4 March 2013

MINING

Initiation of Coverage

Marketing Communication (Connected Research)

Goldplat plc#

BBG Ticker: GDP LN *Price: 11.25p* *Mkt Cap: £18.9m* ***BUY***

Year to June	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	DPS (p)	EV/Sales (x)	EV/EBITDA (x)	P/E (x)	Div Yield (%)
2011A	19.62	3.37	3.43	2.12	0.0	0.87	5.04	5.3	-
2012E	26.23	5.04	5.24	2.77	0.0	0.65	3.37	4.1	-
2013E	32.03	4.25	3.32	0.08	0.6	0.52	3.94	143.97	5.3%
2014E	34.60	5.74	5.01	2.48	0.0	0.48	2.92	4.53	-

***SOURCE**: Company data, VSA Capital estimates.*

Profitable and Growing Niche Player

Gold Recovery - Market Leader

Goldplat is Africa's leading gold recovery business, with profitable cash generating operations in South Africa and Ghana. The company plans to expand the Ghana facility into a recovery hub for West Africa, with the potential to grow earnings significantly from this region over the next three years. As a more mature operation, the South African recovery business is expected to grow more modestly.

Support Services Business - Perpetuity Model

The gold recovery business is more support services than gold mining, and benefits from a perpetuity-type financial model. Goldplat should continue to operate profitably as long as gold mining exists in the regions in which it operates. This also has an impact on our valuation methodology. The two recovery businesses will generate c£5m Group EBITDA per year, with growth in West Africa potentially increasing this further. Using a multiple of 5.0x EBITDA would value Goldplat's recovery businesses at c£26m, with potential upside following successful Ghana/West Africa expansion.

Gold Mining - Targeting Mid-Sized Projects

Goldplat has a small gold mine in Kenya called Kilimapesa, with production expected at c5Koz per annum, but it is targeting larger gold projects with a minimum 30Koz per year potential. Its strong balance sheet puts it in a position to fund acquisition or exploration and development programmes. This advantage is even more material given the difficult funding environment facing most junior mine explorers.

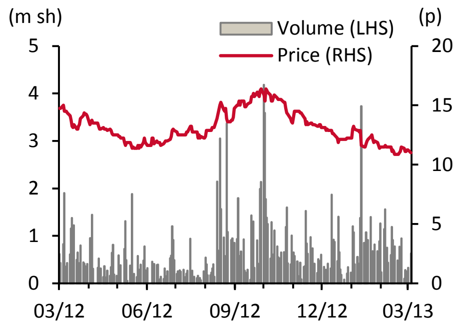
Valuation and Recommendation

Our valuation is dominated by 5.0x EV/EBITDA for the recovery business and the £4.8m effective cash position. We value Goldplat at £34.4m, which equates to a 21.0p target price. We initiate coverage with a **BUY** recommendation.

Company Description

Goldplat is an 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.

One Year Price Performance



Price % chg	1mn	3mn	12mn
	-2.2%	-14.3%	-23.7%
12mn high/low:			16.4p/10.9p

***SOURCE**: FactSet, as of 1 March 2013 close.*

Market:	AIM
Price target:	21.0p
Shares in issue:	168.3m
Free float:	80%
Net cash (Dec 2012):	£1.95m
Enterprise value:	£17.0m

Major shareholders	
Perseus Settlement	14.8%
The Kilo Trust	7.1%
Barclays Personal Invest. Mng	6.4%

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Valuation

Our Goldplat valuation is dominated by the Ghanaian and South African recovery businesses and our assumption that they will continue in perpetuity - or at least while commercial scale gold mining exists in South Africa and Ghana. We have applied an EV/EBITDA of 5.0x to 2014 group EBITDA, excluding Kilimapesa. We have valued Kilimapesa using a discounted cash flow model and a 10% discount rate to reach a NPV of £3.7m. The total of these figures, along with the cash position, generates a NAV of £34.39m or 21.0p per share.

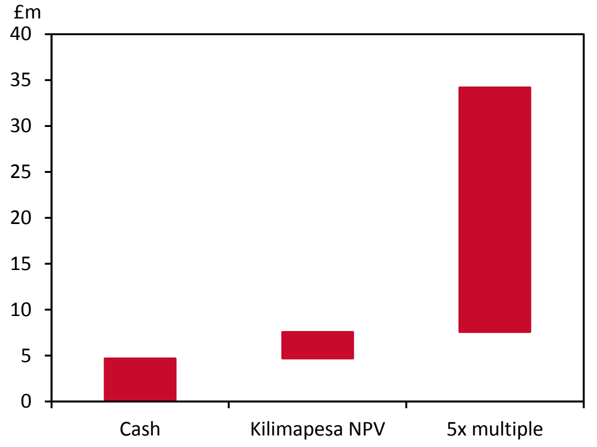
SotP Valuation

	(£m)
2014 EBITDA Ex-Kilimapesa	5.18
5 x multiple	25.92
Kilimapesa NPV	3.7
Cash	4.78*
NAV	34.39
Price target	21.0p

SOURCE: *VSA Capital estimates.*

** Goldplat had £1.95m in cash at December 2012; however, it had receivables (net of payables) of £2.83m due to a large delivery of gold concentrate to Rand Refinery near the end of the period. We regard this effectively as cash.*

Waterfall Chart



Upside Potential

Our current valuation assumes that the recovery business EBITDA remains around 2014 levels going forward. However, as we discuss below, Goldplat plans to expand the West African business and develop a larger mining business.

