



GOLDPLAT<sub>plc</sub>

AFRICAN FOCUSED GOLD PRODUCTION  
AND ADVANCED EXPLORATION

**ANNUAL REPORT 2012**



# GOLDPLAT

## AFRICAN-FOCUSED GOLD PRODUCTION AND ADVANCED EXPLORATION

Whilst building profits and revenues remains a key objective for Goldplat, the exploration and development of brownfield projects is where we see the growth and value uplift potential as we continue to build the Company into a mid tier gold producer in Africa.

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# HIGHLIGHTS

FOR THE YEAR ENDED 30 JUNE 2012

**0.6p** per share

MAIDEN DIVIDEND TOTALLING

**£1.01 million**

(2011: nil)

**52%**

INCREASE IN PROFIT BEFORE TAX TO

**£5.24 million**

(2011: £3.43 million)

**48%**

INCREASE IN OPERATING PROFITS TO

**£4.53 million**

(2011: £3.05 million)

**52%**

NET CASH POSITION OF

**£4.57 million**

(2011: £3.01 million)

- Market leaders in gold recovery in Africa – production from Ghana and South Africa totalled 31,354 ounces
- Establishing a new gold recovery processing unit in Burkina Faso; registered a new trading company, Midas Gold SARL, and initial plant designs are underway
- Achieved first gold pour at Kilimapesa Gold Mining Project in Kenya in January 2012
- 162% JORC compliant resource upgrade at Kilimapesa to 649,804 ounces at 2.44 g/t gold
- Strong progress made to advance gold development portfolio in Ghana and Burkina Faso
- Aim to delineate in excess of 1 million ounces of gold resources across Kenya, Ghana and Burkina Faso gold mining projects by the end of 2012

# STATEMENT FROM THE CHIEF EXECUTIVE OFFICER

RUSSELL LAMMING – CHIEF EXECUTIVE OFFICER



Goldplat CEO Russell Lamming said, “I am delighted to have joined Goldplat as CEO at such an exciting time in the Company’s development. With record profits of £5.24 million before tax and gold production reaching 31,354 ounces, 2012 has been a truly exceptional year for Goldplat. In addition, the declaration of a maiden dividend represents a key milestone for the Company and highlights the considerable progress made by Goldplat to date.

“Looking ahead, I plan to build on the success of former CEO Demetri Manolis and continue to deliver on the Company’s key strategy of building a highly lucrative gold recovery and mining company in Africa. To this end, we will maintain growth and seek new opportunities for our highly lucrative gold recovery businesses in Ghana and South Africa. Furthermore, I look forward to reporting on developments at our latest gold recovery venture in Burkina Faso, which we believe will be an excellent fit with our existing recovery operations.

“We remain committed to developing our gold mining projects in Kenya (Kilimapesa Gold), Ghana (Amunso) and Burkina Faso (Nyieme). We aim to increase production at our first gold mine, Kilimapesa Gold, towards the 10,000 ounce mark over the next two years and delineate in excess of 1 million ounces of resources across our whole development portfolio by the end of the year.

“With a robust treasury to support growth at our existing operations and fund future acquisitions, Goldplat looks set to hit its key targets and in turn realise value for shareholders.”

RUSSELL LAMMING – CHIEF EXECUTIVE OFFICER

28 September 2012

# CHAIRMAN'S STATEMENT

BRIAN MORITZ – CHAIRMAN

**This has been another excellent year for Goldplat, and our stated objective of building a cash generative, profitable, debt free gold producer focussed in Africa is being realised. We have reached multiple milestones during the period, including the first gold pour at the new Kilimapesa gold mine in Kenya, achieved record revenues from the gold recovery operations in Ghana and South Africa, and through defined exploration programmes, we are expecting to have in excess of a one million ounce gold resource in the near future.**

With revenues and margins continuing to improve, a net cash position of £4.573 million at the year end, and truly exciting projects being expanded and developed, we remain committed to building shareholder value and reflecting our strong operational performance in our market value, which we believe remains significantly below its fair level.

Our mining and exploration portfolio consists of the producing Kilimapesa Gold Mine in Kenya and the Anumso and Nyieme gold exploration and development projects in Ghana and Burkina Faso, which have near term resource upgrade and production potential.

While good progress is being made on these projects, our two gold recovery operations in South Africa and Ghana remain key to our profitability and cash generation, underpinning our share price. The success of these operations has enabled us to recommend a maiden dividend of 0.6p per share, totalling £1,030,000. To ensure increasing profits of the recovery business, we intend to establish a further operation in Burkina Faso, as described below. We have also taken important steps to expand our operations in South Africa, and in this context I should stress that we have been completely unaffected by the well publicised problems affecting mines in the Rustenburg area. Our record of no reportable accidents demonstrates the commitment of management and staff there, and remains a source of pride.

With a balanced portfolio of producing and exploration assets we expect to be able to finance the majority, if not all of our development work internally or through project finance, negating any need for further dilution on the corporate level, which we believe is important when considering our value against our peer group.

## FINANCIALS

The Group reports a 53% increase in pre-tax profit for the twelve months to 30 June 2012 to £5,244,000 (2011: £3,428,000) and a 57% increase in after tax profit to £4,644,000 (2011: £2,956,000). Importantly, there was a contribution from three areas of the business and for the first time, the profits earned in Ghana exceeded those earned in South Africa. Basic earnings per share (pence) jumped to 2.77p against 2.12p for 2011, a 30% increase. These profit increases are even more impressive when taking account of the background of declining gold prices in the second half of the year, a trend which has now reversed with gold at near record levels.

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**“The Board is recommending the payment of a maiden dividend of 0.6p per share”**

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At the period end, the Group retained a strong cash balance of £4.573 million, a 52% increase compared to £3.010 million last year.

As a result of this and the cash generative nature of the business, the Board is recommending the payment of a maiden dividend of 0.6p per share, totalling £1.01 million. If approved, this dividend is expected to be paid on 16 November 2012 to shareholders on the register on 26 October 2012. The ex-dividend date is 24 October 2012. In future we intend to pursue a progressive dividend policy based initially on the profits and cash generation from our gold recovery business.

## GOLD RECOVERY OPERATIONS

Our gold recovery operations in Ghana and South Africa continue to deliver and remain market leaders in precious metal recovery from by-products of the mining process such as woodchips, mill liners, fine carbon, slags, sludges

# CHAIRMAN'S STATEMENT (CONTINUED)



and waste grease. They once again posted record results during the period producing a total of 31,354 ounces of gold (2011: 28,185 ounces) and 7,976 ounces of silver, with 17,762 ounces of gold attributed from Ghana and 13,592 ounces of gold from our South African operations.

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“With a balanced portfolio of producing and exploration assets we expect to be able to finance the majority, if not all our development work internally or through project finance”

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These businesses have significant stockpiles of material for processing, continue to grow and remain important to the business as they provide investment capital to advance our other exploration and mining projects, which negates the need to turn to other funding options. We have therefore focussed on maintaining each plant's operational efficiency with profitability remaining a key focus.

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

This has been another record period for GRG which operates a processing plant in Tema, in a Free Zone Status area, which has favourable accompanying tax benefits. The plant, which provides an economic method for mines to dispose of waste materials while at the same time adhering to various environmental obligations, has excellent relations with the Ghanaian Government and we see it as a hub for further growth within the region.

This successful period not only saw a marked increase in revenue and profitability but also a rise in by-products received for processing through clients including Goldfield Limited, AngloGold Ashanti Limited and Golden Star Resources Limited. Due to the increased level of by-products purchased, a second Fluidised Bed Incinerator was purchased and installed to increase capacity. Furthermore we continue to build on our contract base and have secured agreements with additional mining companies regarding acquiring gold bearing by-products.

The toll processing operation that GRG has in place with Adamus Resources ('Adamus'), a gold mining company in Ghana, whereby some by-product materials purchased by GRG is processed off-site at Adamus' processing site, also continues to perform well and is being improved by sourcing materials closer to its plant to reduce the transport costs. A second receiving area at Adamus' plant has been constructed, which has enabled GRG to increase the volumes of by-products delivered each month. In addition, tailings at Goldplat's brownfield Anumso gold mining project, also in Ghana, are currently being investigated as a potential source of material for Adamus.

#### GOLDPLAT RECOVERY (PTY) LTD - SOUTH AFRICA ('GOLDPLAT RECOVERY')

Goldplat's gold recovery operation in South Africa has continued to perform strongly and has maintained its dominant position in South Africa in its business sector. To maintain its leading position, improve the plant's operational efficiency and maintain profitability, we initiated an investment programme, which we are already seeing the benefits of. A Fluidised Bed Incinerator project for processing fine carbon has now been commissioned and enables Goldplat Recovery to compete for the higher margin fine carbon business and reduce the current stocks of fine carbon.

In terms of processing by-product stockpiles, the Company is currently sorting a significant volume of gold bearing material accumulated from screening material delivered, which we believe will increase gold recovery at the plant going forward and positively impact Goldplat Recovery's bottom line. Additionally the procurement of new gold bearing materials is on-going and stocks of raw material are stable. New clients with higher grade margin material have been identified.

