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This document is an admission document for the purposes of the AIM Rules.

The Directors and Proposed Directors, whose names appear on page 5, accept responsibility, individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**Application has been made for the whole of the ordinary share capital of the Company both issued and to be issued pursuant to the Placing and the Acquisition to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on AIM on 26 July 2006.**

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The rules of AIM are less demanding than those of the Official List and it is emphasised that no application is being made for admission of these securities to the Official List. The London Stock Exchange plc has not itself examined or approved the contents of this document. The Ordinary Shares are not dealt in on any other recognised investment exchange and no other such applications have been made.

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# Goldplat plc

(Incorporated in England and Wales with Registered Number 5340664)

(ISIN GB00B0HCWM45)

## Placing of 20,000,000 new Ordinary Shares at 7.5p per share and Admission to trading on AIM

Nominated Adviser and Broker

### HB Corporate

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#### Share capital immediately following Admission

<i>Authorised</i>			<i>Issued and fully paid</i>	
<i>Amount</i>	<i>Number</i>		<i>Amount</i>	<i>Number</i>
£10,000,000	1,000,000,000	Ordinary Shares of 1p each	£1,040,000	104,000,000

The Placing is conditional, *inter alia*, on Admission taking place on or before 26 July 2006 (or such later date as the Company and HB Corporate may agree but, in any event, not later than 31 July 2006). The Placing Shares will on Admission rank in full for all dividends or other distributions declared, made or paid on the ordinary share capital of the Company after the date of this document and will rank *pari passu* in all respects with all the Ordinary Shares which will be in issue on completion of the Placing.

HB Corporate, which is authorised and regulated by the Financial Services Authority, is the Company's Nominated Adviser and Broker and is acting exclusively for the Company in relation to the Admission and Placing for the purposes of the AIM Rules, and will not be responsible to any other person for providing the protections afforded to customers of HB Corporate or for providing advice in relation to the Placing or Admission or the contents of this document or any matter referred to herein. HB Corporate has not authorised the contents of any part of this document. The responsibilities of HB Corporate as Nominated Adviser are owed solely to the London Stock Exchange and are not owed to the Company or any Director or to any other person whether in respect of any decision to acquire Placing Shares in reliance on any part of this document or otherwise. No liability is accepted by HB Corporate for the accuracy of any information or opinions contained in, or for the omission of any material information from, this document for which the Company and the Directors are solely responsible.

This document does not constitute an offer to sell or the solicitation of an offer to buy Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not for distribution in or into the United States of America, Canada, Australia, South Africa or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act 1933 (as amended) nor under the applicable securities legislation of the United States or any province or territory of Canada, Australia, South Africa or Japan or in any country, territory or possession where to do so may contravene local securities law or regulations. Accordingly, subject to certain exemptions, the Ordinary Shares may not be offered or sold directly or indirectly in or into the United States of America, Canada, Australia, South Africa or Japan or to any national, resident or citizen of the United States of America, Canada, Australia, South Africa or Japan. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdiction.

## **Forward looking Statements**

This document contains forward-looking statements. These statements relate to the Group's future prospects, developments and business strategies. Forward-looking statements are identified by the use of such terms as "believe", "could", "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. The forward-looking statements contained in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. Certain risks to and uncertainties for the Group are specifically described in Part III of this document headed "Risk Factors". If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Enlarged Group's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements. These forward-looking statements speak only as the date of this document. Neither the Directors nor the Group undertake any obligation to update forward-looking statements or risk factors other than as required by the AIM Rules, or by the rules of any other securities regulatory authority, whether as a result of new information, future events or otherwise.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	20 July 2006
Admission effective and commencement of dealings on AIM	26 July 2006
Settlement of Placing Shares through CREST	26 July 2006
Despatch of definitive share certificates (where applicable) in respect of the Placing Shares by	2 August 2006

## PLACING STATISTICS

Placing Price per Ordinary Share	7.5p
Number of existing Ordinary Shares	5,000,000
Number of Placing Shares	20,000,000
Number of Ordinary Shares to be issued as share consideration under the GMR Acquisition Agreement	79,000,000
Number of Ordinary Shares in issue following the Placing, the Acquisition and Admission	104,000,000
Percentage of the enlarged share capital subject to the Placing	19.23%
Market capitalisation of the Company at the Placing Price	£7,800,000
Gross proceeds of the Placing	£1,500,000
Estimated net proceeds of the Placing receivable by the Company	£1,200,000

