

26 September 2016

## **Goldplat plc ('Goldplat' or 'the Company')**

### **Preliminary Results**

Goldplat plc, the AIM listed gold producer, announces its preliminary results for the year ended 30 June 2016 ('FY 2016').

#### **Overview**

- Goldplat continued to strengthen its market-leading gold recovery operations in South Africa and Ghana, whilst making progress on the geographical diversification of these businesses into Africa, as well as into South America
- Management approved plans for a plant expansion at Kilimapesa, with the aim of increasing production rates and operational profitability during the 2017 financial year
- The Company produced 37,666 ounces of gold during the year (FY 2015: 30,524 ounces)
  - Significant increase in production from recovery operations to 35,661 ounces (FY 2015: 28,246 ounces)
  - Kilimapesa mine produced 2,005 ounces (FY 2015: 2,278 ounces)
- Actual sales were 40,763 ounces (FY 2015: 24,904 ounces)
  - Gold sold for own account was 27,538 ounces (FY 2015: 21,181 ounces)
  - Gold transferred to clients was 13,225 ounces (FY 2015: 3,723 ounces)
- Multiple cost improvement initiatives and investment in infrastructure to improve operational efficiencies, resulting in increased profitability and return to positive cash flow
- The management team was strengthened across all operations to align skills and experience with Company strategy in order to build on profitability and spearhead new development opportunities
- A new Chairman, Matthew Robinson, was identified, and is to be proposed at the upcoming AGM

#### **Financials**

- Operating profit of £1,172,000 (2015: loss of £711,000)
- Profit before tax of £1,942,000 (2015: loss of £796,000)

- South African recovery business continued to perform well and increased its operating profits to £1,777,000 (FY 2015: £1,090,000)
- Gold Recovery Ghana showed the strongest turnaround performance, turning an operational loss in FY 2015 of £641,000 into an operational profit of £437,000 for FY 2016
- Kilimapesa gold mine reported a net loss of £711,000 for the year (FY 2015: loss of £753,000) – operational constraints are now being addressed with mining and treatment capacity being increased during H1 FY 2017, which aims to return the mine to profitability
- Net cash position of £2,056,000 as at 30 June 2016 (2015: £630,000)
- Increase in revenue of 21% whilst cost of sales increased by 10% year on year
- Gold sold on own account increased by 30% to 27,538 ounces (FY 2015: 21,181 ounces), which is reflected in increased Group sales

For further information visit [www.goldplat.com](http://www.goldplat.com), follow on Twitter @GoldPlatPlc or contact:

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The information contained within this announcement is considered to be inside information, for the purposes of Article 7 of EU Regulation 596/2014, prior to its release.

## **CHAIRMAN'S STATEMENT**

Goldplat's portfolio of assets consists of gold recovery operations in South Africa and Ghana, a gold mine in Kenya and exploration projects in Ghana and Burkina Faso.

It is a pleasure to be able to report an improvement in both the production and profitability of Goldplat, led by the recovery operations. These operations not only increased profitability but also returned to positive cashflow generation, which enabled the Group to finance significant capital projects internally and to strengthen the balance sheet, without resorting

to external capital raising. In turn this has enabled us to commence the expansion of Kilimapesa which is needed to make the mine profitable.

In my previous Chairman's Statement I noted that the gold price during FY 2015 averaged US\$1,229/oz. During FY 2016, the gold price averaged US\$1,167/oz. During the first quarter of the current financial year the gold price seems to have settled at above US\$1,300/oz, and expert opinions expect it to strengthen further, which would be excellent news for Goldplat.

Along with continued cost improvement initiatives, it is pleasing to note that the Group has placed renewed focus on increasing management skills as well as international diversification. These strategies should ensure sustainable growth in the business going forward. I believe that the turnaround strategy being implemented at the Kilimapesa mine, as well as the planned diversification into South America and West Africa, are fundamental to sustained growth and will stand the Group in good stead, even in tough market conditions.

Goldplat is now targeting a period of renewed growth, having re-invested in infrastructure and equipment, and strengthened its management team, as well as its financial situation.

During the year Goldplat appointed Grant Thornton as nominated adviser, replacing SP Angel. VSA Capital remains as Broker to the Company.

This is my last report as Chairman of Goldplat. Having held that role for 10 years since the flotation of the Company and also having reached 80 years of age recently, I am retiring at the conclusion of the AGM convened for 27 October 2016, and, subject to the approval of shareholders, handing over to Matthew Robinson. With over 12 years' experience in mining and resources and more than 15 years working as a corporate adviser, Matthew has excellent credentials and I wish him and the Board of Goldplat every success going forward. I believe that I am handing over a company in good shape and well placed for the future.

Finally, I would like to thank the management and staff for all their efforts on behalf of Goldplat over the last twelve months.

**BRIAN MORITZ**

CHAIRMAN

## **OPERATIONS REPORT**

In Goldplat's 2015 annual report I said that we had laid the foundations for a turnaround of the Group's performance and a return to operational robustness and profitability. In FY 2016 we have laid the foundations for growth and diversification. I am pleased to report that all the initiatives of FY 2015 as well as those for the first half of FY 2016 have borne fruit, resulting in a marked return to profitability and a more robust balance sheet. The Group produced

37,666 ounces of gold during the year (FY 2015: 30,524 ounces). This reflects a marked increase in production from recovery operations to 35,661 ounces (FY 2015: 28,246 ounces), whilst Kilimapesa produced 2,005 ounces (FY 2015: 2,278 ounces).

The Group spent £1,284,000 during the period, largely financed internally, on a comprehensive programme to refurbish and replace obsolete plant and to acquire new infrastructure and equipment. The majority of the projects begun in FY 2015 were completed during the first half of FY 2016.