We plan to reprocess selected tailings from Goldplat Recovery's own operation. The laboratory and bulk samples have shown that this operation will be successful and we are now purchasing the required equipment. Once commissioned, this project should have a significant positive impact on the costs of transport and procurement of raw materials for Goldplat Recovery and hence improve

### Mine workers at Kilimapesa Gold Mine in Kenya



profitability for years to come. In addition, the Company has significant reserves of coarse material that has been screened out of purchased material prior to processing. We have commenced the crushing and screening of this material to provide a viable grade fine fraction that can be processed for gold recovery and the coarse fraction for sale.

Due diligence is continuing based on an agreement with Central Rand Gold, whereby Goldplat Recovery will arrange for the mining of two of the shallow shafts at the Crown East and CMR Bird Reef mines in the West Rand area near Johannesburg in South Africa on a 5% net smelter return basis. We continue to sample at CMR Bird Reef, however our priority is Crown East where we have established safe access for a travelling way. We have also established a small hoisting capacity for equipment required underground and sample hoisting. We are busy opening up and developing to gain access to the main reef and main reef leader reserves.

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**“We remain committed to building shareholder value and reflecting our strong operational performance in our market value”**

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The intention is that Goldplat will employ contract miners to supply ore to the Benoni processing plant, and that the mining right will be retained by Central Rand Gold. Under these arrangements Goldplat will not incur the onerous potential liabilities inherent in underground mining in South Africa.

On a wider note, Rand Refinery, Goldplat Recovery's strategic partner, has expressed its intention to expand the cooperation between the two companies in South Africa, East and West Africa. The strategy is to utilise Goldplat's recovery operations to upgrade material to such a grade that it is viable for Rand Refinery to process the concentrated material in its works. Joint ventures will be considered if required.

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

Research undertaken by us in Burkina Faso has indicated that there are significant volumes of tailings at attractive grades available for processing. With this in mind, we plan to establish a new processing unit in Burkina Faso and have registered a new trading company, Midas Gold SARL, to operate it.

Midas is preparing a feasibility report of setting up the new processing unit and to this end initial designs have been drawn and equipment sourced. An appropriate site in the vicinity of Goldplat's brownfield Nyieme gold project also in Burkina Faso has also been selected, the coordinates of which are required to be included in the application for an operating licence.

Midas is preparing an Environmental Report which is the final document required in order to submit our mining licence application.

Importantly, the Company has good relations with the relevant Government institutions which would give approval to develop the plant, and it also has the support of the local Mayor for this new initiative.

### MINING AND DEVELOPMENT

#### Kilimapesa Gold - Kenya

Progress at Kilimapesa Gold, our wholly owned high grade auriferous vein mine, located in the historically productive Migori Archaean Greenstone Belt in western Kenya continues at pace. Having received a 21 year Mining Lease in November 2011, the first gold project to be given a mining licence in the country since its independence in 1963, we completed the construction and commissioning of a processing facility including an elution plant to enable Kilimapesa to smelt and produce doré on site on an on-going basis.

Production of doré commenced in January 2012 and continues on a regular basis, with the gold sold to Rand Refinery Limited in South Africa. The plant is currently operating primarily on stoping tonnage sourced from the underground operations at Kilimapesa Hill, with grades and recoveries as forecast, averaging 5-6 g/t and +85% respectively. Self-financing ramp up at the mine remains

# CHAIRMAN'S STATEMENT

## (CONTINUED)

### Exploration Drilling at Anumso Gold Project, Ghana



on track, with annual production targeted at 10,000 ounces in the next two years. To aid this programme, a 500 Kva generator was bought to act as a power supply back-up in the case of grid power outages. The plant has been assembled, primarily in South Africa, for shipping to Kenya. The target date for commissioning the new plant was the beginning of 2013, but difficulties with shipping, clearance and onward transportation mean that commission may be slightly delayed.

Underground development is on-going, primarily focussed on extending the 1.2km strike length of the auriferous quartz veins over the Kilimapesa Hill. The current development programme at Kilimapesa Hill comprises three on-strike development ends on the auriferous quartz

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**“We have reached multiple milestones during the period, including the first gold pour at the new Kilimapesa gold mine in Kenya”**

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vein aimed at extending the exposure of vein to the east increasing the flexibility of the mining operation. The vein structures across Kilimapesa Gold have been historically worked in places and results indicate grade continuity.

Following extensive resource drilling, to expand the resource beyond the current underground development both along strike and at depth, we raised the total underground JORC-Compliant gold resource estimate to 8,292,613 tonnes at 2.44 g/t gold ('Au') for 649,804 ounces Au at a cut-off grade of 1 g/t Au. This represents a 402,320 ounces Au or 162% increase from previously published JORC-Compliant 3,133,613 tonnes at 2.46 g/t gold for 247,484 ounces Au announced in May 2012. Importantly the resource limits remain open and we aim to continue to extend the current known limits of mineralisation on strike and in depth.

From the 649,804 ounces Au, a JORC-Compliant mineral resource, 531,631 ounces Au at an average grade of 2.43

g/t at a 1 g/t cut-off covers the 1.2km strike length over the Kilimapesa Hill target area. This is contained within three sub-parallel east-west trending quartz veins intruded into Archaean Banded Iron Formation and basaltic country rocks. The main mineralisation is contained within the quartz veins, which lie within a low grade halo in the bounding country rocks. Access to the orebody is via a northerly developed horizontal adit, that has intersected the east-west trending quartz veins on which reef drives and raises have been developed.

In particular, work has been carried out at the new Adit D, which lies 60 metres vertically below Adit B, and will contribute significantly to the increase of available ore at Kilimapesa Hill, as well as increasing mining tonnages as part of the ramp up to 10,000 ounces per annum. Underground development continues to progress well with an exposed and sampled combined strike length over the two main auriferous quartz veins of 425 metres. Selected rock chip sampling stretch values include 13.55 g/t over an average width of 1.27 metres across 54 metres of strike and 8.65 g/t over an average width of 1.50 metres over a strike of 57 metres.

At the Vim/Rutha and Red Ray target areas 21 holes for a total of 921 metres and 13 holes drilled for a total of 650 metres have been drilled at each target respectively. A maiden resource has been declared over the Red Ray area of 118,173 ounces Au at an average grade of 2.48 g/t at a cut-off of 1 g/t. A further drilling programme has been completed at Red Ray designed to extend the resource strike limits to 2.5km – assay results are pending with an update scheduled for Q3 2012.

### Anumso Gold Exploration (previously the Banka Gold Project) – Ghana – 90% interest

In line with our strategy of developing brownfield sites, we continue to advance the 29 sq km Anumso Gold Exploration licence, located in the highly prospective Amansie East and Asante Akim South Districts of the Ashanti Region of the Republic of Ghana, 10km southwest of Newmont's 14 million ounces Akyem gold deposit. The current non-JORC compliant resource is 262,107 ounces of gold to a depth of 100 metres, however, we believe there



### Gold Recovery rotary kiln, South Africa



is significant potential to upgrade and increase this with infill drilling and increase the depth of drilling to 250 metres.

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

A 33 hole 6,125 metre drilling exploration programme commenced on 22 November 2011 aimed at converting and supplementing the existing gold resource to a JORC compliant status. The drilling programme is now complete with all the assay results due in October 2012. Importantly, the continuation of mineralised Tarkwaian conglomerates has been confirmed, underlining the prospectivity of the project. The final results will be collated and a suitable action plan communicated.

#### Nyieme Licence - Burkina Faso

The 246 sq km Nyieme project is located in the prospective Birimian Greenstone Belt in southern Burkina Faso, West Africa. A 3,100 metre drilling programme was undertaken in 2011, which defined a resource of 1,395,000 tonnes at 2.06g/t gold for 92,589 ounces. This focussed on the Nyieme Village high grade zone, which was extended at depth and to the north. Multiple additional anomalous zones were identified up to 15 metre thick. Additionally, four newly discovered mineralised zones were identified in the A1 zone, 1.5km south of the Nyieme Village Zone.

Goldplat is now constructing a work programme to target additional areas of economic potential. This will include drill testing the northerly extension of the Nyieme Village Zone, the gap between the Nyieme Village Zone and the A1 Zone, and the four zones at the A1 Zone, which remain open to the north and south. It also aims to drill test the depth extensions of the zones at A1 Zone, investigate the D Zone for a possible new zone and drill artisanal workings located 3 km to the south of the A1 Zone. Further exploration work will be conducted on the extension of considerable artisanal workings immediately south of the Nyieme

Licence as well as other targets that were highlighted after the initial early 2011 soil sampling programme. In addition, a regional structural mapping and geophysical programme is being considered.

We are also in discussions with other licence holders within the Nyieme project vicinity regarding joint venture and consolidation opportunities to increase our geographic footprint in the country.

#### OUTLOOK

Goldplat is developing into a very exciting, robust gold company that is profitable, debt free and has a realistic growth trajectory which I believe will significantly enhance shareholder value. With revenue generated from three separate areas, I am confident that our growth will continue and we will build on our current value. If you evaluate us on a cash basis we are currently trading on a PE of approximately 6 which is a huge discount to our peers, and the payment of dividends distinguishes Goldplat further still from other companies in the junior mining sector. We have a strong asset base and are looking to reinforce our business through the enlargement of our gold recovery business and the Kilimapesa mine in Kenya, as well as by the definition of further ounces and the bringing into production of our extremely promising brownfield sites.