West Africa Expansion

The current West Africa expansion plan has the potential to increase group EBITDA significantly. Within three to four years, we envisage the West African business doubling in size. Ghana currently generates approximately £2.5m of group EBITDA and an additional £2.5m from West Africa should take group EBITDA to £8.5m, which on a multiple of five would value Goldplat ex-Kilimapesa at £42.5m.

Gold Mining

There is also a renewed effort to develop a more significant gold mining business, in addition to the very modest Kilimapesa operation. We feel this is a longer-term target for Goldplat but recognise that it could transform the company and its valuation.

Meanwhile, Kilimapesa will only contribute in a small way to group cash flows and earnings. This is reflected in our £3.7m net present value for the mine.

Investment Case

Steady Business - Support Services

Goldplat is Africa's leading gold recovery business, with operations in South Africa and Ghana. Goldplat processes a range of "waste" materials produced by gold mining operations, extracting the contained gold and producing doré. In both South Africa and Ghana, the recovery businesses are based on contracts which are designed so that Goldplat's gross profit margin is stable at c20%. Importantly, this margin relies on Goldplat's ability to manage its input costs in line with the gold price - something its competitors are not necessarily capable of emulating.

This is a support services business which has limited leverage to a rising gold price, but which benefits from being low risk in comparison to mining and has a perpetuity model which should be sustainable as long as gold mining continues in Africa. The South African operation has an over-75% market share and is still growing modestly; the Ghanaian operation has a c90% market share. Goldplat's two recovery businesses are known as Goldplat Recovery Ghana (GRG) and in South Africa Goldplat Recovery Limited (GPL).

High Barrier to Entry

Goldplat uses standard precious metal extraction methods such as carbon in leach (CIL), spirals and flotation. It combines these with specialist equipment, including fluidised bed incinerators and rotary kilns, to deal with a wide variety of gold-bearing materials. Although the equipment and technologies Goldplat uses are not patented by the company, its skill is in the expert design of the flowsheet to extract every last milligram of gold from the raw materials it processes. It uses a different flowsheet for each raw material, based on thirty years of proprietary experience. This creates a high barrier for new entrants to the market, which find it difficult to achieve the recoveries necessary to make the business work profitably.

Strong Balance Sheet

Goldplat had £1.95m in cash and short-term investments at December 2012 (H1 2013). Note, however, that it has receivables (net of payables) of £2.8m and we estimate that cash will hit c£4.9m by June 2013. This growing cash pile should enable Goldplat to deliver on its plans to expand the Ghana/West Africa business, and move into gold mining in a more significant way.

New Management Team

The previous management successfully developed the Ghana recovery operation and looked after Goldplat's balance sheet. In September 2012, Russell Lamming joined as the new CEO, with the task of expanding both the recovery and mining sides of the business. As we discuss in the Strategy section, below, there are a number of areas which he is looking to develop, with the West African recovery business and larger mining projects probably the two most significant.

We think his energy and judgement will benefit Goldplat and ultimately help create shareholder value. For example, we like his strategy to target mid-sized gold projects, which are under the radar of most companies but potentially highly profitable.

Dividend Policy and Share Buy-Back

Goldplat paid a c£1m dividend in 2012 and in this morning's interims announced the adoption of a share buy-back policy (the Board is seeking authority to buy up to 10% of shares in issue). Given Goldplat's plans for expansion of the gold recovery and mining businesses, we expect both policies to be used carefully. It is difficult to predict what mining opportunities may come across Goldplat desks (which might prioritise funds) or how much of an impact the share buy-back policy will have on the share price. Both policies, however, reflect the company's strong cash-generation ability.

Existing Business and Growth Strategy

Our valuation is based on a multiple of our 2014 EBITDA forecast which, as a base case, should be sustained in perpetuity. However, Goldplat is also looking to expand the West African recovery business and move into mining in a more significant way. These and other developments would represent significant upside to our current valuation.

Existing Business - Some Short-Term Growth

We have modelled the combined recovery business to generate c£5.7m EBITDA in 2013, £5.9m in 2014 and to operate at a similar level thereafter. In South Africa, this short-term growth reflects the additional CIL tailings plant, the new rotary kiln and the higher-grade material to be sourced from Central Rand Gold's Crown East No 4 shaft. The Ghana operation has increased capacity at the spiral plant which increases the flexibility of the incinerator section allowing it to treat more than one fine carbon batch at a time. These changes should increase the profitability of both operations. Note that recovery business EBITDA will be offset at the group level by group G&A and, in 2013, by Kilimapesa EBITDA losses of c£0.60m.