With the completion of most of these capital programmes, the Group turned to a new set of priorities during the second half of the year:

- i. to focus on the material procurement function, which included appointing appropriate staff across all operations, broadening the geographic sources and diversity of materials acquired, and re-defining the Group's procurement contract structures to more accurately reflect its business and the prevailing economic landscape
- ii. to focus on the potential business opportunities we believe are available in South America. This has included establishing relationships with local partners, appointing a team to take this initiative forward, and the trial processing of sample material at our plant in Ghana
- iii. to return Kilimapesa to profitability; the Board approved a plan to return Kilimapesa to profitability during FY 2017. We believe that this, and potential investment opportunities currently being considered with third parties, will significantly strengthen the Group.

A major risk identified during the previous financial year was the Group's historical relationship with only one refiner, Rand Refinery, which we termed the "single refiner" risk. In the year under review Goldplat identified and subsequently formalised relationships with a number of international refiners to both process concentrates and refine dore gold. Aurubis Refinery in Germany was used during the year to assist in processing the backlog of concentrate stock that had resulted from difficulties experienced with Rand Refinery during FY 2015.

### ***AREAS OF STRATEGIC FOCUS***

During 2016 strategic sourcing was identified as a critical area for the Group. A new Strategic Sourcing Manager was appointed in South Africa and the decision was taken to move the Sourcing Manager in Ghana to South America (with a new Ghanaian Sourcing Manager appointed). A Kenya Sourcing Officer has also been appointed to focus solely on sourcing tailings in country.

During the year a number of exploratory visits were undertaken to South America to determine the potential for business – initially to source material for processing through the

Group's existing recovery operations in Africa, but also to determine the potential for establishing a recovery operation in South America. A potential Brazilian business partner has been identified, who has extensive knowledge of, and experience within, the South American mining sector. Goldplat expects to finalise contractual arrangements with him in early FY 2017. Initial introductions provided by the Brazilian contact have led to a number of meetings with potential future clients, and to the first sample batches of materials, for testing, being shipped to Ghana, where they were found to be profitable. Logistics, regulatory hurdles, infrastructure and administrative requirements are being determined and we have identified a new manager to oversee our South American operations, who is expected to be appointed early in FY 2017. This manager will determine the optimal way to take a potential South American business forward and significant progress is expected during FY 2017.

Kilimapesa has been loss-making during the year, primarily due to plant throughput capacity constraints at its original treatment plant. A decision was taken by the Board to increase processing capacity and production in a staged process, with the aim of bringing Kilimapesa to operational profitability. The initial stage being to erect a new processing facility and tailings deposition site near the Kilimapesa Hill mining operation, which will increase processing capacity to 3,000 tonnes per month. The original treatment plant will continue to be used to process high grade artisanal tailings for as long as the existing tailings facility has capacity or until an economically viable means of transporting tailings to the new facility is found. In order to meet the increase in underground production, a mechanised loader has been ordered for the mines. Site preparation for the new treatment plant was largely completed during FY 2016 and construction and installation is expected to be completed during the first half of FY 2017.

### ***GOLD PRODUCTION AND SALES***

The table below provides a summary of gold (and gold equivalent) production and sales for FY 2016, with comparisons to FY 2015. Gold equivalent ounces have been included as a significant amount of silver was produced during the year, mainly as a result of the silver toll-treatment contract undertaken for the Rand Refinery. During the year overall production was 37,666 ounces (FY 2015: 30,524 ounces) and actual sales were 40,763 ounces (FY 2015: 24,904 ounces). Gold sold on the Group's own account was 27,538 ounces (FY 2015: 21,181 ounces) and that transferred to clients was 13,225 ounces (FY 2015: 3,723 ounces). The difference between gold sold and gold produced (3,097 ounces) reflects the decrease in locked up concentrate stocks which accumulated during the previous financial year.

During the year, the Group undertook a toll processing contract with Rand Refinery which yielded 3,700 kg of silver (1,593 of gold equivalent ounces) and 1,350 ounces of gold. Although a dispute has arisen between the two companies regarding payments against certain invoices, Goldplat is confident that the dispute will be resolved in FY 2017.

<b>Goldplat Plc Consolidated</b>	<b>FY 2016 Total Equivalent Gold kg</b>	<b>FY 2016 Total Equivalent Gold oz</b>	<b>FY 2015 Total Equivalent Gold kg</b>	<b>FY 2015 Total Equivalent Gold oz</b>
<b>Gold Equivalent Production</b>				
Goldplat Recovery *	895	28,778	688	22,135
Gold Recovery Ghana	214	6,883	190	6,111
Kilimapesa Gold	62	2,005	71	2,278
<b>Total</b>	<b>1,171</b>	<b>37,666</b>	<b>949</b>	<b>30,524</b>
<b>Gold Equivalent Sold</b>				
Goldplat Recovery *	516	16,575	514	16,530
Gold Recovery Ghana	279	8,964	80	2,578
Kilimapesa Gold	62	1,999	64	2,073
<b>Total</b>	<b>857</b>	<b>27,538</b>	<b>658</b>	<b>21,181</b>
<b>Gold Equivalent Transferred</b>				
Goldplat Recovery*	411	13,225	116	3,723
<b>Total</b>	<b>411</b>	<b>13,225</b>	<b>116</b>	<b>3,723</b>
<b>Gold Equivalent Sold and Transferred</b>				
Goldplat Recovery	927	29,800	630	20,253
Gold Recovery Ghana	279	8,964	80	2,578
Kilimapesa Gold	62	1,999	64	2,073
<b>Total</b>	<b>1,268</b>	<b>40,763</b>	<b>774</b>	<b>24,904</b>

\* The gold kilograms and ounces reported for FY 2016 includes gold equivalent silver and other precious metals ounces produced and sold in the normal course of business. The gold produced and transferred also include 1,350 oz of gold and 1,593 equivalent gold oz of silver produced and transferred during the Rand Refinery silver sulphide tolling project. The kilograms relating to intercompany sales between Gold Recovery Ghana and Goldplat Recovery are not reflected in the above production and sales figures.