Once again our management and staff in all the countries where we operate deserve the thanks of the Board and shareholders for their dedicated and successful efforts on behalf of the Group.

Finally and by no means least, I would like to thank Demetri Manolis for his exceptional work in building Goldplat into the company it is today. He has achieved what he set out to do and has decided to hand over the reins to Russell Lamming, who brings with him, international finance and mining experience. Demetri will stay as a consultant to the Company and I look forward to working with him and Russell to ensure that the success and growth of Goldplat is maintained over the coming years.

**BRIAN MORITZ – CHAIRMAN**

28 September 2012

## THE BOARD

### BRIAN MORITZ

#### Chairman

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

### RUSSELL LAMMING

#### Chief Executive

Russell is a qualified geologist with an honours degree in geology from the University of the Witwatersrand and a Bachelor of Commerce in Economics from the University of Natal in South Africa. Russell has a wealth of experience in the resource arena, having held a directorship of a South African mining consultancy and having worked as a precious metals analyst for a leading international broker. During his 15 year career he has worked with a number of AIM listed resource companies including African Platinum Plc, which was sold to Impala Platinum and Chromex Mining Plc, where as CEO he was instrumental in bringing the Stellite Chrome Mine into production in South Africa and selling the company to Synergy Africa Ltd. Russell is also a founder and currently acts as a Non-Executive Director of Ferrex Plc, an AIM quoted iron ore and manganese development company focussed on near term production in Africa.

### IAN VISAGIE

#### Finance Director

Ian is a chartered accountant who has worked in senior positions in the mining industry since 1990. A South African citizen he trained as a Chartered Accountant with KPMG in its Pretoria office. Having gained post-qualifying experience with KPMG he moved into a mining environment in 1990 when he joined Consolidated Modderfontein Mines Limited as Financial Manager where he first worked with Demetri Manolis. In 1992, he joined Gravelotte Mines Limited as Financial Manager and Goldplat Recovery in March 1997 as Financial Director. With Demetri Manolis, he took over management control of Goldplat Recovery in November 2000.

### DR ROBERT PITTS SMITH

#### Executive Director

With a PhD in Chemical Engineering and a Masters in business administration, Robert has been active in the precious metals recovery industry since 1979 when he originally joined Golden Dumps Research Limited. In 1992 he joined Gravelotte Mines Limited in charge of metallurgical processes and began working with Demetri Manolis on Goldplat Recovery matters in 2000 before formally joining Goldplat Recovery in September 2003. He is currently responsible for marketing and technical matters.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2012

The Directors present their annual report together with the audited financial statements of the Group and auditor's report for the year ended 30 June 2012.

## PRINCIPAL ACTIVITY

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

The principal activity of the Company continues to be the management of a Group which produces and explores precious metals on the African continent.

The Group has two main business areas:

- the production of precious metals, primarily gold from metallurgical challenging materials acquired from primary produces. This activity takes place in South Africa and Ghana. To satisfy BEE rules, 15% of the share capital of the South African subsidiary is held by a qualifying entity and this is required to increase to 26% by 1 May 2014; and
- the mining of and exploration for gold. The Group's Kenyan subsidiary, Kilimapesa Gold (Pty) Limited, commenced commercial mining with effect from 1 January 2012. Exploration activities take place in Kenya, Ghana and Burkina Faso.

## REVIEW OF BUSINESS AND FINANCIAL PERFORMANCE

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

## RESULTS

The Group reports a pre-tax profit of £5,244,000 (2011: £3,428,000) and an after tax profit of £4,644,000 (2011: £2,956,000).

Factors affecting these results are set out in the Chairman's Statement.

## MAJOR EVENTS AFTER THE BALANCE SHEET DATE

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

- D A Manolis resigned from the Board as Chief Executive Officer on 1 September 2012;
- R Lamming was appointed to the Board as Chief Executive Officer on 13 August 2012 with effect from 1 September 2012; and
- 13,500,000 share options with an exercise price of 12.825p per ordinary share were issued.

## DIVIDENDS

A dividend of 0.6p per ordinary share is proposed in respect of the year ended 30 June 2012 (2011: £Nil). If approved, this dividend is expected to be paid on 16 November 2012 to shareholders on the register on 26 October 2012. The ex-dividend date is 24 October 2012.

## FINANCIAL RISK MANAGEMENT

The Group's operations are exposed to a variety of financial risks and are detailed in note 31 to these financial statements.

## POLITICAL AND CHARITABLE DONATIONS

There were no political donations during the year (2011: £Nil).

Goldplat Recovery (Pty) Limited expended £15,768 (2011: £31,290) for the period substantially on their partial sponsorship of the Inter Africa Soccer Academy for the previously disadvantaged children and smaller amounts toward educational requirements of personnel, their children and other selected individuals.

Other Group subsidiaries made donations towards community projects as follows:

- Gold Recovery Ghana Limited £1,321 (2011: £421); and
- Kilimapesa Gold (Pty) Limited £10,536 (2011: £Nil).

# DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

## CORPORATE GOVERNANCE STATEMENT

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

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

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

## BRIBERY LEGISLATION

The Directors have adopted appropriate procedures to ensure compliance with the Bribery Act 2010.

## DIRECTORS

The following Directors served during the period:

B M Moritz	(Non-executive Chairman)
D A Manolis	(Chief Executive Officer) – resigned 1 September 2012
I Visagie	(Chief Financial Officer)
Dr R Pitts Smith	(Managing Director – recovery operations) – appointed 6 July 2011

## DIRECTORS' INTERESTS

The beneficial interests of the Directors holding office on 30 June 2012 in the issued share capital of the Company were as follows:

	30 June 2012		30 June 2011	
	Number of ordinary shares of 1p each	Percentage of issued shared capital	Number of ordinary shares of 1p each	Percentage of issued shared capital
B M Moritz	1,800,000	1.08%	1,550,000	0.93%

Since 30 June 2012 there has been no change in these interests which include 250,000 shares purchased by his wife during the year.

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

Directors holding office on 30 June 2012 had the following interests in the options in the Company:

Number of options	
D A Manolis	7,000,000
B M Moritz	1,000,000
R P Smith	1,000,000
I Visagie	2,000,000
	11,000,000

These options are exercisable at 10p per ordinary share at any time up to 31 December 2013. Since 1 July 2011, no options have been granted to or exercised by Directors holding office at 30 June 2012.

## DIRECTORS' REMUNERATION AND SERVICE CONTRACTS

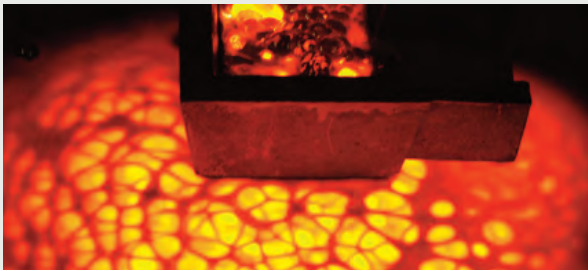
Details of directors' emoluments are disclosed in note 10 to these financial statements.

	Salaries £'000	Fees £'000	Other £'000	Total £ '000
D A Manolis	201	-	18	219
B M Moritz	-	40	-	40
R P Smith	114	-	14	128
I Visagie	106	-	11	117
	421	40	43	504

## DIRECTORS' INDEMNITIES

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

### Gold Pour at Goldplat Recovery, South Africa



#### GOING CONCERN

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

#### CREDITORS PAYMENT POLICY

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

#### EMPLOYEES

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

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

#### STATEMENT OF DISCLOSURE TO AUDITOR

So far as the Directors are aware:

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

#### AUDITOR

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

By order of the Board

B Moritz Director  
28 September 2012

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GOLDPLAT PLC

We have audited the financial statements of Goldplat Plc for the year ended 30 June 2012 which comprise the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation 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.