Growth Strategy

West Africa Recovery Hub - Upside Potential

Goldplat's strategy is to grow its recovery business through the expansion into the rest of West Africa. The company intends using GRG as a hub for fine carbon sourced from Ghana and other West African countries. This is a relatively recent change in strategy, which had previously involved having dedicated recovery plants in several West African countries, with Burkina Faso next on the list.

The recovery hub plan seems sensible but plans may change. For example, if Goldplat cannot get permission to move gold-bearing waste over certain borders, it may decide that a new stand-alone plant north of Ghana is justified. Midas Gold SARL, Goldplat's Burkina Faso-based subsidiary, has been set-up for that purpose.

Africa - New Fine Carbon Market

There is an opportunity for more significant growth in the African business than we have modelled. Goldplat's strategic partner, Rand Refinery, recently decided not to process fine carbon grading less than 500g/t gold. Since a significant amount of traded fine carbon contains <500g/t, this decision will put significant additional tonnes of fine carbon into the African gold recovery market. This partly explains Goldplat's recent investment in a fluidised bed incinerator for the South African operation, and may result in upside to our 2013 and 2014 earnings forecasts.

East Africa - Potential Recovery Operation

The Kilimapesa mine property also has the potential to become the site of an East African recovery operation, along the same lines as the planned West Africa recovery hub. Much of the infrastructure is already in place and although Kenya is not yet a significant source of raw material, there are several very significant mines in north-west Tanzania, within 1,000km of Kilimapesa. Tanzania is Africa's third-largest gold producer, behind South Africa and Ghana.

Mining - Remains a Strategic Focus

Historically, the mine development and exploration business has delivered mixed results and the existing Kenyan gold mine will only ever be a small positive contributor to group cash flows. Looking forward, Goldplat is targeting larger projects, with minimum production potential of 30Koz. Obviously, later-stage projects are preferable, but the Board has not ruled out exploration projects where a quick and low-cost 'project assessment' approach will be used to avoid wasting time and money. We like the strategy to target mid-sized gold projects, which are under the radar of most companies, and where runaway capex inflation has had less of an impact in recent years.

Recovery Business - Financial Model

Goldplat has suffered from a misunderstanding of its business model, with some investors expecting it to benefit much more from a rising gold price. Goldplat's recovery operations are in fact support services businesses and work on a steady operating profit margin of approximately 20%. Although this means there is limited leverage to the gold price, the recovery businesses benefit from a perpetuity model and should be valued accordingly.

Steady Fixed Margin Business, Variable Grades

Both recovery businesses are based on term contracts or agreements with gold mining operations. These operations produce a range of "waste" materials, enriched with gold, which Goldplat processes at its specialised recovery plants.

Goldplat's main business delivers an operating profit margin of c20%. If the gold price increases, the raw materials supplier charges more for the material and Goldplat's margins remain around 20%. These agreements are based on regular supplies of predictable quantities of raw materials and constitute the bulk of Goldplat's revenues and profits in South Africa and Ghana. They are the basis of Goldplat's recovery business and explain why it is a relatively low margin, but also low risk, business.

Gold in Inventory - Higher Grade, Provides Flexibility

Goldplat also buys raw materials where it pays a more significant discount to the value of the contained gold. This material comes from less predictable (in terms of tonnage and grade) sources and is often stockpiled. When required, Goldplat uses this to ensure that it maintains its c20% operating margins. Goldplat's agreement with Central Rand Gold is targeting this type of higher-grade, higher-margin material.

Ghana

The Ghanaian business has limited inventory of high-grade material, which is primarily a function of the shorter lifespan of the Ghana business.

South Africa

In South Africa, Goldplat has a stockpile of raw material which it historically reported as "gold in inventory". Goldplat uses the high-margin material to maintain its 20% overall operating margins, and will not therefore convert this to cash. It needs the inventory to retain flexibility over the long term.

During the South African strikes in 2012 (instigated by the mining and transport unions), Goldplat used its higher-grade stockpiles to counter the negative impact of lost raw material supplies. The 2012 gross margin was maintained at 20%.

Below are examples of how Goldplat uses its high-grade inventory to remain flexible:

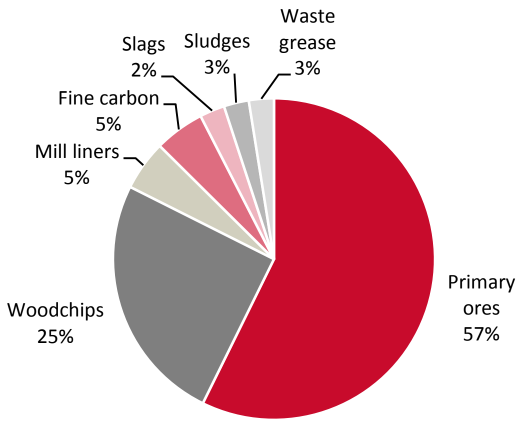
Higher gold price	→	Less high-grade material
Stronger Rand	→	More high-grade material
Stronger US Dollar	→	Less high-grade material
Supplier price hikes*	→	More high-grade material
Operational challenges	→	More high-grade material

*As an example, if a particular supplier tries to increase the price of its raw material(s), Goldplat has the flexibility to turn these down and offset lost supply by processing its inventory.

