

Goldplat plc[#]

BBG Ticker: GDP LN

Price: 10.25p

Mkt Cap: £17.26m

BUY

Year to June	Revenue (£m)	EBITDA (£m)	PBT (adj.) (£m)	EPS (p)	DPS (p)	EV/Sales (x)	EV/EBITDA (x)	P/E (x)	Div Yield (%)
2012A	26.23	5.04	5.24	2.77	0.0	0.49	2.53	3.7	-
2013E	32.03	4.25	3.32	0.08	0.6	0.40	3.00	131.2	5.9%
2014E	34.60	5.74	5.01	2.48	0.5	0.37	2.22	4.1	4.9%

SOURCE: Company, VSA Capital estimates.

SA Operation Continues to Produce Robust Cash Flows

Goldplat's South African recovery operation, GPL, is exceeding performance expectations. This is primarily due to its fine carbon processing, which has expanded significantly over the past six months, with new supply contracts recently signed with major South African gold producers.

To build upon this success, Goldplat has been investing in new capital projects in South Africa. GPL commissioned a new tailings re-treatment carbon-in-leach plant in March, on time and within budget. This is reprocessing tailings stockpiles which hold around five years' production. A second rotary kiln, which will double the available production capacity at GPL and will process the significant stockpile of high-grade woodchips (around seven years at current capacity), is on budget and due to be commissioned at end-July.

GRG Gold Recovery Operation Remains Profitable

GRG, in Ghana, remains profitable, despite the margin pressures that it has sustained recently. Goldplat is implementing a number of measures to relieve some of these pressures, but it is expected that the bottom line may fall a little short of our forecasts. This is further exacerbated by reduced throughput due to a refractory failure in one of the incinerators. To increase GRG's processing capacity and widen the range of treatable products, Goldplat intends to make some additions to the operation over the next few months.

Burkina Faso Operation Delayed

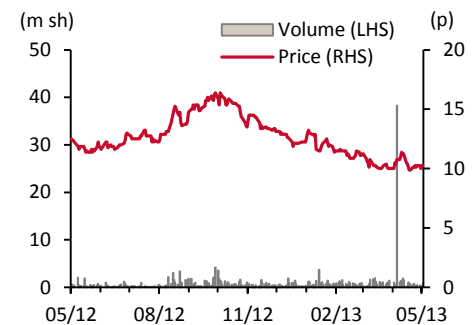
The gold recovery operation in Burkina Faso, Midas, has been delayed, with the six-month development to start at the beginning of next year. The delay was caused by changes in legislation and the shift in focus from an artisanal tailings operation to recovering gold from products.

Recommendation and Price Target

As we 1) had already factored in the capital investment mentioned above, 2) expect the slightly disappointing GRG numbers to be mitigated by the better than expected GPL figures, and 3) have yet to give any value to the Midas project, our model remains unchanged. We maintain our **BUY** recommendation and price target of 21p.

Company Description:

African gold producer and exploration company with two profitable gold recovery operations in South Africa and Ghana, one mining project in Kenya and several exploration stage projects.



Price % chg	1mn	3mn	12mn
	+2.5%	-10.9%	-18.0%

12mn high/low: 16.38p/9.88p

SOURCE: FactSet, as of 1 May 2013 close.

Market:	AIM
Sector:	Mining
Location:	Africa
Shares in issue:	168.4m
Price target:	21p

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#VSA Capital acts as Joint Broker to Goldplat plc.

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HOLD: The price of the stock is expected to move in a range between -10% and +10% in absolute terms over the next twelve months.
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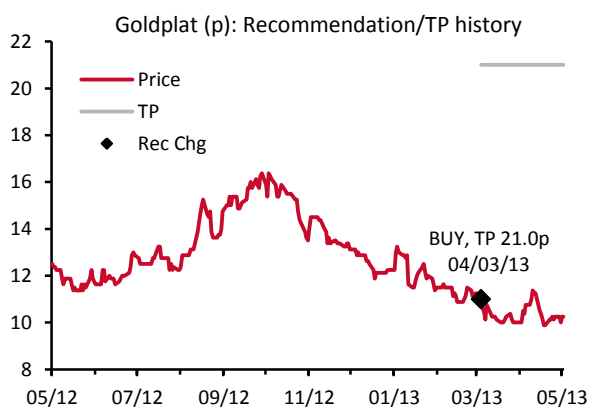
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Equities breakdown: 31 March 2013	Spec. BUY	BUY	HOLD	SELL
Overall equities coverage	16.2%	75.7%	5.4%	2.7%
Companies to which VSA has supplied investment banking services	15.0%	85.0%	0.0%	0.0%

Recommendation and Target Price History



SOURCE: FactSet data, VSA Capital estimates.

Goldplat plc

Valuation basis

Our valuation is based on 5x our forecast Goldplat EBITDA.

Risks to that valuation

The greatest risk to our valuation would be significant fall in the gold price or operational challenges in South Africa or Ghana.

This recommendation was first published on 4 March 2013.