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

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

## SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Statement, and the Director's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2012 and of the group's profit 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
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

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

#### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

GARETH JONES (Senior Statutory Auditor)  
for and on behalf of CHANTREY VELLACOTT DFK LLP  
Chartered Accountants and Statutory Auditor  
London  
28 September 2012

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 £'000	2011 £'000
<b>CONTINUING OPERATIONS</b>			
REVENUE	7	<b>26,225</b>	19,620
Cost of sales		<b>(20,178)</b>	(15,239)
Gross profit		<b>6,047</b>	4,381
Administrative expenses		<b>(1,520)</b>	(1,327)
<b>RESULTS FROM OPERATING ACTIVITIES</b>		<b>4,527</b>	3,054
Finance income		<b>925</b>	68
Finance costs		<b>(208)</b>	(119)
<b>NET FINANCE COSTS</b>	11	<b>717</b>	(51)
Exceptional gain	12	–	425
<b>PROFIT BEFORE TAX</b>		<b>5,244</b>	3,428
Taxation	13	<b>(600)</b>	(472)
<b>PROFIT FOR THE YEAR</b>		<b>4,644</b>	2,956
<b>PROFIT ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>4,467</b>	2,728
Non-controlling interests		<b>177</b>	228
<b>PROFIT FOR THE YEAR</b>		<b>4,644</b>	2,956
<b>OTHER COMPREHENSIVE INCOME</b>			
Exchange translation		<b>(1,625)</b>	(128)
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>		<b>(1,625)</b>	(128)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>3,019</b>	2,828
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>2,842</b>	2,600
Non-controlling interests		<b>177</b>	228
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>3,019</b>	2,828
Earnings per share – continuing operations			
Basic earnings per share (pence)	24	<b>2.77</b>	2.12
Diluted earnings per share (pence)	24	<b>2.53</b>	1.90

The notes on pages 22 to 56 are an integral part of these consolidated financial statements.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Notes	2012 £'000	2011 £'000
<b>ASSETS</b>			
Property, plant and equipment	14	4,112	3,903
Intangible assets	15	8,909	6,920
Pre-production expenditure	16	3,205	2,748
Proceeds from sale of shares in subsidiary	17	219	383
<b>NON-CURRENT ASSETS</b>		<b>16,445</b>	13,954
Inventories	20	4,524	3,367
Trade and other receivables	21	5,863	6,584
Cash and cash equivalents	22	4,575	3,127
<b>CURRENT ASSETS</b>		<b>14,962</b>	13,078
<b>TOTAL ASSETS</b>		<b>31,407</b>	27,032
<b>EQUITY</b>			
Share capital	23	1,679	1,671
Share premium		11,449	11,401
Exchange reserve	23	(1,442)	183
Retained earnings		12,035	7,568
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>23,721</b>	20,823
Non-controlling interests		742	676
<b>TOTAL EQUITY</b>		<b>24,463</b>	21,499
<b>LIABILITIES</b>			
Obligations under finance leases	25	39	62
Provisions	27	181	220
Deferred tax liabilities	28	418	457
<b>NON-CURRENT LIABILITIES</b>		<b>638</b>	739
Loans and borrowings	25	2	117
Obligations under finance leases	25	109	157
Taxation		16	43
Trade and other payables	29	6,179	4,477
<b>CURRENT LIABILITIES</b>		<b>6,306</b>	4,794
<b>TOTAL LIABILITIES</b>		<b>6,944</b>	5,533
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>31,407</b>	27,032

The financial statements of Goldplat plc, company number 05340664, were approved by the Board of Directors and authorised for issue on 28 September 2012. They were signed on its behalf by:

Ian Visagie, Director

The notes on pages 22 to 56 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

	Attributable to equity holders of the Company						Non controlling interests £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Exchange reserve £'000	Retained earnings £'000	Total £'000			
Balance at 1 July 2010	1,121	6,772	311	4,738	12,942	475	13,417	
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>								
Profit	–	–	–	2,728	2,728	228	2,956	
Total other comprehensive income	–	–	(128)	–	(128)	–	(128)	
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>								
	–	–	(128)	2,728	2,600	228	2,828	
<b>TRANSACTIONS WITH OWNERS OF THE COMPANY RECOGNISED DIRECTLY IN EQUITY</b>								
<b>CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY</b>								
Issue of ordinary shares	550	4,950	–	–	5,500	–	5,500	
Costs of share issue	–	(370)	–	–	(370)	–	(370)	
Settled by issue of warrants	–	49	–	–	49	–	49	
Share-based payment transactions	–	–	–	102	102	–	102	
<b>TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY</b>								
	550	4,629	–	102	5,281	–	5,281	
<b>CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES</b>								
Non-controlling interests in subsidiary dividend	–	–	–	–	–	(27)	(27)	
<b>TOTAL TRANSACTIONS WITH OWNERS OF THE COMPANY</b>								
	550	4,629	–	102	5,281	(27)	5,254	
<b>BALANCE AT 30 JUNE 2011</b>	<b>1,671</b>	<b>11,401</b>	<b>183</b>	<b>7,568</b>	<b>20,823</b>	<b>676</b>	<b>21,499</b>	

The notes on pages 22 to 56 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

	Attributable to equity holders of the Company					Non controlling interest £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Exchange reserve £'000	Retained earnings £'000	Total £'000		
Balance at 1 July 2011	1,671	11,401	183	7,568	20,823	676	21,499
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>							
Profit	–	–	–	4,467	4,467	177	4,644
Total other comprehensive income	–	–	(1,625)	–	(1,625)	–	(1,625)
Total comprehensive income for the year	–	–	(1,625)	4,467	2,842	177	3,019
<b>TRANSACTIONS WITH OWNERS OF THE COMPANY RECOGNISED DIRECTLY IN EQUITY</b>							
<b>CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY</b>							
Issue of ordinary shares	8	48	–	–	56	–	56
Total contributions by and distributions to owners of the company	8	48	–	–	56	–	56
<b>CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES</b>							
Non-controlling interests in subsidiary dividend	–	–	–	–	–	(111)	(111)
Total transactions with owners of the Company	8	48	–	–	56	(111)	(55)
<b>BALANCE AT 30 JUNE 2012</b>	<b>1,679</b>	<b>11,449</b>	<b>(1,442)</b>	<b>12,035</b>	<b>23,721</b>	<b>742</b>	<b>24,463</b>

The notes on pages 22 to 56 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 £'000	2011 £'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Results from Operating Activities		<b>4,527</b>	3,054
Adjustments for:			
Depreciation		<b>401</b>	287
Amortisation		<b>111</b>	–
Loss on sale of property, plant and equipment		–	8
Exceptional gain		–	(425)
Equity-settled share-based payment transactions		–	102
Reversal of gold inventory		<b>201</b>	–
Foreign exchange differences		<b>(1,035)</b>	–
		<b>4,205</b>	3,026
Changes in:			
– inventories		<b>(1,157)</b>	458
– trade and other receivables		<b>721</b>	(4,718)
– trade and other payables		<b>1,688</b>	2,011
– provisions		<b>(39)</b>	–
		<b>5,418</b>	777
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>			
Interest received		<b>925</b>	68
Interest paid	30.1	<b>(194)</b>	(105)
Taxes paid		<b>(666)</b>	(724)
		<b>5,483</b>	16
<b>NET CASH FROM OPERATING ACTIVITIES</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		<b>38</b>	16
Acquisition of mining rights		<b>(2,085)</b>	(1,140)
Acquisition of property, plant and equipment	30.2	<b>(1,164)</b>	(680)
Pre-production expenditure		<b>(627)</b>	(1,391)
		<b>(3,838)</b>	(3,195)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>			
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital		<b>56</b>	5,179
Proceeds from sale of interest in subsidiary undertaking		–	27
Finance leases raised		–	119
Payment of finance lease liabilities		<b>(138)</b>	(107)
		<b>(82)</b>	5,218
<b>NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at 1 July		<b>3,010</b>	1,018
Effect of exchange rate fluctuations on cash held		–	(47)
		<b>4,573</b>	3,010
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>			

The notes on pages 22 to 56 are an integral part of these consolidated financial statements.

# COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Notes	2012 £'000	2011 £'000
<b>ASSETS</b>			
Loans to subsidiary companies	18	<b>7,422</b>	4,124
Investments	19	<b>6,425</b>	6,425
<b>NON-CURRENT ASSETS</b>		<b>13,847</b>	10,549
Trade and other receivables	21	<b>22</b>	32
Cash and cash equivalents	22	<b>501</b>	2,061
<b>CURRENT ASSETS</b>		<b>523</b>	2,093
<b>TOTAL ASSETS</b>		<b>14,370</b>	12,642
<b>EQUITY</b>			
Share capital	23	<b>1,679</b>	1,671
Share premium		<b>11,449</b>	11,401
Retained surplus/(deficit)		<b>1,180</b>	(507)
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>14,308</b>	12,565
<b>TOTAL EQUITY</b>		<b>14,308</b>	12,565
<b>LIABILITIES</b>			
Trade and other payables	29	<b>62</b>	77
<b>CURRENT LIABILITIES</b>		<b>62</b>	77
<b>TOTAL LIABILITIES</b>		<b>62</b>	77
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>14,370</b>	12,642

These financial statements were approved by the Board of Directors and authorised for issue on 28 September 2012. They were signed on its behalf by:

Ian Visagie, Director

The notes on pages 22 to 56 are an integral part of these consolidated financial statements.

# COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

	Attributable to owners of the Company			
	Share capital	Share Premium	Retained (deficit)/ surplus £'000	Total equity £'000
Balance at 1 July 2010	1,121	6,772	(198)	7,695
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>				
Loss	–	–	(411)	(411)
Total other comprehensive income	–	–	–	–
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	–	–	(411)	(411)
<b>TRANSACTIONS WITH OWNERS OF THE COMPANY RECOGNISED DIRECTLY IN EQUITY</b>				
<b>CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY</b>				
Issue of ordinary shares	550	4,950	–	5,500
Costs of share issue	–	(370)	–	(370)
Settled by issue of warrants	–	49	–	49
Share-based payment transactions	–	–	102	102
<b>TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY</b>	550	4,629	102	5,281
<b>BALANCE AT 30 JUNE 2011</b>	1,671	11,401	(507)	12,565
Balance at 1 July 2011	1,671	11,401	(507)	12,565
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>				
Profit	–	–	1,687	1,687
Total other comprehensive income	–	–	–	–
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	–	–	1,687	1,687
<b>TRANSACTIONS WITH OWNERS OF THE COMPANY RECOGNISED DIRECTLY IN EQUITY</b>				
<b>CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY</b>				
Issue of ordinary shares	8	48	–	56
<b>TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY</b>	8	48	–	56
<b>BALANCE AT 30 JUNE 2012</b>	<b>1,679</b>	<b>11,449</b>	<b>1,180</b>	<b>14,308</b>

The notes on pages 22 to 56 are an integral part of these consolidated financial statements.

# COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	<b>2012</b> <b>£'000</b>	2011 £'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Results from Operating Activities		<b>(324)</b>	(397)
Adjustments for:			
Equity-settled share-based payment transactions		-	102
		<b>(324)</b>	(295)
Changes in:			
- trade and other receivables		<b>10</b>	(15)
- trade and other payables		<b>(15)</b>	29
<b>CASH USED IN OPERATING ACTIVITIES</b>			
Interest received		<b>11</b>	1
Interest paid		-	(15)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>			
		<b>(318)</b>	(295)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividends received		<b>2,000</b>	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		<b>2,000</b>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		<b>56</b>	5,179
Loans to subsidiary		<b>(3,298)</b>	(3,120)
<b>NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES</b>			
		<b>(3,242)</b>	2,059
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at 1 July		<b>2,061</b>	297
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>			
	22	<b>501</b>	2,061

The notes on pages 22 to 56 are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

## 1. REPORTING ENTITY

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

## 2. GOING CONCERN

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

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

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

## 3. BASIS OF PREPARATION

### (a) Statement of compliance

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

The Company's individual profit and loss account has been omitted from the Group's annual financial statements having taken advantage of the exemption not to disclose under Section 408(3) of the Companies Act 2006. The Company's comprehensive profit for the year ended 30 June 2012 was £1,687,000 (2011: £411,000 loss).

The consolidated financial statements were authorised for issue by the Board of Directors on 28 September 2012.

### (b) Basis of measurement

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

### (c) Functional and presentation currency

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

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



#### (d) Use of estimates and judgements

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

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

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

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

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

#### 4. SIGNIFICANT ACCOUNTING POLICIES

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

##### (a) Basis of consolidation

###### (i) Business combinations

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

The Group measures goodwill at the acquisition date as:

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### (i) Business combinations (continued)

When the excess is negative, a bargain purchase price is recognised immediately in profit or loss.

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

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

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

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

#### (ii) Subsidiaries

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

#### (iii) Loss of control

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

#### (iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### (b) Foreign currency

#### (i) Foreign currency transactions

Monetary and non-monetary items denominated in foreign currencies are translated at the closing rate at the balance sheet date. Income and expense items are translated at an average rate for the year.

All differences are charged to the statement of comprehensive income.

#### (ii) Foreign operations

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

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

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such 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.

#### (c) Financial instruments

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

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

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

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

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

##### Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in the consolidated statement of comprehensive income.

Loans and receivables comprise trade and other receivables.

##### Cash and cash equivalents

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

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

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

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

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

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

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

#### (iii) Share capital

##### Ordinary shares

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

### (d) Property, plant and equipment

#### (i) Recognition and measurement

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

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

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

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

#### (ii) Subsequent costs

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

#### (iii) Depreciation

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

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

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

- leasehold land                      lease period
- buildings                              20 years
- plant and equipment              10 years
- motor vehicles                      5 years
- office equipment                    6 years
- insurance spares                    10 years
- environmental assets              life of mine
- pre-production expenditure      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 with intangible assets. For the measurement of goodwill at initial recognition, see note 4(a)(i).

##### Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

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

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Intangible assets (continued)

#### (iii) Pre-production expenditure

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

#### (iv) Subsequent expenditure

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

#### (v) Amortisation

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

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

Amortisation is included within administrative expenses in the Statement of Comprehensive Income.

### (f) Leased assets

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

Subsequent to initial recognition, the asset and corresponding liability are accounted for in accordance with the accounting policy applicable to that asset.

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

### (g) Inventories

Consumable stores and raw materials are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average basis and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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

#### (h) Impairment

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

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

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

#### (i) Employee benefits

##### Share-based payment transactions

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

#### (j) Provisions

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

##### Environmental obligation

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

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

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

#### (k) Revenue

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Finance income and finance costs

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

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

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

### (m) Taxation

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

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

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

### (n) Segment reporting

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

## 5. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for IFRS 9 Financial Instruments, which becomes mandatory for the Group's 2013 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

## 6. OPERATING SEGMENTS

Up until 30 June 2011, the Group considered its segments to be most accurately reflected by geographical analysis. Following the commencement of mining activities in January 2012 the activities of the Group are now broken into the operating segments Recovery Operations, Mining and Exploration and Administration. The balances for the year ended 30 June 2011 have been reclassified in accordance with the Group's new operating segments.

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



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

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

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

Information about reportable segments:

FOR THE YEAR ENDED 30 JUNE 2012

	Recovery Operations £'000	Mining and exploration £'000	Administration £'000	Reconciliation to Group figures £'000	Group £'000
External revenues	<b>24,800</b>	<b>1,425</b>	-	-	<b>26,225</b>
Inter-segment revenues	<b>168</b>	-	-	<b>(168)</b>	-
<b>TOTAL REVENUES</b>	<b>24,968</b>	<b>1,425</b>	-	<b>(168)</b>	<b>26,225</b>
Interest expense	<b>(22)</b>	-	-	-	<b>(22)</b>
Depreciation and amortisation	<b>320</b>	<b>192</b>	-	-	<b>512</b>
Reportable segment profit/(loss) before tax	<b>5,208</b>	<b>583</b>	<b>(547)</b>	-	<b>5,244</b>
Taxation	<b>(600)</b>	-	-	-	<b>(600)</b>
Other material non-cash items:					
- Revaluation of environmental assets	<b>20</b>	-	-	-	<b>20</b>
Reportable segment assets	<b>16,236</b>	<b>8,629</b>	<b>6,542</b>	-	<b>31,407</b>
Capital expenditure	<b>704</b>	<b>3,239</b>	-	-	<b>3,943</b>
Reportable segment liabilities	<b>6,688</b>	<b>163</b>	<b>93</b>	-	<b>6,944</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

## 6. OPERATING SEGMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

	Recovery Operations £'000	Mining and exploration £'000	Administration tration £'000	Reconciliation to Group figures £'000	Group £'000
External revenues	19,620	–	–	–	19,620
Inter-segment revenues	294	–	–	(294)	–
<b>TOTAL REVENUES</b>	19,914	–	–	(294)	19,620
Interest expense	(22)	–	–	–	(22)
Depreciation and amortisation	287	–	–	–	287
Reportable segment profit/(loss) before tax	3,482	–	(54)	–	3,428
Taxation	(472)	–	–	–	(472)
Reportable segment assets	13,300	5,468	8,264	–	27,032
Capital expenditure	1,588	1,639	–	–	3,227
Reportable segment liabilities	4,499	218	816	–	5,533

### Geographical information

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

### Revenue

Revenues are primarily derived from dore bars and product delivered in concentrate form to the Rand Refinery in South Africa.

### Non-current assets

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

### Major customer

The major customer to the group is Rand Refinery Limited in South Africa. Revenues from this customer presents 97% (2011: 86%) of the recovery operations revenues and 100% of the mining and exploration revenues.

**7. REVENUE**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Sales of precious metals – Recovery operations	<b>24,672</b>	19,302
Sales of precious metals – Mining and exploration	<b>1,425</b>	–
Processing fees charge to customers	<b>128</b>	318
	<b>26,225</b>	19,620

**8. EXPENSES BY NATURE**

	Notes	<b>2012</b>	2011
		<b>£'000</b>	£'000
Employee benefit expense	9	<b>2,984</b>	2,056
Depreciation and amortisation expense	14, 15, 16	<b>512</b>	287
Equity-settled share-based payment transactions		–	102
Auditor's remuneration			
– Audit fee		<b>50</b>	55
Directors' remuneration	10	<b>504</b>	367
Loss on disposal of property, plant and equipment		–	8

Auditor's remuneration in respect of the Company amounted to £26,000 (2011: £37,000). Of this amount, £25,000 (2011: £30,000) was in relation to audit services, and £1,000 (2011: £7,000) for tax advice.

**9. PERSONNEL EXPENSES**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Wages and salaries	<b>2,813</b>	1,980
National insurance and unemployment fund	<b>27</b>	18
Skills development levy	<b>28</b>	26
Medical aid contributions	<b>3</b>	3
Group life contributions	<b>45</b>	29
Provident funds	<b>68</b>	–
	<b>2,984</b>	2,056

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

	<b>2012</b>	2011
Directors	<b>4</b>	4
Administrative personnel	<b>18</b>	16
Production personnel	<b>351</b>	289
	<b>373</b>	309

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

## 10. DIRECTORS' EMOLUMENTS

2012

	Executive £'000	Non- executive £'000	Total £'000
Wages and salaries	<b>421</b>	–	<b>421</b>
Fees	–	<b>40</b>	<b>40</b>
Other benefits	<b>43</b>	–	<b>43</b>
	<b>464</b>	<b>40</b>	<b>504</b>

2011

	Executive £'000	Non- executive £'000	Total £'000
Wages and salaries	307	–	307
Fees	–	33	33
Other benefits	27	–	27
	334	33	367

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

	<b>2012</b> <b>£'000</b>	2011 £'000
Emoluments for qualifying services	<b>219</b>	219

The Directors also hold options to acquire 11 million ordinary shares (2011: 11 million ordinary shares) at 10p per share. These shares are included in the outstanding share options in note 26.