Gold Recovery Business Units

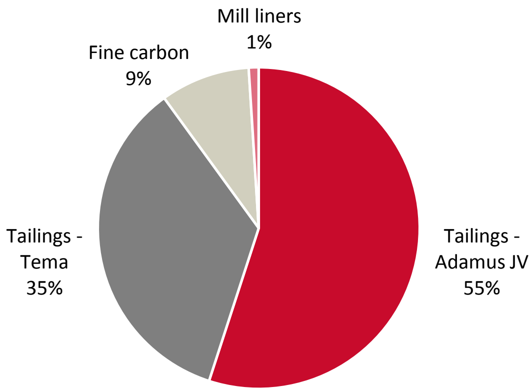
Goldplat has two gold recovery businesses, one in South Africa and one in Ghana. In Goldplat's fiscal year to June 2012, Ghana made a greater contribution to group EBITDA and earnings than South Africa. However, going forward, South Africa will be the larger contributor until Goldplat ramps-up its West Africa expansion plans.

Breakdown of Raw Materials
South Africa – Indicative Only



SOURCE: *VSA estimates.*

Ghana



SOURCE: *Company data.*

South Africa - Goldplat Recovery Limited (GPL)

Goldplat is probably best known for its South African recovery business, where it is noted for extracting gold from support timbers used in underground mines. Given the high grades in many Witwatersrand (Wits) mines, these timbers grade anywhere from 5-15g/t.

However, in actuality, the South African business processes a wide range of materials regarded as waste by the mines, including spent fine carbon from CIL plants, the sludge that collects below ball-mills and old grease. These all contain significant quantities of gold and Goldplat's highly specialist plant is designed to treat these materials, using different equipment and processes as required. Since South African gold is dominated by underground mining, the type and relative quantities of gold-bearing waste materials differ from those in Ghana.

Cost pressures in South Africa include the rising cost of electricity, royalties and transport. Wage inflation is less significant for Goldplat, given the relatively small number of employees at its recovery plant.

Repeat Business

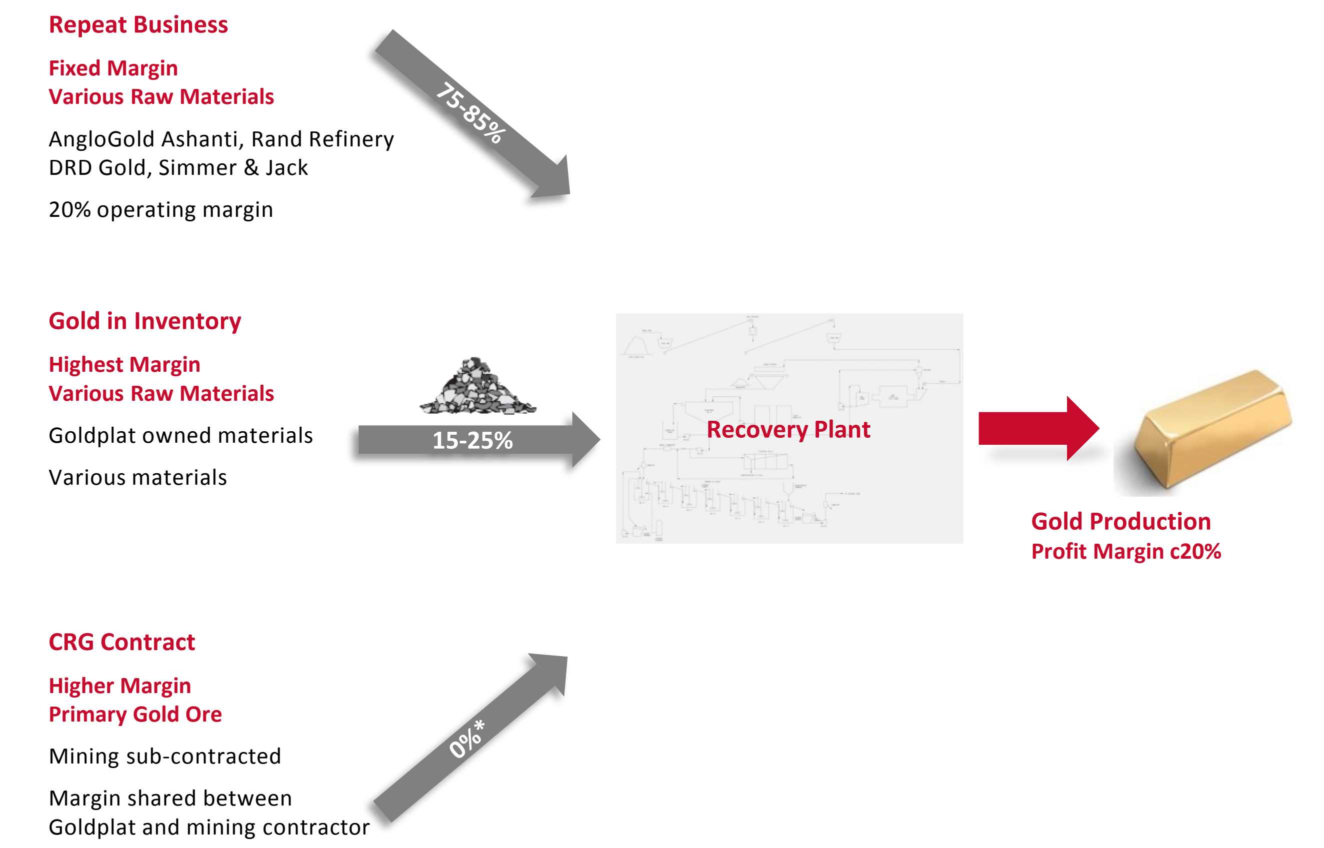
Long-term raw material suppliers include Simmer & Jack Limited, AngloGold Ashanti, Rand Refinery and DRD Gold (East Rand Proprietary Mines).