### ***GOLDPLAT'S RECOVERY OPERATIONS***

Goldplat recovers precious metals, primarily gold and silver but also platinum group metals ('PGM's'), from by-products of the mining industry and gains its competitive advantage from a combination of the diversity and flexibility of its treatment circuits, which make possible the recovery of metals and concentrates from these by-product materials, the strategic geographic locations of the Group's plants, and the extensive depth of knowledge and experience of its longstanding team.

Goldplat sources by-products from the mining and related industries; these include, coarse and fine carbon, woodchips, rubber and steel mill liners, grease, concentrate bags, surface materials and rock dumps. The Group also assists in plant clean-up operations. These materials typically present an environmental risk and cost to producers but can become a source of precious metals and revenue when processed by Goldplat. Clients include most of the significant gold producers, an increasing number of PGM producers, and a number of refineries requiring the processing of concentrate materials prior to final refining as bullion.

### ***Goldplat Recovery (PTY) Limited – South Africa ('GPL')***

GPL is a well-established operation based near Johannesburg in South Africa, serving clients within South Africa as a Responsible Gold Producer fulfilling the requirements set out by the London Bullion Market Association. The Company's facilities include crushing, milling, thickening, wash plants, carbon-in-leach ('CIL'), elution, incineration, flotation, spiralling and shotblasting.

During FY 2016 GPL produced 28,778 ounces of gold and gold equivalent (FY 2015: 22,135 ounces of gold) of which 16,575 ounces were for its own account (FY 2015: 16,530) and 13,225 ounces were transferred to clients' metal accounts (FY 2015 3,723 ounces). The difference between the total gold sold and transferred and the gold produced (1,022 ounces) represents the reduction during the year of the backlog of concentrates built up during FY 2015.

Focus at GPL during FY 2016 was on completing the numerous capital projects, eliminating the single refiner risk and further improving the sourcing function. Excellent progress was made in all of these areas of strategic focus.

Capital projects completed during the year included: the installation of a 4-tonne elution column and its associated infrastructure, the completion of a JORC-compliant resource statement on the tailings storage facility, a new woodchip wash plant, a liquid cyanide storage facility, a replacement mill for the low grade circuit, a new pumping station for the tailings re-treatment CIL circuit, a new on-site weigh bridge and a carbon regeneration kiln. All of these projects were internally funded and are making significant improvements to costs and / or efficiencies.

The highlight of the year was the successful installation and commissioning of the 4-tonne elution column. A used plant consisting of three 4-tonne elution columns and the associated equipment was acquired from DRD Gold Limited during FY 2015. The first of these columns was successfully installed and commissioned at GPL during the six-month period ended 31 December 2015. This increased the plant's elution throughput capacity from approximately 1.5 tonnes per day to 8 tonnes per day. Not only has this enabled the rapid reduction of backlog stocks, it has also provided the flexibility and capacity to source and process additional material from within South Africa and internationally.

During FY 2016 a Competent Person was engaged to complete a JORC-compliant Resource Statement for the Tailings Storage Facility ('TSF') at GPL. In January 2016 a total resource of 81,959 ounces of gold, 216,094 ounces of silver and 193,276 pounds of uranium oxide was declared. Work continues together with a local University to determine the optimal production method, recovery process, final tailings deposition facility and costs associated with re-processing this material. The metallurgical research work completed at the end of May 2016 showed positive results and the process of selecting a final tailings deposition site remains ongoing. Our preferred site is a disused open-pit adjacent to GPL but regulatory, environmental and ownership issues have delayed finalisation of the acquisition of this site. GPL has the support of the Department of the Mineral Resources ('DMR') for the use of this site and a decision in FY 2017 is expected, after which final economics can be determined and the processing of the TSF can commence.

GPL entered into, and successfully completed, a silver toll recovery project for Rand Refinery to which the high grade circuit and approximately half of the increased elution capacity was dedicated. This project proved the flexibility gained by the installation of the increased elution capacity and allowed for the production, on a toll-treatment basis, of significant amounts of silver. Unfortunately, a dispute has arisen between the two companies regarding payments against certain disputed invoices. Goldplat is confident that the dispute will be resolved in FY 2017.

During the year, GPL entered into a pre-payment agreement with Auramet International LLC ('Auramet') to accelerate receipt of funds due from Aurubis Refinery. This enabled GPL to bring forward payments to material suppliers.

Finally, various senior appointments were made to strengthen operational management at GPL. These included the creation of a new General Manager as well as the appointment of a new Strategic Sourcing Manager.

### ***Gold Recovery Ghana Limited ('GRG')***

GRG's gold recovery operation, which has a tax free status until December 2016, and a favourable tax rate thereafter of 8%, is located in the free port of Tema in Ghana. Processing facilities include a spiralling section, filter presses, an incinerator and a shotblast facility, used



to recover gold from mill liners. Concentrates produced at GRG are exported to GPL or to Aurubis Refinery in Germany and/or Rand Refinery in South Africa. Most of the region's major gold producers and a number of smaller operations have contracts with GRG for the processing of their by-products which include fine carbon, fine carbon sludges, steel and rubber mill liners, wood chips, slag, scaling and grease.

FY 2016 was a recovery year for GRG, which suffered significant setbacks due to the problems experienced with the Rand Refinery during FY 2015. Not only had a significant backlog of material built up, which was processed during FY 2016, but the resulting delayed payments to clients caused strain on relationships and delays in delivery of new material. During the year, as with GPL, GRG also entered into a pre-payment agreement with Auramet International LLC to accelerate receipt of funds due from Aurubis Refinery. This enabled GRG to bring forward payments to material suppliers in Ghana, which in turn facilitated the receipt of new material from these suppliers.