### Key management

Apart from the Directors, the emoluments paid to key management personnel amounted to £280,000 (2011: £229,000).

**11. FINANCE INCOME AND FINANCE COSTS**

## RECOGNISED IN PROFIT OR LOSS

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Interest income on cash balances held	<b>3</b>	6
Foreign exchange gains	<b>922</b>	62
Finance income	<b>925</b>	68
Interest expense on utilisation of overdraft facility	<b>(4)</b>	(7)
Interest on finance leases	<b>(17)</b>	(15)
Interest on environmental liability	<b>(14)</b>	(14)
Foreign exchange loss	<b>(172)</b>	(83)
Other	<b>(1)</b>	–
Finance costs	<b>(208)</b>	(119)
Net finance costs recognised in profit or loss	<b>717</b>	(51)
The above finance income and finance costs include the following interest income and expense in respect of assets (liabilities) not measured at fair value through profit or loss:		
– Total interest income on financial assets	<b>3</b>	6
– Total interest expense on financial liabilities	<b>(21)</b>	(22)

**12. EXTRAORDINARY GAIN**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Gain on settlement agreement	<b>–</b>	425

On 1 July 2009 the Group acquired the balance of 50% of the share capital of Kilimapesa Gold (Pty) Limited. Part of the consideration for the acquisition was paid on signing the agreement with the balance falling due in instalments following the commencement of commercial production. Under the terms of a settlement agreement, a reduced balancing payment was agreed giving rise to an exceptional gain of £425,000 in 2011.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

**13. TAXATION**

## CURRENT TAX EXPENSE

	<b>2012</b>	2011
	<b>£'000</b>	£'000
<b>TAX RECOGNISED IN PROFIT OR LOSS</b>		
<b>CURRENT TAX EXPENSE</b>		
Current period	<b>495</b>	477
Adjustment for prior years	–	(13)
Secondary tax on dividends paid from South Africa	<b>74</b>	18
	<b>569</b>	482
<b>DEFERRED TAX EXPENSE</b>		
Origination and reversal of temporary differences	<b>18</b>	44
Increase/(Reduction) in tax rate	<b>13</b>	(54)
	<b>31</b>	(10)
<b>TOTAL TAX EXPENSE</b>	<b>600</b>	472

## RECONCILIATION OF EFFECTIVE TAX RATE

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Profit for the year	<b>4,644</b>	2,956
Total tax expense	<b>600</b>	472
Profit excluding tax	<b>5,244</b>	3,428
Tax using the estimated tax rate of 25.5% (2011: 28%)	<b>1,337</b>	960
Effects of:		
Expenses not deductible for tax purposes	<b>25</b>	(40)
Effect of lower tax levied on overseas subsidiaries	<b>(836)</b>	(468)
Adjustments to tax charge in respect of previous periods	–	2
Secondary tax on dividends paid from South Africa	<b>74</b>	18
	<b>600</b>	472

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

**14. PROPERTY, PLANT AND EQUIPMENT**

	Freehold/ leasehold land £'000	Buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Office equipment £'000	Environ- mental asset £'000	Total £'000
<b>COST</b>							
Balance at 1 July 2010	259	535	3,149	826	53	137	4,959
Additions	–	21	446	184	29	16	696
Disposals	–	(13)	(18)	–	–	–	(31)
Effect of movements in exchange rates	(21)	3	(21)	13	–	7	(19)
<b>BALANCE AT 30 JUNE 2011</b>	<b>238</b>	<b>546</b>	<b>3,556</b>	<b>1,023</b>	<b>82</b>	<b>160</b>	<b>5,605</b>
Balance at 1 July 2011	238	546	3,556	1,023	82	160	5,605
Additions	–	55	948	214	14	–	1,231
Disposals	–	(1)	(10)	(83)	(2)	(20)	(116)
Transfers to intangible assets	–	–	(139)	–	–	–	(139)
Effect of movements in exchange rates	(46)	(75)	(417)	(139)	(10)	(25)	(712)
<b>BALANCE AT 30 JUNE 2012</b>	<b>192</b>	<b>525</b>	<b>3,938</b>	<b>1,015</b>	<b>84</b>	<b>115</b>	<b>5,869</b>
<b>Depreciation</b>							
Balance at 1 July 2010	6	99	898	274	21	72	1,370
Depreciation charge for the year	2	13	168	71	5	28	287
Disposals	–	(4)	(2)	–	–	–	(6)
Effect of movements in exchange rates	–	3	33	10	1	4	51
<b>BALANCE AT 30 JUNE 2011</b>	<b>8</b>	<b>111</b>	<b>1,097</b>	<b>355</b>	<b>27</b>	<b>104</b>	<b>1,702</b>
Balance at 1 July 2011	8	111	1,097	355	27	104	1,702
Depreciation charge for the year	1	17	158	206	9	10	401
Disposals	–	–	(3)	(73)	(2)	–	(78)
Effect of movements in exchange rates	(1)	(18)	(173)	(56)	(4)	(16)	(268)
<b>BALANCE AT 30 JUNE 2012</b>	<b>8</b>	<b>110</b>	<b>1,079</b>	<b>432</b>	<b>30</b>	<b>98</b>	<b>1,757</b>
<b>CARRYING AMOUNTS</b>							
At 1 July 2010	253	436	2,251	552	32	65	3,589
At 30 June 2011	230	435	2,459	668	55	56	3,903
<b>AT 30 JUNE 2012</b>	<b>184</b>	<b>415</b>	<b>2,859</b>	<b>583</b>	<b>54</b>	<b>17</b>	<b>4,112</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

## 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### LEASED PLANT AND EQUIPMENT

The Group leases plant and equipment under a number of finance lease agreements. The leased equipment secures lease obligations. At 30 June 2012 the net carrying amount of leased plant and equipment was £269,000 (2011: £267,000). During the year, the Group acquired leased assets of £67,000 (2011: £103,000) (see note 25).

## 15. INTANGIBLE ASSETS

	Goodwill £'000	Mining rights £'000	Exploration and development £'000	Total £'000
<b>COST</b>				
Balance at 1 July 2010	5,745	–	–	5,745
Additions	35	1,140	–	1,175
<b>BALANCE AT 30 JUNE 2011</b>	<b>5,780</b>	<b>1,140</b>	<b>–</b>	<b>6,920</b>
<b>COST</b>				
Balance at 1 July 2011	5,780	1,140	–	6,920
Additions	–	–	2,085	2,085
Transfers from property, plant and equipment	–	–	139	139
Effect of movements in exchange rates	–	(215)	14	(201)
<b>BALANCE AT 30 JUNE 2012</b>	<b>5,780</b>	<b>925</b>	<b>2,238</b>	<b>8,943</b>
<b>AMORTISATION AND IMPAIRMENT LOSSES</b>				
Balance at 1 July 2010 and 30 June 2011	–	–	–	–
<b>AMORTISATION AND IMPAIRMENT LOSSES</b>				
Balance at 1 July 2011	–	–	–	–
Amortisation for the year	–	–	34	34
<b>BALANCE AT 30 JUNE 2012</b>	<b>–</b>	<b>–</b>	<b>34</b>	<b>34</b>
<b>CARRYING AMOUNTS</b>				
Balance at 1 July 2010	5,745	–	–	5,745
Balance at 30 June 2011	5,780	1,140	–	6,920
<b>BALANCE AT 30 JUNE 2012</b>	<b>5,780</b>	<b>925</b>	<b>2,204</b>	<b>8,909</b>

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

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



**16. PRE-PRODUCTION EXPENDITURE**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
<b>COST</b>		
Balance at beginning of year	<b>2,748</b>	1,552
Expenditure incurred	<b>627</b>	1,391
Reversal of gold inventory costs	<b>(201)</b>	–
Effect of movement in exchange rates	<b>108</b>	(195)
Balance at end of year	<b>3,282</b>	2,748
<b>AMORTISATION AND IMPAIRMENT LOSSES</b>		
Balance at 1 July	–	–
Amortisation for the year	<b>77</b>	–
Balance at end of year	<b>77</b>	–
<b>CARRYING AMOUNTS</b>		
At beginning of year	<b>2,748</b>	1,552
At end of year	<b>3,205</b>	2,748

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

**17. PROCEEDS FROM SALE OF SHARES IN SUBSIDIARY**

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

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Balance at beginning of year	<b>383</b>	390
Received from dividends	<b>(111)</b>	(27)
Effect of movement in exchange rates	<b>(53)</b>	20
Balance at end of year	<b>219</b>	383

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

## 18. LOANS TO SUBSIDIARY COMPANIES

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Funds advanced to Gold Mineral Resources Limited	<b>7,422</b>	4,124

Interest is charged at 2% above LIBOR on the monthly outstanding balances. This interest was waived for the year ended 30 June 2012 (2011: £Nil as waived).

