(278)	(73)
Cash and cash equivalents at 30 June	**3,146**	**1,807**

Cash flows of discontinued operations	5	(8)

NOTES TO THE RESULTS ANNOUNCEMENT

1. 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.

The financial information contained in this announcement does not constitute the Company's statutory accounts for the year ended 30 June 2020. The statutory accounts for the year ended 30 June 2020 have yet to be reported on by the independent auditors. The independent auditor's report for the year ended 30 June 2019 was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. The statutory accounts for the year ended 30 June 2019 have been filed with the Registrar of Companies and the statutory accounts for the year ended 30 June 2020 will be filed with the Registrar of Companies following the Company's Annual General Meeting.

(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 currencies 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)
- Capitalisation of pre-production expenditure with a net book value of £nil (2019: £1,411,000)
- Precious metals on hand and in process to the value of £3,796,000 (2019: £2,574,000)
- Rehabilitation provision
- Useful economic lives
- Control assessment in respect of the investment in Anumso

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

2. Discontinued operations

At 30 June 2020, the Group classified KPG as a disposal group held for sale and recognized it as a discontinued operations. During the period the equity investment in Anumso was abandoned and recognized as a discontinued operations:

Reconciliation of Loss from discontinued operations:

	2020 £'000	2019 £'000
Kilimapesa Gold (Pty) Ltd	**(3,636)**	**(1,899)**
Loss after tax	(1,418)	(1,899)
Impairment recognised	(2,218)	–
Anumso Gold Limited	**(667)**	**(879)**
Share of JV loss	(7)	(15)
Impairment recognized	(660)	–
Reversal of exchange reserve due to disposal	–	(864)
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, the Group goodwill relating to KPG of £967,000 was impaired.

3. 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.

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
Lease 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.

4. 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 Dis-continued operations** £'000	**2020 Total** £'000	**2019 Continuing operations** £'000	**2019 Discontin-ued opera-tions** £'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

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)

5. 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.

6. 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.

7. 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.

8. Restatement

8.1 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:

8.2 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:

8.3 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 been 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	**8.1 Restatement impact** £'000	**8.2 Restatement impact** £'000
Exchange reserve	(6,073)	423	22
Retained earnings	11,092	–	190
Non-controlling interests	2,964	(423)	74

Statement of Financial Position

2019

	30 June 2019 as originally presented £'000	8.1 Restatement impact £'000	8.2 Restatement impact £'000
Assets			
Property, plant and equipment	7,512	–	438
Intangible assets	8,201	–	–
Investment in JV	–	–	–
Cash at bank and on hand	2,368	–	–
Equity			
Exchange reserve	(6,100)	381	25
Retained earnings	8,858	–	282
Non-controlling interest	2,991	(381)	107
Liabilities			
Trade and other payables	11,426	–	–
Deferred tax	362	–	104
Tax payable	53	–	(79)

Statement of Profit of loss and other comprehensive income

2019

	30 June 2019 As originally presented £'000	8.1 Restatement impact £'000	Restatem imp £'
Cost of sales	(23,325)	–	(183)
Administrative expenses	(2,013)	–	–
Finance costs	(605)	–	–
Discontinued operations	–	–	–
Tax expense	(653)	–	(59)
Foreign exchange profit attributable to Non-controlling interest	–	42	–