Gold in Inventory

As mentioned above, Goldplat supplements its long-term supplies of raw materials with smaller quantities of high-grade and higher-margin stockpiled raw materials. These are sourced from small private mining companies, including artisanal miners.

Goldplat looks for novel sources of high-grade material to help maintain margins over the long term. A new potential source of raw materials is Central Rand Gold's Crown East and CMR Bird Reef mines on the West Rand. In 2012, Goldplat signed an agreement with CRG for the rights to "mine" these properties, although we note that this is not Goldplat moving into underground gold mining in South Africa. It plans to employ a mining contractor to recover quantities of high-grade material from various easily accessible parts of the property, both underground and on the surface.

South African Recovery Business



***NOTE**: *First contribution, H2 2013. **SOURCE**: VSA Capital from company information.*

Goldplat Recovery Ghana (GRG)

The Ghanaian recovery business is quite different from the South African one. Although profits are also dominated by long-term agreements with steady 20% margins, the range of raw materials processed differs. Gold mining in Ghana is dominated by artisanal activity and large, open pit operations. As a result Goldplat processes tailings from artisanal or small private operations, and mill liners and spent fine carbon from the large CIL operations.

GRG comprises three businesses: the toll treatment contract it has in place with Adamus Resources, where tailings purchased by GRG from small-scale miners are processed off-site; a CIL facility at its recovery plant in Tema which also treats small-scale mine tailings; and the "Incinerator Section" at Tema, which recovers gold from fine carbon and rubber mill liners. Currently the profit split across the Adamus contract, the CIL plant and the Incinerator section is 55%, 35% and 10%, respectively.

Tema Facility - Free Zone Status; Low Tax

The Ghana recovery operation is located just outside Accra, in a free trade zone which gives a 0% corporate tax rate for eight years and 8% thereafter. Goldplat's Tema Facility will move to 8% from December 2016.