Loans to subsidiary companies are unsecured.

## 19. INVESTMENTS

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Investment in Gold Mineral Resources Limited	<b>6,425</b>	6,425

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

## 20. INVENTORIES

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Consumable stores	<b>843</b>	590
Raw materials	<b>2,762</b>	962
Precious metals on hand and in process	<b>919</b>	1,815
	<b>4,524</b>	3,367

**21. TRADE AND OTHER RECEIVABLES**

## GROUP

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Trade receivables	<b>4,425</b>	5,879
Other receivables	<b>1,438</b>	705
	<b>5,863</b>	6,584

## COMPANY

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Other receivables	<b>22</b>	32

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

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

**22. CASH AND CASH EQUIVALENTS**

## GROUP

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Bank balances	<b>4,528</b>	3,076
Short term bank deposits	<b>47</b>	51
	<b>4,575</b>	3,127
Bank overdrafts used for cash management purposes	<b>(2)</b>	(117)
Cash and cash equivalents in the statement of cash flows	<b>4,573</b>	3,010

## COMPANY

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Bank balances	<b>498</b>	2,058
Short term bank deposits	<b>3</b>	3
Cash and cash equivalents in the statement of cash flows	<b>501</b>	2,061

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

## 23. CAPITAL AND RESERVES

Share capital and share premium

	Number of ordinary shares	
	2012	2011
On issue at 1 July	<b>167,120,000</b>	112,120,000
Issued for cash	<b>750,000</b>	55,000,000
On issue at 30 June – fully paid	<b>167,870,000</b>	167,120,000
Authorised – par value £0.01	<b>1,000,000,000</b>	1,000,000,000
	Ordinary share capital	
	2012	2011
	£'000	£'000
Balance at 1 July	<b>1,671</b>	1,121
Share issues	<b>8</b>	550
<b>BALANCE AT 30 JUNE</b>	<b>1,679</b>	1,671

### ORDINARY SHARES

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

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

### DIVIDENDS

A dividend of 0.6p per ordinary share is proposed in respect of the year ended 30 June 2012 (2011: £Nil).

### ISSUE OF ORDINARY SHARES

On 26 January 2012 750,000 ordinary shares were issued at an exercise price of £0.075 per share relating to share options exercised by Ronaldsons Solicitors in the year (2011: 55,000,000 ordinary shares issued at £0.10 per share).

### EXCHANGE RESERVE

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

**24. EARNINGS PER SHARE****BASIC EARNINGS PER SHARE**

The calculation of basic earnings per share at 30 June 2012 was based on the profit attributable to ordinary shareholders of £4,644,000 (2011: £2,956,000), and a weighted average number of ordinary shares outstanding of 167,440,547 (2011: 139,393,973), calculated as follows:

**PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS**

	<b>2012</b>	2011
	<b>Continuing operations</b>	Continuing operations
	<b>£'000</b>	£'000
Profit attributable to ordinary shareholders	<b>4,644</b>	2,956

**WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES**

	<b>2012</b>	2011
Issued ordinary shares at 1 July	<b>167,120,000</b>	112,120,000
Effect of shares issued	<b>320,547</b>	27,273,973
Weighted average number of ordinary shares at 30 June	<b>167,440,547</b>	139,393,973

**DILUTED EARNINGS PER SHARE**

The calculation of diluted earnings per share at 30 June 2012 was based on the profit attributable to ordinary shareholders of £4,644,000 (2011: £2,956,000), and a weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares of 183,350,000 (2011: 155,567,723), calculated as follows:

**PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS (DILUTED)**

	<b>2012</b>	2011
	<b>Continuing operations</b>	Continuing operations
	<b>£'000</b>	£'000
Profit attributable to ordinary shareholders (diluted)	<b>4,644</b>	2,956

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

	<b>2012</b>	2011
Weighted average number of ordinary shares (basic)	<b>167,440,547</b>	139,393,973
Effect of share options on issue	<b>15,909,453</b>	16,173,750
Weighted average number of ordinary shares (diluted) at 30 June	<b>183,350,000</b>	155,567,723

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

## 25. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at cost. For more information about the Group's and Company's exposure to interest rate, foreign currency and liquidity risk (see note 31).

	<b>2012</b>	2011
	<b>£'000</b>	£'000
<b>NON-CURRENT LIABILITIES</b>		
Finance lease liabilities	<b>39</b>	62
<b>CURRENT LIABILITIES</b>		
Bank overdrafts	<b>2</b>	117
Current portion of finance lease liabilities	<b>109</b>	157
	<b>111</b>	274

Terms and conditions of outstanding loans were as follows:

### 2012

	Currency	Nominal interest rate	Year of Face maturity value	£'000	Carrying amount £'000
Unsecured bank facility	<b>ZAR</b>	<b>9%</b>	<b>2013</b>	<b>2</b>	<b>2</b>
Finance lease liabilities	<b>ZAR</b>	<b>9%</b>	<b>2014</b>	<b>148</b>	<b>148</b>
Total interest-bearing liabilities				<b>150</b>	<b>150</b>

### 2011

	Currency	Nominal interest rate	Year of maturity	Face value £'000	Carrying amount £'000
Unsecured bank facility	ZAR	9%	2012	117	117
Finance lease liabilities	ZAR	9%	2013	219	219
Total interest-bearing liabilities				336	336

**25. LOANS AND BORROWINGS (CONTINUED)****FINANCE LEASE LIABILITIES**

Finance lease liabilities are payable as follows:

2012

	<b>Future minimum lease payments</b>	<b>Interest £'000</b>	<b>Present value of minimum lease payments £'000</b>
Less than one year	117	(8)	109
Between one and five years	40	(1)	39
	<b>157</b>	<b>(9)</b>	<b>148</b>

2011

	Future minimum lease payments	Interest £'000	Present value of minimum lease payments £'000
Less than one year	171	(14)	157
Between one and five years	65	(3)	62
	236	(17)	219

The average lease term is 2 years. For the year ended 30 June 2012, the average effective borrowing rate was 9% (2011: 9%). Interest rates are variable over the lease term and vary according to the South African prime interest rate.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

## 26. SHARE OPTIONS AND WARRANTS

### RECONCILIATION OF OUTSTANDING SHARE OPTIONS

	2012		2011	
	Number of options	Exercise price	Number of options	Exercise price
Outstanding and exercisable at 1 July and 30 June	<b>17,200,000</b>	<b>10p</b>	17,200,000	10p

In addition to the above, on 26 January 2012 750,000 share options which had been outstanding throughout the previous year were exercised at 7.5 pence per share as detailed in note 23.

The weighted average remaining contractual life of the options outstanding at the balance sheet date is 1 year 153 days.

### RECONCILIATION OF OUTSTANDING SHARE WARRANTS

	2012		2011	
	Number of options	Exercise price	Number of options	Exercise price
Outstanding at 1 July	<b>1,671,200</b>	<b>10p</b>	–	
Granted during the year	–		1,671,200	10p
Outstanding and exercisable at 30 June	<b>1,671,200</b>		1,671,200	

The weighted average remaining contractual life of the warrants outstanding at the balance sheet date is 1 year 184 days.



**27. PROVISIONS****ENVIRONMENTAL OBLIGATION**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Balance at 1 July	<b>220</b>	180
Provisions made during the year	<b>(20)</b>	17
Unwind of discount	<b>14</b>	14
Effect of foreign exchange movements	<b>(33)</b>	9
	<b>181</b>	220
Non-current	<b>181</b>	220
Current	<b>-</b>	-
	<b>181</b>	220

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

**28. DEFERRED TAXATION**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Balance at 1 July	<b>457</b>	444
Current charge		
– temporary difference	<b>18</b>	45
– change in tax rate	<b>13</b>	(55)
Effect of foreign exchange movements	<b>(70)</b>	23
	<b>418</b>	457
Comprising:		
Capital allowances	<b>(514)</b>	(543)
Prepayments	<b>96</b>	86
	<b>(418)</b>	(457)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

## 29. TRADE AND OTHER PAYABLES

### GROUP

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Trade payables	<b>3,051</b>	1,756
Accrued expenses	<b>3,128</b>	2,721
	<b>6,179</b>	4,477

### COMPANY

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Trade payables	<b>19</b>	30
Accrued expenses	<b>43</b>	47
	<b>62</b>	77

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

The Directors consider that the carrying amount of trade payables approximate to their fair value.

