

20 January 2012

## Goldplat

| Year End | Revenue (£m) | PBT* (£m) | EPS* (p) | DPS (p) | P/E (x) | Yield (%) |
|----------|--------------|-----------|----------|---------|---------|-----------|
| 06/10    | 10.7         | 2.2       | 1.58     | 0.00    | 7.2     | N/A       |
| 06/11    | 19.6         | 3.1       | 1.63     | 0.00    | 7.0     | N/A       |
| 06/12e   | 25.4         | 5.2       | 2.51     | 0.00    | 4.5     | N/A       |
| 06/13e   | 25.9         | 5.7       | 2.62     | 0.00    | 4.4     | N/A       |

Note: \*PBT and EPS are normalised, excluding goodwill amortisation and exceptional items.

## Investment summary: Kilimapesa gold pour

Goldplat has announced it has poured first gold at its Kilimapesa gold mine in Kenya after successfully commissioning the elution plant that allows Kilimapesa to smelt and produce gold bullion on site. This first pour is a significant milestone towards forecast production of 3,829oz of gold in the first year, and 10,000oz per year thereafter. The focus for Kilimapesa is now to increase the JORC resource at the project towards 500,000oz of gold and increase the plant capacity to 3,000 tonnes per month. This should be a significant catalyst for value generation for Goldplat in FY12 (see our [5 October 2011 update note](#)).

## Revenue and PBT increase – FY12 and FY13

Our recently amended forecasts from December 2011 included a £2.2m revenue increase and a £1.6m PBT increase for FY12. We subsequently increased our FY13 revenues by £6m and PBT by £3.4m. This is due to increased operational efficiencies with Gold Recovery Ghana fast becoming the lowest-cost producer, and supplanting the traditional Goldplat Recovery operations in South Africa as the company's most profitable arm.

## Valuation: Over 18p per share

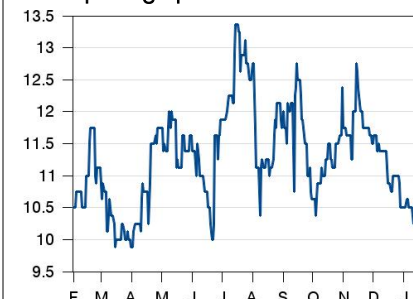
When using a long-term gold price of US\$1,350/oz and assuming stockpiles are not renewed, we value Goldplat at 18.2p. Goldplat's shares are trading at a small (9%) discount to net asset value and at one of the lowest P/E multiples in the sector compared to the FTSE/JSE Africa Gold Mining Index's multiple of 17.3x. This relates to the increase in forecast earnings for FY12 and FY13, as noted above.

## Further upside with JORC resource delineation

Significantly, there is potential additional uplift in valuation that would result from Goldplat achieving its exploration targets at Kilimapesa and at the Banka Gold project in Ghana. If Goldplat increases its JORC-compliant resource to 500,000oz at Kilimapesa, it would manifest between 3.5-8.1p per share in value. If Goldplat also defines a JORC resource of 250,000oz at Banka, it would crystallise between 1.9-3.8p/share on an attributable basis.

Price 11.38p  
Market Cap £19m

## Share price graph



## Share details

|                 |         |
|-----------------|---------|
| Code            | GDP     |
| Listing         | AIM     |
| Sector          | Mining  |
| Shares in issue | 167.12m |

## Price

|         |       |      |
|---------|-------|------|
| 52 week | High  | Low  |
|         | 13.4p | 9.9p |

## Balance Sheet as at 30 June 2011

|                     |      |
|---------------------|------|
| Net Debt/Equity (%) | N/A  |
| NAV per share (p)   | 12.5 |
| Net cash (£m)       | 2.8  |

## Business

Goldplat is leveraging its position as a small, profitable gold producer from its gold recovery operations in Ghana and South Africa to become a mid-tier producer, by acquiring conventional mining assets in Kenya and Burkina Faso.

## Valuation

|              | 2011 | 2012e | 2013e |
|--------------|------|-------|-------|
| P/E relative | 68%  | 49%   | 52%   |
| P/CF         | 22.2 | 31.5  | 4.4   |
| EV/Sales     | 0.7  | 0.8   | 0.8   |
| ROE          | 11%  | 17%   | 15%   |

## Revenues by geography

|    |        |    |       |
|----|--------|----|-------|
| UK | Europe | US | Other |
| 0% | 0%     | 0% | 100%  |