During FY 2016, a total of 6,883 ounces of gold were produced (FY 2015: 6,111 ounces) and 8,964 ounces of gold were sold (FY 2015: 2,578 ounces). The difference between the gold sold and gold produced of 2,081 ounces (FY 2015: -3,533 ounces) is largely a result of the processing during the year, through Aurubis refinery and the new elution plant in GPL, of backlog concentrates which had built up during FY 2015 due to problems associated with Rand Refinery.

During the year the CIL circuit was deconstructed, containerised and shipped to Kenya. The space created will be used as a site for the planned erection of an elution plant, the timing of which is being negotiated with the Ghanaian authorities. A shotblast facility was fabricated at GPL and installed at GRG during the year and is being used to extract gold from mill liners. Four filter presses were installed during the year to improve the efficiency of the spiral circuits.

The renewal of the Gold and Environmental Protection Agency licences are in progress. The renewals are taking longer than anticipated but we are working closely with the relevant authorities and expect to conclude the process during the first half of FY 2017.

## ***GOLDPLAT'S MINING AND EXPLORATION***

### ***Kilimapesa Gold (Pty) Limited ('Kilimapesa')***

Kilimapesa is a producing gold mine located in South Western Kenya. The mine is located in the historically productive Migori Archaean Greenstone Belt and has a total resource of 8,715,291 tonnes at 2.40 g/t of gold for a total of 671,446 ounces of gold at 1 g/t.

During the year, Kilimapesa Hill remained the primary source of production with additional gold being recovered from artisanal material and limited amounts from exploration work on

the Teng-Teng mine. Gold production for the year was 2,005 ounces (FY 2015: 2,278 ounces) with 1,999 ounces being sold during the year (FY 2015: 2,073 ounces). The slight decrease in production was primarily due to a reduction in artisanal tailings sourced during the year.

Focus at Kilimapesa Hill during the year was on re-opening the Adit D and once complete activities focussed on understanding geological structures and value trends, developing mining blocks through on-reef drives and raises between the levels, and establishing second outlets. All high grade material mined was delivered to the processing plant for treatment and low grade material was stockpiled for later processing during commissioning of the new plant during FY 2017.

Following de-watering and equipping of the previously abandoned and flooded Teng-Teng shaft during FY 2015, the underground workings were rehabilitated and re-equipped in preparation for further on-reef exploration work. Reef drives on the lowest level opened up new ground and raises were developed to delineate potential mining blocks. A second outlet was developed for safety purposes as well as to facilitate rock and material handling during the decline shaft deepening planned for FY 2017.

To gain a better understanding of the resource, and in preparation for the planned increase in underground production rates, two part-time geologists have been employed. They will also guide the exploration programmes at Teng-Teng and other sites, and maintain compliance with regulatory requirements.

Once Adit D had been successfully re-opened, mining activities at Kilimapesa Hill focussed on.

During FY 2016, successful trial processing of tailings through the gravity concentrator were concluded and the concentrator was moved to and erected at the new plant site for commissioning early in FY 2017. This concentrator will be utilised for processing low grade artisanal tailings.

In preparation for the construction of a new processing plant and tailings facility, the Environmental Impact Assessment was approved and all agreements regarding land usage were concluded. With design and construction drawings and layouts completed, work commenced on the new plant project during 2016. A CIL plant, which was de-commissioned at GRG during FY 2015 was de-constructed and shipped to Kilimapesa for re-erection during FY 2017. Two new second-hand ball mills were acquired in South Africa and one of these was shipped to Kilimapesa. Fabrication of infrastructure for the new plant is taking place at GPL and shipments to Kilimapesa began during the year.

Goldplat plans to have the new plant in production by the end of the first half of FY 2017 and for Kilimapesa to become profitable at an operational level during FY 2017. To date the project has been financed within the Group, but alternative ways to re-finance this capital investment are being considered.

No capital was spent on exploration during the year under review, other than on Teng-Teng, despite the significant potential known to exist within the greater exploration permit.

On 27 May 2016 a new mining act (the Kenya Mining Act) came into force in Kenya. A new Cabinet Secretary for Mining was appointed and a good relationship exists between Goldplat management and the Ministry of Mining. In addition to this, relationships with the Narok County Governor have been strengthened and new relationships developed with the Governor of the adjacent Migori County, which has significant potential for gold exploration, mining, sourcing and processing of tailings. Community relations at Kilimapesa remain sound and a new collective bargaining agreement and wage negotiations were concluded during the year.

### ***OTHER EXPLORATION PROJECTS***

Goldplat maintains interests in two greenfield exploration projects, which have a total JORC compliant mineral resource of 3,940,000 tonnes at 2.05g/t for approximately 259,000 ounces of gold. These include the 29 sq. km Anumso Gold project in the Ashanti region in Ghana as well as the 246 sq. km Nyieme project in the Birimian Greenstone Belt in Southern Burkina Faso. Due to prevailing market conditions, no further exploration work was conducted on either of these two projects during the FY 2016.

Discussions regarding potential corporate deals involving these assets continued during the year with an earn-in option agreement over Anumso signed after the year-end with a Canadian listed company, Ashanti Gold Corp ('Ashanti'); Ashanti has the option for a US\$3 million earn-in to Goldplat's 90% interest in Anumso. This agreement will allow Goldplat to retain prospective exposure to Anumso whilst minimising capital commitments.

### ***OUTLOOK***

I am confident that Goldplat is well positioned for growth and sustained financial profitability, with the recovery operations back on track and profitable, plans in place to return Kilimapesa to profitability during the FY 2017, and exciting growth prospects in the pipeline.

Discussions regarding the dispute with Rand Refinery continue between GPL and Rand Refinery, and an independent joint team has been appointed to manage a process of investigation to try to resolve this issue amicably. During the course of the investigation Rand Refinery has agreed to deal with Goldplat in a "business as usual" manner regarding refining and payments. Good progress is being made regarding the future processing of the TSF, both in terms of the University work on potential recovery processes, as well as with the DMR on access to the open pit for final tailings deposition.

