

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

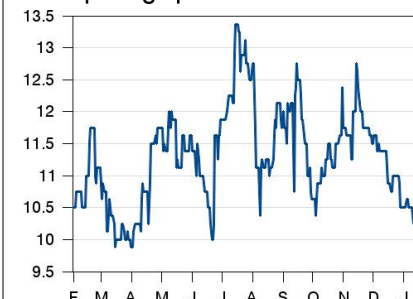
When using a long-term gold price of US\$1,350/oz and assuming stockpiles are not renewed, we value Goldplat at 18.2p. Goldplat's shares are trading at a small (9%) discount to net asset value and at one of the lowest P/E multiples in the sector compared to the FTSE/JSE Africa Gold Mining Index's multiple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

Charles Gibson	+44 (0)20 3077 5724
Rory Draper	+44 (0)20 3077 5757
mining@edisoninvestmentresearch.co.uk	

Exhibit 1: Financials

Year end 30 June	£'000s	2010	2011	2012e	2013e
		IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue		10,663	19,620	25,421	25,937
Cost of Sales		(6,914)	(15,006)	(18,931)	(18,847)
Gross Profit		3,749	4,614	6,491	7,089
EBITDA		2,529	3,389	5,491	6,089
Operating Profit (before GW and except.)		2,296	3,156	5,167	5,741
Intangible Amortisation		0	0	0	0
Share based payments & other		(237)	323	0	0
Other		0	0	0	0
Operating Profit		2,059	3,479	5,167	5,741
Net Interest		(116)	(51)	58	(20)
Profit Before Tax (norm)		2,180	3,105	5,226	5,722
Profit Before Tax (FRS 3)		1,943	3,428	5,226	5,722
Tax		(713)	(472)	(609)	(905)
Profit After Tax (norm)		1,963	2,505	4,616	4,817
Profit After Tax (FRS 3)		1,230	2,956	4,616	4,817
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
BALANCE SHEET					
Fixed Assets		11,276	13,954	16,829	19,024
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
Current Assets		6,709	13,078	12,893	14,396
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
Current Liabilities		(3,844)	(4,794)	(2,688)	(1,749)
Creditors		(3,737)	(4,520)	(2,636)	(1,592)
Short term borrowings		(107)	(274)	(232)	(157)
Long Term Liabilities		(724)	(739)	(739)	(739)
Long term borrowings		(100)	(62)	(62)	(62)
Other long term liabilities		(624)	(677)	(677)	(677)
Net Assets		13,417	21,499	26,115	30,932
CASH FLOW					
Operating Cash Flow		1,431	777	665	4,784
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
Opening net debt/(cash)		(1,551)	(811)	(2,791)	294
HP finance leases initiated		0	0	0	0
Other		114	(47)	0	0
Closing net debt/(cash)		(811)	(2,791)	294	(1,023)

Source: Company accounts, Edison Investment Research

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Lincoln House, 296-302 High Holborn, London, WC1V 7JH ■ tel: +44 (0)20 3077 5700 ■ fax: +44 (0)20 3077 5750 ■ www.edisoninvestmentresearch.co.uk
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