Repeat Business

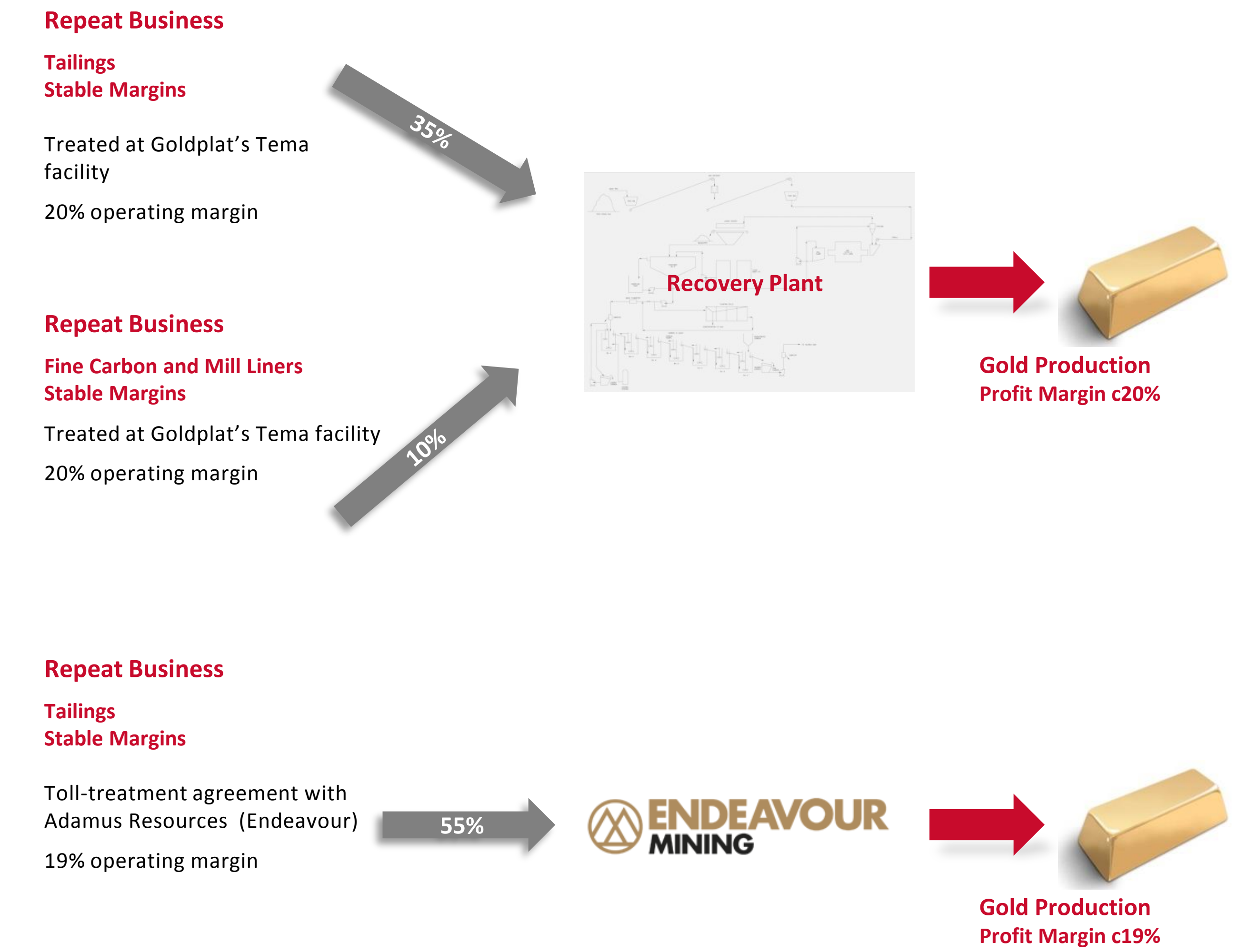
Goldplat's Ghana business sources significant quantities of low-grade tailings materials from small private mining companies or artisanal miners. It either processes these itself or, since the Tema facility is working at full capacity, has it treated at the Adamus Resources processing plant, under a joint venture agreement.

Fine carbon and rubber mill liners are supplied by Gold Fields, AngloGold Ashanti and Golden Star Resources and processed at GRG's facility in the Tema Free Zone Status area.

Gold in Inventory

Goldplat's inventory of high-grade material in Ghana is quite small, partly a function of the short history of the business, and partly because there are less high-grade mines in Ghana than in South Africa. Goldplat is building this inventory to improve its flexibility.

Ghana Recovery Business



SOURCE: VSA Capital from company information.

West Africa Expansion - Tema Recovery Hub

Goldplat's strategy is to grow its recovery business through the expansion of the Tema recovery plant, turning it into a hub for raw materials sourced from Ghana and other West African countries. This is a relatively recent change in strategy, which previously encompassed dedicated recovery plants in several West African countries, with Burkina Faso next on the list and Mali thereafter.

The West African gold mining industry is dominated by open-pit, bulk tonnage, CIL operations. This explains why Goldplat's current Ghana recovery plant has two fluid bed incinerators which are used to burn fine carbon to release the gold.

The other significant gold mining industry in West Africa is the much smaller-scale private and/or artisanal mining activity. As discussed above, Goldplat buys artisanal tailings material in Ghana and either treats these itself or has them treated at Adamus' processing plant.

Targeting West African Fine Carbon

Goldplat's West African expansion plan is primarily based on sources of fine carbon within a 1,000km radius of the Tema recovery plant, just outside Accra. The map below shows the extent of the sourcing radius.

Tema Recovery Hub

SOURCE: *Google Maps, VSA Capital.*

Fine carbon typically grades 300-400g/t gold but this can be upgraded to >500g/t through a simple density media separation unit. At 500g/t gold, each tonne of material is worth approximately US$26,000, which means that transport costs are relatively insignificant. Probably the greatest risk to the Recovery Hub plan is the potential that certain West African countries may refuse to allow the export of gold-bearing fine carbon.

Burkina Faso Tailings

Tailings material sourced from Burkina Faso (or another country) would have to treated in country. This introduces the potential for a Goldplat-owned CIL plant in Burkina Faso for the tailings business, while fine carbon is exported to Ghana. Alternatively, Goldplat could have the tailings toll-treated in Burkina Faso (similar to the Adamus JV in Ghana), thereby saving Goldplat the cUS$2m capital cost for a CIL processing plant.

Gold Mining Business

Goldplat remains focused on growing the mining business, and its gold recovery cash flows put it in an enviable position in the junior gold sub-sector.

Targeting >30Koz Annual Production - Not On Most Radar Screens

Many publicly-listed juniors regard c1Moz in reserves as a minimum size to justify development, a view also shared by many resource investors. The reasoning is that to generate quick payback and an attractive IRR (ie >25%) in a world where pre-production capital, government take and operating costs have seen so much inflation, a project needs scale.

While most mine developers are focused on 1Moz deposits, there is much less competition for smaller projects. Goldplat has a strategy of acquiring and developing small- to mid-sized gold deposits, preferably ones someone else has discovered. The Goldplat management are looking for annual production potential of >30Koz.