We have begun sending materials from GPL to GRG for the erection of a 4-tonne elution plant on the site of the old CIL plant. Good progress is being made with the sourcing of material elsewhere in West Africa. The gold licence has been renewed in the first few months of FY 2017 and the earn-in option agreement over Anumso with Ashanti Gold Corp., (formerly Gulf Shore Resources) has been signed.

Subsequent to the year end, a contract was agreed with our new South American partner, a new South American Manager was appointed, a Strategic Sourcing Manager was moved to Brazil and we conducted further visits to the region to establish relationships, scope contracts and determine optimal way to grow a business in the region.

The new plant at Kilimapesa is progressing well with VAT exemptions being granted for all project plant and equipment. Containers have been released through port customs, the gravity concentrator has been commissioned, and the borrow pit for tailings completed. All civil and construction work on-site is progressing well. Fabrication of the infrastructure is progressing well at GPL and is being shipped to Kenya regularly. An exploratory trip to the adjacent Migori county and meetings with the Governor identified good opportunities for the procurement of tailings as well as the potential to mine and process gold in the county. These opportunities will be followed up on during FY 2017.

An earn-in option agreement was signed in September 2016 with Ashanti Gold Corp, a Canadian listed company, whereby Ashanti has the option to earn up to 75% of Goldplat's 90% interest in the Anumso project in Ghana by spending an aggregate of US\$3 million.

## **CONCLUSION**

I would like to take this opportunity to thank our Goldplat employees, advisors, fellow directors and shareholders for their support as we successfully restored the Group to profitability during FY 2016. I look forward to working with all of you as we embark upon a period of growth and diversification during FY 2017. I would also like to take this opportunity to thank Brian Moritz, our Non-Executive Chairman, for his Chairmanship, guidance, loyalty and unwavering support for the Company since its listing and to wish Brian success, health and happiness going forward. I would like to welcome Matthew Robinson as our new Non-Executive Chairman, (subject to the approval of shareholders), assure him of the support of the Board and I look forward to a successful relationship and prosperous period for Goldplat under his Chairmanship.

**GERARD KISBEY-GREEN**  
CHIEF EXECUTIVE OFFICER

## **FINANCIAL REVIEW**

The Group reports net cash resources of £2,056,000 as at 30 June 2016 (FY 2015: £630,000), which reflects the improvement in operating activities for both the South African (GPL) and Ghana (GRG) recovery operations. The Kilimapesa mine, where we are in the process of increasing plant capacity, continued to trade at a loss, although some improvement was seen towards the latter part of the financial year.

The Group's operating results for the year under review reflects an increase in revenue of 21% while the cost of sales increased by 10% year on year. Administrative expenses increased by 9% to £1,836,000 (FY 2015: £1,679,000).

The Group's gross profit increased from £968,000 to £3,008,000, an improvement of 211% year-on-year. Results from operating activities for the year under review improved to a profit of £1,172,000 (FY 2015: Loss of £711,000).

The increased revenues were driven by the following factors;

The 4-tonne elution plant, which was successfully commissioned at GPL during the first half of the year, enabled both GPL and GRG to process the substantial gold inventories held as at 30 June 2015. In addition, a steady flow of gold bearing raw materials was re-established as suppliers gained confidence in our service delivery. This improvement in procured gold bearing material is particularly pleasing as during the previous year a number of our suppliers had held back deliveries of gold bearing material in response to the continuous delays at Rand Refinery in processing our concentrates.

Gold sold on own account increased by 30% to 27,538 ounces (FY 2015: 21,181 ounces) which is reflected in increased Group sales.

The average dollar price for gold was lower at US\$1,167 per ounce (FY 2015: US\$1,229 per ounce). However, the deterioration of our operating currencies against the US Dollar offset the lower gold price per ounce and the Groups' revenues in local currency improved year on year.

The operating currencies for the Group are South African Rand ('ZAR'), Ghanaian Cedi ('GHS') and Kenyan Shilling ('KES'). The average exchange rate used in the conversion of operating currencies in the Statement of Profit or Loss and Other Comprehensive Income deteriorated against the Pound Sterling during the period under review. Due to the deterioration of the Pound Sterling during the week before the Group's year-end at 30 June, the exchange rate used to convert the operating currencies into Sterling in the Statement of Financial Position improved.

The volatility of the operating currencies against the Pound Sterling and the general deterioration of the operating currencies against the US Dollar, resulted in an increase in net finance income to £770,000 (FY 2015: £36,000). The improvement of the operating currencies

against the Pound Sterling also resulted in a positive unrealised exchange translation of £489,000 (FY 2015: £860,000 negative).

GPL continued to perform well and increased its operating profits to £2,111,000 (FY 2015: £1,090,000).

Substantial cost savings were made by reducing labour cost, but were offset by the new senior positions created at GPL. Additional cost savings were achieved, especially at GPL, where all operating cost components were reviewed in detail.

GRG showed the strongest turnaround performance, turning an operational loss in FY 2015 of £641,000 into an operational profit of £437,000 for the year ended 30 June 2016. In addition to the Company being awarded a substantial clean-up contract at the AngloGold Ashanti (AGA) Obuasi Gold Mine, the backlog inventories were cleared and raw material procurement volumes improved.

The Kilimapesa gold mine's performance during the first six months of this financial year was below expectations but improved during the second six months of the financial year. Operating losses before finance cost at the mine increased to £624,000 (FY 2015: loss of £389,000). Increased processing capacity will be installed during the first half of the 2017 financial year and is expected to return the mine to profitability.

The Group's capital expenditure for the year amounted to £1,284,000 (FY 2015: £909,000) of which £460,000 was expended on the completion of the elution plant at GPL and £355,000 on the purchase of equipment for Kilimapesa's new production plant.