## 30. NOTES TO THE CASH FLOW STATEMENT

### 30.1 FINANCING COST

	<b>2012</b>	2011
	<b>£'000</b>	£'000
As per statement of comprehensive income	<b>(208)</b>	(119)
Adjust for: Interest on environmental liability (note 27)	<b>14</b>	14
	<b>(194)</b>	(105)

### 30.2 ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Additions for the year	<b>(1,231)</b>	(696)
Adjust for: Additions to environmental assets	<b>-</b>	16
Adjust for: Additions acquired on hire purchase	<b>67</b>	-
	<b>(1,164)</b>	(680)

### 31. FINANCIAL INSTRUMENTS

#### FINANCIAL RISK MANAGEMENT

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

#### CREDIT RISK

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

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

#### EXPOSURE TO CREDIT RISK

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

#### GROUP

	Carrying amount	
	2012	2011
	£'000	£'000
Trade and other receivables	5,863	6,584
Cash and cash equivalents	4,575	3,127
	<b>10,438</b>	9,711

#### COMPANY

	Carrying amount	
	2012	2011
	£'000	£'000
Cash and cash equivalents	501	2,061

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

### 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

2012

	Contractual						
	Carrying	cash	2 months	2-12	1-2 years	2-5 years	More than
	amount	flows	or less	months	1-2 years	2-5 years	5 years
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>NON-DERIVATIVE FINANCIAL LIABILITIES</b>							
Finance lease liabilities	148	(157)	(20)	(97)	(40)	-	-
Trade payables	6,179	(6,179)	(6,179)	-	-	-	-
Bank overdraft	2	(2)	(2)	-	-	-	-
	<b>6,329</b>	<b>(6,338)</b>	<b>(6,201)</b>	<b>(97)</b>	<b>(40)</b>	<b>-</b>	<b>-</b>

2011

	Contractual						
	Carrying	cash	2 months	2-12	1-2 years	2-5 years	More than
	amount	flows	or less	months	1-2 years	2-5 years	5 years
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>NON-DERIVATIVE FINANCIAL LIABILITIES</b>							
Finance lease liabilities	219	(236)	(25)	(146)	(61)	(4)	-
Trade payables	4,477	(4,477)	(4,477)	-	-	-	-
Bank overdraft	117	(117)	(117)	-	-	-	-
	<b>4,813</b>	<b>(4,830)</b>	<b>(4,619)</b>	<b>(146)</b>	<b>(61)</b>	<b>(4)</b>	<b>-</b>

## LIQUIDITY RISK (CONTINUED)

## COMPANY

2012

	Carrying amount £'000	Contractual cash flows £'000	2 months or less £'000	2-12 months £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
<b>NON-DERIVATIVE FINANCIAL LIABILITIES</b>							
Trade payables	62	(62)	(62)	-	-	-	-
	62	(62)	(62)	-	-	-	-

2011

	Carrying amount £'000	Contractual cash flows £'000	2 months or less £'000	2-12 months £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
<b>NON-DERIVATIVE FINANCIAL LIABILITIES</b>							
Trade payables	77	(77)	(77)	-	-	-	-
	77	(77)	(77)	-	-	-	-

## 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

### MARKET RISK (CONTINUED)

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

#### 2012

	High	Low	Average
Gold price – USD/oz	1,895	1,488	1,673
Rand/USD exchange rate	6.61	8.70	7.79
GBP/USD exchange rate	1.66	1.52	1.59
GHC/USD exchange rate	1.48	1.94	1.70
Kshs/USD exchange rate	73.90	105.85	89.98

#### 2011

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

### SENSITIVITY ANALYSIS

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

#### 2012

	High case scenario	Low case scenario
Gold price – USD/oz	1,700	1,500
Rand/USD exchange rate	9.00	7.50
GBP/USD exchange rate	1.65	1.50
GHC/USD exchange rate	2.30	1.70
Kshs/USD exchange rate	110.00	75.00
Equivalent Rand price per kilogram	491,906	361,695
Equivalent GBP price per kilogram	33,125	32,151
Equivalent GHC price per kilogram	125,709	81,984
Equivalent Kshs price per kilogram	6,012,181	3,616,954

## SENSITIVITY ANALYSIS (CONTINUED)

2011

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

## THE GROUP'S SENSITIVITY TO MARKET RISK

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

2012

	High case scenario	Low case scenario
Effect on the results and equity for the year based on these assumptions would have been:		
– Gold Recovery Ghana Limited	<b>4,803</b>	<b>(1,345)</b>
– Goldplat Recovery (Pty) Limited	<b>2,066</b>	<b>(1,649)</b>
– Kilimapesa Gold (Pty) Limited	<b>345</b>	<b>(360)</b>

2011

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

## CURRENCY RISK

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

## INTEREST RATE RISK

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

### FAIR VALUES

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

### CAPITAL MANAGEMENT

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

The Group considers its capital to be shareholders' equity which comprises share capital and retained earnings, which at 30 June 2012 totalled £25,163,000 (2011: £20,640,000).

## 32. CAPITAL COMMITMENTS

There were no capital commitments as at 30 June 2012 (2011: £nil).

## 33. CONTINGENCIES

There were no contingent liabilities as at 30 June 2012 (2011: £nil).

## 34. RELATED PARTIES

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

During the year the Group paid professional fees to MSP Secretaries Limited, a company which B Moritz is a director, in relation to accounting services provided, totalling £9,000 (2011: £10,000). In addition the Group paid professional fees to Share Registrars Limited, a subsidiary of MSP Secretaries Limited, in relation to the maintenance of the Company's share register, totalling £7,100 (2011: £9,500).

### TRANSACTIONS WITH GROUP COMPANIES

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

	<b>2012</b>	2011
	<b>£'000</b>	£'000
<b>GOLDPLAT PLC</b>		
– Loans and borrowings	<b>(7,422)</b>	(4,124)
<b>KILIMAPESA GOLD (PTY) LIMITED</b>		
– Loans and borrowings	<b>2,907</b>	1,856
<b>NYIEME GOLD SARL</b>		
– Loans and borrowings	<b>910</b>	875
<b>ANUMSO GOLD</b>		
– Loans and borrowings	<b>2,310</b>	982
<b>MIDAS GOLD</b>		
– Loans and borrowings	<b>47</b>	–



## TRANSACTIONS WITH GROUP COMPANIES (CONTINUED)

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

	<b>2012</b>	2011
	<b>£'000</b>	£'000
<b>KILIMAPESA GOLD (PTY) LIMITED</b>		
– Trade and other receivables	<b>3</b>	209
– Goods, equipment and services supplied	<b>787</b>	509
<b>GOLD RECOVERY GHANA LIMITED</b>		
– Trade and other receivables	<b>9</b>	47
– Goods, equipment and services supplied	<b>161</b>	220
– Purchase of precious metals	<b>168</b>	294

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

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

	<b>2012</b>	2011
	<b>£'000</b>	£'000
<b>GOLD RECOVERY GHANA LIMITED</b>		
– Trade and other payables	–	(14)

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

	<b>2012</b>	2011
	<b>£'000</b>	£'000
<b>NYIEME GOLD SARL</b>		
- Trade and other receivables	<b>1</b>	–
- Trade and other payables	<b>(1)</b>	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

## 35. GROUP ENTITIES

### SIGNIFICANT SUBSIDIARIES

	Activity	Country of incorporation	Ownership interest <b>2012</b>	2011
<b>DIRECTLY</b>				
Gold Mineral Resources Limited	Holding company	Guernsey	<b>100%</b>	100%
<b>INDIRECTLY</b>				
Gold Recovery Ghana Limited	Gold recovery	Ghana	<b>100%</b>	100%
Kilimapesa Gold (Pty) Limited	Mining minerals	Kenya	<b>100%</b>	100%
Anumso Gold Limited (formerly Banka Gold Limited)	Mining minerals	Ghana	<b>100%</b>	100%
Nyieme Gold SARL	Mining minerals	Burkina Faso	<b>100%</b>	100%
Goldplat Recovery (Pty) Limited	Gold recovery	South Africa	<b>85%</b>	85%
Midas Gold	Gold recovery	Burkina Faso	<b>100%</b>	–

## 36. SUBSEQUENT EVENTS

On 1 September 2012, D A Manolis resigned as the Chief Executive Officer and replaced by R Lamming with immediate effect. Upon appointment, 13,500,000 share options were issued with an exercise price of 12.825p per ordinary share.

# COMPANY INFORMATION

## DIRECTORS:

Brian Moritz  
*Non-Executive Chairman*

Russell Lamming  
*Chief Executive Officer*

Ian Visagie  
*Chief Financial Officer*

Dr Robert Pitts Smith  
*Managing Director – recovery operations*

## COMPANY SECRETARY

Stephen Ronaldson  
55 Gower Street  
London WC1E 6HQ

## COMPANY NUMBER:

05340664

## REGISTERED OFFICE:

55 Gower Street  
London WC1E 6HQ

## WEBSITE:

[www.goldplat.com](http://www.goldplat.com)

## NOMINATED ADVISER AND BROKER:

Fairfax I.S. PLC  
46 Berkeley Square  
Mayfair  
London  
W1J 5AT

## SOLICITORS:

Ronaldsons Solicitors  
55 Gower Street  
London WC1E 6HQ

## REGISTRARS:

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

## FINANCIAL PUBLIC RELATIONS:

St. Brides Media & Finance Limited  
Chaucer House  
38 Bow Lane  
London EC4M 9AY

## AUDITORS:

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

SOUTH AFRICAN OFFICE:

Daveyton Road,  
Po Box 40,  
Benoni 1500,  
South Africa  
Tel: +27 (0) 11 423 1202  
Fax: + 27 (0) 11 423 1230  
Email: [info@goldplat.com](mailto:info@goldplat.com)  
[www.goldplat.com](http://www.goldplat.com)

UNITED KINGDOM OFFICE:

Covenham House  
Downside Bridge Road  
Cobham  
KT11 3EP  
Tel: +44 (0) 1932 918 070  
Email: [info@goldplat.com](mailto:info@goldplat.com)