Current Portfolio

There are currently three main projects in the mining portfolio, although management is actively seeking new projects.

- Kilimapesa - Kenya
- Nyieme - Burkina Faso
- Anmuso - Ghana

Kilimapesa is up and running but will always be a small operation, probably producing c5Koz per annum at a cash cost of cUS$1,100/oz after ramp-up. There is some doubt as to the economic viability of Nyieme and Anmuso: neither looks likely to have the scale to warrant the investment in infrastructure and manpower required for a mining operation.

Kilimapesa

Kilimapesa is located on the border with Tanzania, in south-west Kenya, on the Migori Achaean Belt. First production was in January 2012. It has been a challenge to maintain profitability since then, given the very narrow vein nature of the mining and the limited milling capacity. Going forward, Goldplat plans to invest cUS$2.5m over two years to address this, although this is contingent on ownership assurances from the Kenyan government. This investment, among other things (improved underground infrastructure), will take milling capacity from 25tpd to 125tpd.

Kenyan Local Equity Participation Law

In October 2012, the Kenyan government implemented its new 35% "Local Equity Participation Regulation" for the mining industry. It is our understanding that this will not affect Goldplat's Kilimapesa Mining Licence, which was issued prior to the regulation coming into force. This looks to have been confirmed by developments at Kenyan-based Base Resources.

Base Resources is in a similar position to Goldplat and recently secured formal notification from the Attorney General of Kenya that the "Local Equity Participation Regulation" cannot be applied to its Special Mining Lease. This appears to be a legal precedent which should also apply to Kilimapesa, which also has a Special Mining Lease.

The Future Value of Kilimapesa

Gold mining at Kilimapesa is focused on using the correct mining methodology (narrow vein shrink stoping) and optimal tonnage to achieve sustained profitability. Goldplat is currently undergoing a mini-review of the operation and we are forecasting modest free cash flow from H2 2014. Thereafter, we are forecasting c5Koz per year and c£1.0m of annual free cash flow. This pushes Kilimapesa down the list of importance to a small but contributing asset.

Nyieme

This is an exploration-stage project with 246Km^2 of ground in south Burkina Faso. It currently has a small 93Koz resource grading 2.06g/t and there are a number of interesting targets that could add ounces to the Resource.

Anmuso

Anmuso is an exploration-stage project in the Ashanti Region of Ghana, targeting Tarkwaian conglomerate style mineralisation. Anmuso has an historic, non-compliant, resource of 262Koz gold.

Financials

Income Statement

Year End June (£m)	2011A	2012A	2013E	2014E
Revenue	**19.62**	**26.23**	**32.03**	**34.60**
Cost of sales	(15.24)	(20.18)	(26.46)	(27.89)
Gross profit	**4.38**	**6.05**	**5.57**	**6.71**
Gross profit margin	*22.3%*	*23.1%*	*17.4%*	*19.4%*
G&A	(1.33)	(1.52)	(1.76)	(1.70)
Operating profit	**3.05**	**4.53**	**3.81**	**5.01**
Operating profit margin	*15.6%*	*17.3%*	*11.9%*	*14.5%*
D&A	0.32	0.51	0.44	0.73
EBITDA	**3.37**	**5.04**	**4.25**	**5.74**
Exceptional gain	0.43	-	(0.16)	-
Finance income	(0.05)	0.72	(0.34)	-
Profit before tax	**3.43**	**5.24**	**3.32**	**5.01**
Impairment	-	-	(2.37)	-
Tax	(0.47)	(0.60)	(0.81)	(0.83)
Effective tax rate	*13.8%*	*11.4%*	*24.4%*	*16.5%*
Net profit	**2.96**	**4.64**	**0.13**	**4.18**
Exchange translation	(0.13)	(1.63)	(0.39)	-
Total comprehensive income	2.83	3.02	(0.26)	4.18
Shareholders of Goldplat	2.60	2.84	(0.19)	3.89
Non-controlling interests	0.23	0.18	0.32	0.29
Earnings per share (p)	**2.12**	**2.77**	**0.08**	**2.48**