At GPL £58,000 (FY 2015: £214,000) was spent on the new wash plant and re-commissioning the CIL circuit and both started producing in October 2015. During the period £128,000 was invested in strategic spares for the CIL Circuits. The balance of the capital spent on plant and equipment was used to upgrade capacity in our tailings circuit (£32,500), to improve conditions in our by-product processing plant with a mist spray system (£24,000) and to install our own weighbridge (£34,000). Other expenditures include £80,000 on production vehicles.

At GRG £97,000 was invested in a shot blast facility.

At Kilimapesa £110,000 capital was expended in the development of the mine. A further £451,000 was expended on the gold plant, of which most related to the construction of a new plant, which will be commissioned in the third quarter of FY 2017.

During the period GPL entered into a purchase contract and bill of sale agreement with Auramet International, LCC ("Auramet"), whereby Auramet purchase and pre-pay material on route to the refinery, using the final results from the refiner, less refining charges and an

interest cost of 3 month LIBOR plus a 5% margin. The balance settled by Aurumet amounted to £1,107,000 and is included in Trade and Other Payables as Amounts received in advance.

### ***GPL – South Africa***

The South African subsidiary reported a net profit of £1,777,000 (FY 2015: £965,000).

The impact of falling US Dollar denominated gold price was mitigated by changes in the value of the South African Rand. This resulted in record prices being obtained in South African Rand terms.

Revenues of £15,223,000 (FY 2015: £14,001,000) were achieved and cost of sales amounted to £12,504,000 (FY 2015: £12,346,000). The value of the gold equivalent ounces produced from the silver sulphide toll-treatment project was not recognised as revenue, but only the fees received for processing, of which approximately £679,000 is now being disputed by Rand Refinery. Notwithstanding this, substantial savings were made by constant review of all costs.

The completion of the elution plant in the first half of the year allowed the Company to not only process all the backlog of gold inventories, but also to assist GRG in processing their material that could not be delivered to Rand Refinery.

### ***GRG – Ghana***

The Ghana Gold Recovery operation has had a strong performance compared to the previous year. The current zero tax rate ceases in December 2016, after which the Company will be subject to a favourable tax rate of 8%.

Gold Recovery Ghana reported a profit from operating activities of £437,000 compared to a loss from operating activities of £641,000 in FY 2015. The increase in profitability is attributable to the clearing of the backlog of gold inventories held at 30 June 2015, combined with a steady flow of material from our traditional suppliers and a large clean-up contract awarded by AGA Obuasi.

### ***Kilimapesa – Kenya***

The Kilimapesa gold mine in Kenya reported a net loss of £711,000 (FY 2015: loss of £753,000) for the year under review.

The mine remains processing-constrained. During FY 2015 a decision was made to increase the plant capacity sufficiently with the aim of returning the mine to profitability. During the previous financial year two parcels of land were secured on which we will erect a new processing plant and a tailings storage facility.

The decommissioned Ghana CIL circuit was sold to Kilimapesa as a first step to increase capacity. In addition, one mill purchased from GPL will be shipped to the mine during the first quarter of the 2017 financial year. Additional leaching capacity will be provided as production increases to a total capacity of circa 6,000 tonnes per month. A new crushing section will be installed and commissioned during January 2017.

At the time of this report the expansion has been funded from internally generated funds but we continue to explore possible joint ventures and other funding options.

### ***Contingencies***

We are pleased to report that the VAT assessment in the amount of £147,762 raised by HM Revenue and Customs Service, as reported in the previous financial year, has been withdrawn, and regular repayments of input VAT are once again being received.

We have made satisfactory progress in resolving issues raised in the preliminary enquiry into the tax affairs of Kilimapesa Gold Pty Limited and the directors remain confident of a favourable outcome in this matter.

A process of investigation has been agreed to with Rand Refinery regarding the dispute, which relates to the silver recovery toll treatment agreement. Rand Refinery has withheld payment of ZAR 13.5 million (approximately £679,000 at 30 June 2016), pending the outcome of this investigation.

**IAN VISAGIE**

FINANCE DIRECTOR

## **FINANCIAL STATEMENTS**

### **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Continuing operations</b>		
<b>Revenue</b>	20,185	16,628
<b>Cost of sales</b>	<u>(17,177)</u>	<u>(15,660)</u>
<b>Gross profit</b>	3,008	968



Administrative expenses	(1,836)	(1,679)
<b>Results from operating activities</b>	<b>1,172</b>	<b>(711)</b>
Finance income	809	843
Finance costs	(39)	(807)
<b>Net finance income</b>	<b>770</b>	<b>36</b>
<b>Results from operating activities after finance income</b>	<b>1,942</b>	<b>(675)</b>
Write off development cost of discontinued South African mining operation	-	(121)
<b>Profit/loss before tax</b>	<b>1,942</b>	<b>(796)</b>
Taxation	(534)	(96)
<b>Profit/loss for the year</b>	<b>1,408</b>	<b>(892)</b>
<b>Profit/loss attributable to:</b>		
Owners of the Company	946	(1,143)
Non-controlling interests	462	251
<b>Profit/loss for the year</b>	<b>1,408</b>	<b>(892)</b>
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange translation	489	(860)
<b>Other comprehensive income/expense for the year</b>	<b>489</b>	<b>(860)</b>
<b>Total comprehensive income/expense for the year</b>	<b>1,897</b>	<b>(1,752)</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	1,435	(2,003)
Non-controlling interests	462	251
<b>Total comprehensive income/expense for the year</b>	<b>1,897</b>	<b>(1,752)</b>

**Earnings per share – continuing operations**

Basic earnings per share (pence)	0.84	(0.53)
Diluted earnings per share (pence)	0.76	n/a

