



VSA Morning Miner

This Morning's News

Goldplat (GDP LN)[#]

Goldplat (GDP LN) has released a trading update indicating an increase in production of 65% QoQ to 11,969oz gold equivalent. This includes the silver contract which is currently under dispute with Rand Refinery. Total gold sold was 6,584oz with a further 9,131oz transferred to clients by metal transfers. The total volume of gold equivalents sold and transferred was 15,715oz up 262% QoQ.

The increase was substantially achieved at the South African recovery operations where production was up 128% to 11,095oz while sales were up 49% to 3,365oz and metal transfers increased to 9,131oz versus 975oz in FY Q3 2016. The completion of the silver contract which had required the use of half the increased elution capacity and the high grade circuit freed up capacity to enable a significant volume of inventory to subsequently be processed. GDP also completed metallurgical testwork relating to the tailings for which a resource was declared earlier this year although further work is required before an economic assessment can be completed.

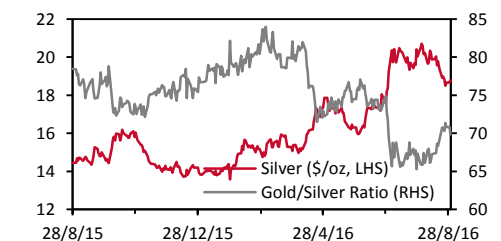
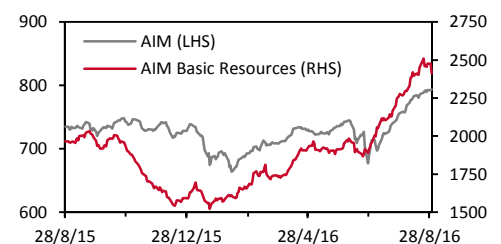
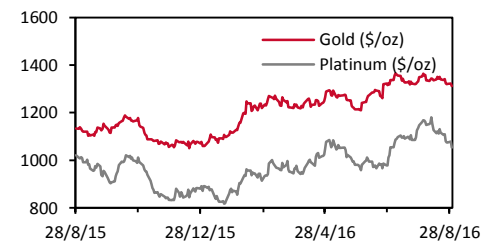
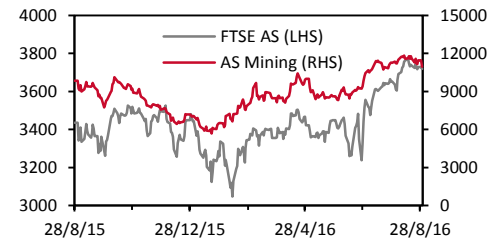
Production in Ghana was down by 84% QoQ to 304oz whilst sales declined by 60% to 947oz partly offsetting the strength of the South African operations. A license and commissioning date for additional elution capacity is still being negotiated with the relevant authorities although construction can begin immediately once approved as the CIL circuit which was decommissioned earlier this year has now been shipped to Kenya; freeing up space at the plant site.

Kilimapesa continues to run at a loss although production and sales were up 13% and 41% QoQ to 570oz and 625oz respectively. A turnaround programme is underway with solid progress on the new plant project as construction preparations and equipment shipments have been completed. A mining license is, however, still outstanding. A facility of \$250k has been arranged for capital equipment.

The significant operating changes enacted by managed over the past 12 months have been key to the strong final quarter and GDP previously released earnings guidance stating that revenues for FY 2016F are expected to be approximately £20m. GDP also stated that consolidated profit before tax is expected to be around £2m compared to a loss of £796k in FY 2015F. The guidance is, however, subject to the contractual dispute between GDP and Rand Refinery. GDP has appointed an independent team to manage the dispute and is expected to achieve a result by Q4 2016. Rand Refinery and GDP are continuing to work together whilst the dispute is resolved.

As a consequence of the continued Rand Refinery dispute our earnings estimates and target price remain under review.

One-Year Charts



LME prices (US\$/lb)	Last Close	Day % Chg	-1 Year % Chg
Aluminium	\$0.74	0.0%	5.0%
Copper	\$2.09	-0.3%	-9.5%
Lead	\$0.85	0.1%	12.1%
Nickel	\$4.41	-0.6%	-1.2%
Zinc	\$1.05	-0.3%	29.3%

NOTE: #Indicates VSA house stock.

SOURCE: FactSet, as of last close.

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Stock Information

Stock	BBG TKR	Exchange/ Currency	Mkt Cap (m)	Last Close (Curr)	Rec	TP	Date of Recommendation
Goldplat	GDP LN	LSE AIM (£/p)	10,047	6	u/r	u/r	11/07/16

NOTE: #VSA house stock. **SOURCE:** FactSet data, VSA Capital estimates. Pricing as of last close.

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Equities breakdown: 30 December 2015	Spec. BUY	BUY	HOLD	SELL
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