SOURCE: *Company data, VSA Capital estimates.*

Cash Flow Statement

Year End June (£m)	2011A	2012A	2013E	2014E
Operating profit	**3.05**	**4.53**	**3.81**	**5.01**
Depreciation	0.29	0.51	0.39	0.73
Loss on disposal	0.01	-	0.19	-
Share incentive scheme	0.10	-	-	-
Exceptional gain	(0.43)	-	-	-
Other	-	0.20	-	-
Foreign exchange differences	-	(1.04)	(0.22)	-
	3.03	**4.21**	**4.18**	**5.74**
Change in inventories	0.46	(1.16)	1.22	-
Increase in trade and receivables	(4.72)	0.72	0.73	-
Increase in payables	2.01	1.69	(1.89)	-
Effect of exchange rate on payables	-	(0.04)	(0.01)	-
	(2.25)	**1.21**	**0.05**	**-**
Cash flows from operating activities				
Cash generated from operations	0.78	5.42	4.23	5.74
Financing income	0.07	0.93	0.06	-
Financing expense	(0.11)	(0.19)	(0.39)	-
Taxation paid	(0.72)	(0.67)	(0.75)	(0.83)
Net cash from operating activities	**0.02**	**5.48**	**3.15**	**4.91**
Cash flows from investing activities				
Purchase of shares	-	-	-	-
Proceeds from sale	0.02	0.04	0.01	-
Acquisition of mining rights	(1.14)	(2.09)	(0.37)	-
Acquisition of property	(0.68)	(1.16)	(1.51)	(0.80)
Pre-production expenditure	(1.39)	(0.63)	(0.07)	-
Net cash flow from investing	**(3.20)**	**(3.84)**	**(1.93)**	**(0.80)**
Cash flows from financing activities	**-**	**-**	**-**	**-**
Sale of treasury shares	-	-	-	-
Share issues	5.18	0.06	0.05	-
Sale of subsidiary	0.03	-	-	-
Loans repaid	-	-	(1.01)	-
Finance leases raised	0.12	-	-	-
Finance lease payments	(0.11)	(0.14)	(0.09)	-
Net cash flow from financing	**5.22**	**(0.08)**	**(1.05)**	**-**
Net cash flow	**2.04**	**1.56**	**0.18**	**4.11**
Cash start	1.02	3.01	4.57	4.75
Exchange rate	(0.05)	-	-	-
Cash end	**3.01**	**4.57**	**4.75**	**8.86**

SOURCE: *Company data, VSA Capital estimates.*

Balance Sheet

Year End June (£m)	2011A	2012A	2013E	2014E
Assets				
Non-current assets				
Property, plant & equipment	3.90	4.11	5.05	5.12
Pre-production expenditure	2.75	3.21	1.41	1.41
Intangible assets	6.92	8.91	8.64	8.64
Proceeds from sale of shares	0.38	0.22	0.08	0.08
Investments	-	-	-	-
Loans to subsidiary	-	-	-	-
	13.95	**16.45**	**15.17**	**15.24**
Current assets	**-**	**-**	**-**	**-**
Inventories	3.37	4.52	3.31	3.31
Trade and receivables	6.58	5.86	5.13	5.13
Cash and equivalents	3.13	4.58	4.75	8.86
	13.08	**14.96**	**13.19**	**17.30**
Total assets	**27.03**	**31.41**	**28.36**	**32.54**
Non-current liabilities				
Provisions	0.22	0.18	0.17	0.17
Finance lease obligations	0.06	0.04	0.02	0.02
Deferred taxation	0.46	0.42	0.46	0.46
Loans and borrowings	-	-	-	-
	0.74	**0.64**	**0.65**	**0.65**
Current liabilities				
Trade and payables	4.48	6.18	4.30	4.30
Finance lease obligations	0.16	0.11	0.11	0.11
Taxation	0.04	0.02	0.03	0.03
Loans and borrowings	0.12	0.00	-	-
	4.79	**6.31**	**4.45**	**4.45**
Total liabilities	**5.53**	**6.94**	**5.09**	**5.09**
Net assets	**21.50**	**24.46**	**23.26**	**27.44**
Equity				
Share capital	1.67	1.68	1.68	1.68
Share premium	11.40	11.45	11.49	11.49
Retained earnings	7.57	12.04	11.08	15.26
Exchange reserves	0.18	(1.44)	(1.84)	(1.84)
Shareholders' equity	20.82	23.72	22.43	26.61
Non-controlling interests	0.68	0.74	0.84	0.84
	-	-	-	-
Total equity	**21.50**	**24.46**	**23.26**	**27.44**

SOURCE: *Company data, VSA Capital estimates.*

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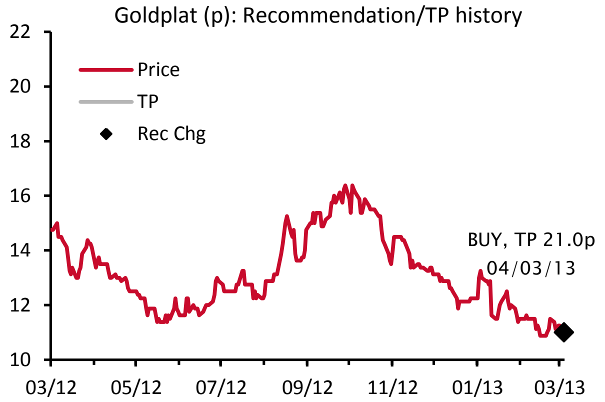
Equities breakdown: 31 December 2012	Spec. BUY	BUY	HOLD	SELL
Overall equities coverage	8.8%	79.4%	11.8%	0.0%
Companies to which VSA has supplied investment banking services	5.0%	95.0%	0.0%	0.0%

Recommendation and Target Price History



SOURCE: *FactSet, VSA Capital estimates.*

Valuation basis

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

Risks to that valuation

The greatest risk to this 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.