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>		
Property, plant and equipment	5,404	4,449
Intangible assets	9,726	9,169
Proceeds from sale of shares in subsidiary	1,271	1,357
Non-current cash deposits	160	233
<b>Non-current assets</b>	<b>16,561</b>	<b>15,208</b>
Inventories	7,747	7,727
Trade and other receivables	6,255	3,305
Cash and cash equivalents	2,148	630
<b>Current assets</b>	<b>16,150</b>	<b>11,662</b>
<b>Total assets</b>	<b>32,711</b>	<b>26,870</b>
<b>Equity</b>		
Share capital	1,675	1,685
Share premium	11,441	11,498
Exchange reserve	(6,218)	(6,707)
Retained earnings	10,953	9,868
<b>Equity attributable to owners of the Company</b>	<b>17,851</b>	<b>16,344</b>
Non-controlling interests	2,246	1,893
<b>Total equity</b>	<b>20,097</b>	<b>18,237</b>
<b>Liabilities</b>		
Obligations under finance leases	157	199
Interest bearing borrowings	-	56
Provisions	383	121
Deferred tax liabilities	510	459

<b>Non-current liabilities</b>	<u>1,050</u>	<u>835</u>
Bank overdraft	92	-
Obligations under finance leases	129	120
Interest bearing borrowings	55	104
Taxation	153	18
Trade and other payables	<u>11,135</u>	<u>7,556</u>
<b>Current liabilities</b>	<u>11,564</u>	<u>7,798</u>
<b>Total liabilities</b>	<u>12,614</u>	<u>8,633</u>
<b>Total equity and liabilities</b>	<u><u>32,711</u></u>	<u><u>26,870</u></u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
AS AT 30 JUNE 2016**

**Attributable to owners of the Company**

	Share capital £'000	Share premium £'000	Exchange reserve £'000	Retained earnings £'000	Total £ '000	Non- controlling interests £'000	Total equity £'000
Balance at 1 July 2015	1,685	11,498	(6,707)	9,868	16,344	1,893	18,237
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	946	946	462	1,408
Total other comprehensive income	-	-	489	-	489	-	489
<b>Total comprehensive income for the year</b>	-	-	489	946	1,435	462	1,897

**Transactions with owners of the Company recognised directly in equity**

**Contributions by and distributions to owners of the Company**

Share based payment transactions	-	-	-	72	72	-	72
Cancellation of treasury shares	(10)	(57)	-	67	-	-	-
<b>Total contributions by and distributions to owners of the Company</b>	(10)	(57)	-	139	72	-	72

**Changes in ownership interests in subsidiaries**

Non-controlling interests in subsidiary dividend	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(109)</u>	<u>(109)</u>
<b>Total transactions with owners of the Company</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(109)</u>	<u>(109)</u>
<b>Balance at 30 June 2016</b>	<u><u>1,675</u></u>	<u><u>11,441</u></u>	<u><u>(6,218)</u></u>	<u><u>10,953</u></u>	<u><u>17,851</u></u>	<u><u>2,246</u></u>	<u><u>20,097</u></u>

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	2016 £'000	2015 £'000
<b>Cash flows from operating activities</b>		
Result from operating activities	1,172	(711)
Adjustments for:		
Depreciation	514	390
Amortisation	192	189
Write off development cost	-	(121)
Loss on sale of property, plant and equipment	62	148
Equity-settled share-based payment transactions	72	-
Foreign exchange differences	(421)	(172)
	<hr/> 1,591	<hr/> (277)
Changes in:		
- inventories	(20)	(2,639)
- trade and other receivables	(2,950)	1,481
- trade and other payables	3,579	1,574
- provisions	244	(8)
<b>Cash generated from operating activities</b>	<hr/> 2,444	<hr/> 131
Finance income	809	843
Finance cost	(39)	(679)
Taxes paid	(342)	(76)
<b>Net cash from operating activities</b>	<hr/> 2,872	<hr/> 219
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	94	24
Enhancement of exploration and development asset	(110)	(92)
Acquisition of property, plant and equipment	(1,284)	(909)

Non-current cash deposit	73	(31)
<b>Net cash used in investing activities</b>	<b>(1,227)</b>	<b>(1,008)</b>
<b>Cash flows from financing activities</b>		
(Payment of)/proceeds from interest bearing borrowings	(105)	160
Payment of finance lease liabilities	(114)	(196)
<b>Net cash flows from financing activities</b>	<b>(219)</b>	<b>(36)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,426</b>	<b>(825)</b>
Cash and cash equivalents at 1 July	630	1,455
Cash and cash equivalents at 30 June	<u>2,056</u>	<u>630</u>

## NOTES TO THE RESULTS ANNOUNCEMENT

### 1. Basis of preparation

The consolidated financial statements for the Company for the year ended 30 June 2016 have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”) and as adopted by the European Union, and the Companies Act 2006 as applicable to entities reporting in accordance with IFRS. The consolidated financial statements have been prepared on the historical cost basis and are presented in Sterling, with all values rounded to the nearest thousand pounds (£'000) except as indicated otherwise.

The financial information contained in this announcement does not constitute the Company's statutory accounts for the year ended 30 June 2016. The statutory accounts for the year ended 30 June 2016 have yet to be reported on by the independent auditors. The independent auditor's report for the year ended 30 June 2015 was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. The statutory accounts for the year ended 30 June 2015 have been filed with the Registrar of Companies and the statutory accounts for the year ended 30 June 2016 will be filed with the Registrar of Companies following the Company's Annual General Meeting on 27 October 2016.