## Analysts

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## Exhibit 1: Financials

| Year end 30 June                                | £'000s | 2010           | 2011           | 2012e          | 2013e          |
|-------------------------------------------------|--------|----------------|----------------|----------------|----------------|
|                                                 |        | IFRS           | IFRS           | IFRS           | IFRS           |
| <b>PROFIT &amp; LOSS</b>                        |        |                |                |                |                |
| <b>Revenue</b>                                  |        | <b>10,663</b>  | <b>19,620</b>  | <b>25,421</b>  | <b>25,937</b>  |
| Cost of Sales                                   |        | (6,914)        | (15,006)       | (18,931)       | (18,847)       |
| Gross Profit                                    |        | 3,749          | 4,614          | 6,491          | 7,089          |
| <b>EBITDA</b>                                   |        | <b>2,529</b>   | <b>3,389</b>   | <b>5,491</b>   | <b>6,089</b>   |
| <b>Operating Profit (before GW and except.)</b> |        | <b>2,296</b>   | <b>3,156</b>   | <b>5,167</b>   | <b>5,741</b>   |
| Intangible Amortisation                         |        | 0              | 0              | 0              | 0              |
| Share based payments & other                    |        | (237)          | 323            | 0              | 0              |
| Other                                           |        | 0              | 0              | 0              | 0              |
| <b>Operating Profit</b>                         |        | <b>2,059</b>   | <b>3,479</b>   | <b>5,167</b>   | <b>5,741</b>   |
| Net Interest                                    |        | (116)          | (51)           | 58             | (20)           |
| <b>Profit Before Tax (norm)</b>                 |        | <b>2,180</b>   | <b>3,105</b>   | <b>5,226</b>   | <b>5,722</b>   |
| <b>Profit Before Tax (FRS 3)</b>                |        | <b>1,943</b>   | <b>3,428</b>   | <b>5,226</b>   | <b>5,722</b>   |
| Tax                                             |        | (713)          | (472)          | (609)          | (905)          |
| <b>Profit After Tax (norm)</b>                  |        | <b>1,963</b>   | <b>2,505</b>   | <b>4,616</b>   | <b>4,817</b>   |
| <b>Profit After Tax (FRS 3)</b>                 |        | <b>1,230</b>   | <b>2,956</b>   | <b>4,616</b>   | <b>4,817</b>   |
| Average Number of Shares Outstanding (m)        |        | 112.1          | 139.6          | 167.1          | 167.1          |
| EPS - normalised (p)                            |        | 1.58           | 1.63           | 2.51           | 2.62           |
| EPS - FRS 3 (p)                                 |        | 0.93           | 1.95           | 2.51           | 2.62           |
| Dividend per share (p)                          |        | 0.0            | 0.0            | 0.0            | 0.0            |
| Gross Margin (%)                                |        | 35.2           | 23.5           | 25.5           | 27.3           |
| EBITDA Margin (%)                               |        | 23.7           | 17.3           | 21.6           | 23.5           |
| Operating Margin (before GW and except.) (%)    |        | 21.5           | 16.1           | 20.3           | 22.1           |
| <b>BALANCE SHEET</b>                            |        |                |                |                |                |
| <b>Fixed Assets</b>                             |        | <b>11,276</b>  | <b>13,954</b>  | <b>16,829</b>  | <b>19,024</b>  |
| Intangible Assets                               |        | 7,297          | 9,668          | 10,570         | 10,816         |
| Tangible Assets                                 |        | 3,589          | 3,903          | 5,876          | 7,825          |
| Investments                                     |        | 390            | 383            | 383            | 383            |
| <b>Current Assets</b>                           |        | <b>6,709</b>   | <b>13,078</b>  | <b>12,893</b>  | <b>14,396</b>  |
| Stocks                                          |        | 3,825          | 3,367          | 4,363          | 4,451          |
| Debtors                                         |        | 1,866          | 6,584          | 8,531          | 8,704          |
| Cash                                            |        | 1,018          | 3,127          | 0              | 1,242          |
| <b>Current Liabilities</b>                      |        | <b>(3,844)</b> | <b>(4,794)</b> | <b>(2,688)</b> | <b>(1,749)</b> |
| Creditors                                       |        | (3,737)        | (4,520)        | (2,636)        | (1,592)        |
| Short term borrowings                           |        | (107)          | (274)          | (232)          | (157)          |
| <b>Long Term Liabilities</b>                    |        | <b>(724)</b>   | <b>(739)</b>   | <b>(739)</b>   | <b>(739)</b>   |
| Long term borrowings                            |        | (100)          | (62)           | (62)           | (62)           |
| Other long term liabilities                     |        | (624)          | (677)          | (677)          | (677)          |
| <b>Net Assets</b>                               |        | <b>13,417</b>  | <b>21,499</b>  | <b>26,115</b>  | <b>30,932</b>  |
| <b>CASH FLOW</b>                                |        |                |                |                |                |
| <b>Operating Cash Flow</b>                      |        | <b>1,431</b>   | <b>777</b>     | <b>665</b>     | <b>4,784</b>   |
| Net Interest                                    |        | (104)          | (37)           | 58             | (20)           |
| Tax                                             |        | (617)          | (724)          | (609)          | (905)          |
| Capex                                           |        | (1,622)        | (2,071)        | (3,198)        | (2,543)        |
| Acquisitions/disposals                          |        | (73)           | (1,124)        | 0              | 0              |
| Financing                                       |        | 131            | 5,206          | 0              | 0              |
| Dividends                                       |        | 0              | 0              | 0              | 0              |
| Net Cash Flow                                   |        | (854)          | 2,027          | (3,085)        | 1,317          |
| <b>Opening net debt/(cash)</b>                  |        | <b>(1,551)</b> | <b>(811)</b>   | <b>(2,791)</b> | <b>294</b>     |
| HP finance leases initiated                     |        | 0              | 0              | 0              | 0              |
| Other                                           |        | 114            | (47)           | 0              | 0              |
| <b>Closing net debt/(cash)</b>                  |        | <b>(811)</b>   | <b>(2,791)</b> | <b>294</b>     | <b>(1,023)</b> |

Source: Company accounts, Edison Investment Research

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