## 2. Earnings per share

### ***Basic earnings per share***

The calculation of basic earnings per share at 30 June 2016 was based on the profit attributable to ordinary shareholders of £1,408,000 (2015: loss £892,000), and a weighted average number of ordinary shares outstanding of 168,364,288 (2015: 168,441,000), calculated as follows:

### ***Profit attributable to ordinary shareholders***

	<b>2016</b>	<b>2015</b>
	<b>Continuing</b>	<b>Continuing</b>
	<b>operations</b>	<b>operations</b>
	<b>£ '000</b>	<b>£'000</b>
Profit/(loss) attributable to ordinary shareholders	<u>1,408</u>	<u>(892)</u>

### ***Weighted average number of ordinary shares***

	<b>2016</b>	<b>2015</b>
Issued ordinary shares at 1 July	168,441,000	168,441,000
Effect of treasury shares cancelled	<u>(76,712)</u>	<u>-</u>
Weighted average number of ordinary shares at 30 June	<u>168,364,288</u>	<u>168,441,000</u>

### ***Diluted earnings per share***

The calculation of diluted earnings per share at 30 June 2016 was based on the profit attributable to ordinary shareholders of £1,408,000 (2015: loss £892,000), and a weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares of 185,010,536 (2015: anti-dilutive), calculated as follows:

### ***Profit attributable to ordinary shareholders (diluted)***

	<b>2016</b>	<b>2015</b>
	<b>Continuing</b>	<b>Continuing</b>
	<b>operations</b>	<b>operations</b>
	<b>£ '000</b>	<b>£'000</b>
Profit attributable to ordinary shareholders (diluted)	<u>1,408</u>	<u>n/a</u>

### ***Weighted average number of ordinary shares (diluted)***

<b>2016</b>	<b>2015</b>
-------------	-------------



Weighted average number of ordinary shares (basic)	168,364,288	n/a
Effect of share options on issue	16,646,248	n/a
Weighted average number of ordinary shares (diluted) at 30 June	<u>185,010,536</u>	<u>n/a</u>

### 3. Directors' emoluments

#### 2016

	<b>Executive £'000</b>	<b>Non- executive £'000</b>	<b>Total £'000</b>
Wages and salaries	397	-	397
Fees	-	65	65
Other benefits	77	-	77
	<u>474</u>	<u>65</u>	<u>539</u>

#### 2015

	<b>Executive £'000</b>	<b>Non- executive £'000</b>	<b>Total £'000</b>
Wages and salaries	291	-	291
Fees	-	65	65
Other benefits	13	-	13
	<u>304</u>	<u>65</u>	<u>369</u>

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

	<b>2016 £ '000</b>	<b>2015 £'000</b>
Emoluments for qualifying services	<u>227</u>	<u>128</u>

#### ***Key management***

Apart from the Directors, the emoluments paid to key management personnel amounted to £576,000 (2015: £522,000).

### 4. Related parties

Other than the waiver of intercompany interest, transactions with related parties take place on terms no more favourable than transactions with unrelated parties.

#### ***Other related party transactions***

#### ***Transactions with Group companies***

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

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Goldplat plc</b>		
- Loans and borrowings	(4,614)	(4,470)
- Trade and other payables	-	(336)
- Goods, equipment and services received	(144)	-
<b>Kilimapesa Gold (Pty) Limited</b>		
- Loans and borrowings	3,327	2,153
<b>Nyieme Gold SARL</b>		
- Loans and borrowings	1,198	1,022
<b>Anumso Gold Limited</b>		
- Loans and borrowings	79	67
<b>Midas Gold SARL</b>		
- Loans and borrowings	417	356
<b>Goldplat Recovery (Pty) Limited</b>		
- Loans and borrowings	(44)	(34)

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

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Kilimapesa Gold (Pty) Limited</b>		
- Trade and other receivables	658	464
- Goods, equipment and services supplied	532	330
<b>Gold Recovery Ghana Limited</b>		
- Trade and other receivables	575	231
- Goods, equipment and services supplied	346	196
- Purchase of precious metals	(4,459)	(1,805)
- Trade and other payables	(295)	(1)
<b>Gold Mineral Resources Limited</b>		
- Goods, equipment and services supplied	9	-

**Anumso Gold Limited**

- Trade and other receivables	8	3
- Goods, equipment and services supplied	3	4

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

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Nyieme Gold SARL</b>		
- Trade and other receivables	35	28
- Goods, equipment and services supplied	17	34
<b>Kilimapesa Gold (Pty) Limited</b>		
- Trade and other receivables	-	1
- Sale of asset	225	-
<b>Anumso Gold Limited</b>		
- Trade and other receivables	15	3
- Goods, equipment and services supplied	11	-

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

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Nyieme Gold SARL</b>		
- Trade and other receivables	-	8
- Trade and other payables	-	(8)

***Other transactions***

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

	<b>2016</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Directors</b>		
- Trade and other payables	(69)	(90)

**5. Capital and reserves*****Share capital and share premium***

**Number of ordinary shares**

	<b>2016</b>	<b>2015</b>
On issue at 1 July	168,441,000	168,441,000
Cancellation of treasury shares	(1,000,000)	-
On issue at 30 June – fully paid	<u>167,441,000</u>	<u>168,441,000</u>
Authorised – par value £0.01	<u>1,000,000,000</u>	<u>1,000,000,000</u>

Issued share capital includes nil (2015 : 1,000,000) ordinary shares of £0.01 each held in treasury. The treasury shares were cancelled on 15 March 2016.

	<b>Ordinary share capital</b>	
	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 July	1,685	1,685
Shares cancelled in year	(10)	-
<b>Balance at 30 June</b>	<u>1,675</u>	<u>1,685</u>

### ***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.

### ***Dividends***

A dividend of nil per ordinary share is proposed in respect of the year ended 30 June 2016 (2015: nil).

### ***Exchange reserve***

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

## **6. Other Information**

The Annual General Meeting of the Company will be held at 3.00pm on Thursday 27 October 2016 at the Chesterfield Hotel, 35 Charles Street, London W1J 5EB. The audited report and accounts for the year ended 30 June 2016 will be posted to shareholders, with a notice of the Annual General Meeting, on 30 September 2016 and will be available on the Company's website at [www.goldplat.com](http://www.goldplat.com).

**\*\*ENDS\*\***