## DIRECTORS, SECRETARY AND ADVISERS

<b>Existing Directors</b>	Brian Michael Moritz ( <i>Non-executive Chairman</i> ) John Woolgar ( <i>Non-executive director</i> )
<b>Proposed Directors</b>	Demetri Manolis ( <i>Chief Executive Officer</i> ) Ian Visagie ( <i>Finance Director</i> )
<b>Registered Office and Existing Directors' business address</b>	Third Floor 55 Gower Street London WC1E 6HQ
<b>Telephone number</b>	01483 890004
<b>Business address for Demetri Manolis and Ian Visagie</b>	The Main Offices Goldplat Recovery (Pty) Ltd PO Box 40 Benoni 1500 South Africa
<b>Company Secretary</b>	Stephen Ronaldson
<b>Nominated Adviser and Broker</b>	HB Corporate 40 Marsh Wall London E14 9TP
<b>Auditors and Reporting Accountants</b>	Nexia Smith & Williamson 1 Bishops Wharf Walnut Tree Close Guildford GU1 4RA
<b>Reporting Accountants – South Africa</b>	Nexia Levitt Kirson Aloe Grove 196 Louis Botha Avenue Houghton Estate PO Box 1523 Johannesburg 2000 South Africa
<b>Solicitors to the Company as to English law</b>	Ronaldsons Solicitors 55 Gower Street London WC1E 6HQ
<b>Solicitors to the Company as to South African law</b>	Chuene Du Plessis Inc. Colliers Building 36 Fricker Road Illovo Boulevard Illovo South Africa
<b>Solicitors to the Nominated Advisor and Broker</b>	Bircham Dyson Bell 50 Broadway London SW1H 0BL
<b>Registrars</b>	Share Registrars Limited Craven House West Street Farnham Surrey GU9 7EN
<b>Financial Public Relations</b>	St Brides Media & Finance Limited 3rd Floor Aldermary House 10-15 Queen Street London EC4N 1TX

## KEY INFORMATION

**The following summary information is derived from, and should be read in conjunction with, the full text of this document. Prospective investors should read the whole document and not just rely on the key information set out below. In particular, attention is drawn to Part III of this document entitled “Risk Factors”.**

### **Business**

The Group is an established producer of gold and platinum group metals (“PGM”) recovered from by-products of the mining process.

Goldplat Recovery’s plant in South Africa is near the centre of the East Rand Goldfield. Raw material feedstocks are sourced from many of the major South African mining companies including AngloGold Ashanti, Goldfields, Harmony, DRD Gold, Placer Dome, Bema Gold, Simmer and Jack, Impala Platinum, Lonmin and Anglo Platinum.

The safe disposal of mining by-products to Goldplat Recovery fulfils an important aspect of the mines’ environmental management programmes as well as providing an additional income stream. The Directors believe that Goldplat Recovery is the leading operator in its field in South Africa.

### **Strategy**

The Group plans to expand its operations to process by-products from gold mines in West Africa and an initial contract has already been secured from AngloGold Ashanti. Production of gold is expected to commence towards the end of 2006 at a plant to be constructed in the Free Zone Port of Tema in Ghana, the second largest gold-producing country in Africa. The environmental permits required to secure the site have been obtained. Operating costs in Ghana are expected to be considerably lower than those at the existing plant and the new plant will also process materials with a much higher gold content.

In tandem with the expansion of the recovery business, the Directors’ strategy is to take advantage of their considerable experience in the gold mining sector to become a junior gold mining company in Africa. This will be achieved by utilising the cash flows generated from the by-product processing operations to identify and evaluate opportunities. Accordingly, the Board is currently reviewing a number of opportunities and is in exploratory talks in relation to projects in Ghana, Mozambique and Kenya.

### **Key Strengths**

- Established producer of gold and PGMs, currently with no mining or exploration risk
- Ongoing availability of raw materials not dependent on particular mines with finite resources
- Strong supply relationships with a wide range of gold mines
- Management team with many years’ experience in the recovery of gold and PGM’s as well as gold production from mines
- Established processing facility with contracts to acquire material for processing as well as stockpiles containing an estimated two years production
- Plans on course to establish a complementary processing facility in Ghana
- Defined strategy to fund the development of a junior gold mining business backed by revenue generated from the gold and PGM recovery operations.

## Trading History

The table below shows the results for Goldplat Recovery for the financial years ended 30 June 2003, 2004, 2005 and for the nine month period ended 31 March 2006:

	<i>Year ended</i> <i>30 June</i> <i>2003</i> £	<i>Year ended</i> <i>30 June</i> <i>2004</i> £	<i>Year ended</i> <i>30 June</i> <i>2005</i> £	<i>Period ended</i> <i>31 March</i> <i>2006</i> £
<i>Continuing operations</i>				
Revenue	120,767	2,935,958	3,743,475	2,593,197
Cost of sales	(76,258)	(962,759)	(2,868,093)	(2,358,775)
Gross profit	44,509	1,973,199	875,382	234,422
Administrative expenses	–	(683,727)	(242,165)	(262,801)
Operating profit/(loss)	44,509	1,289,472	633,217	(28,379)
<i>Operating profit/(loss) – Discontinued operations</i>	24,121	22,259	(22,733)	1,347
Total operating profit/(loss)	68,630	1,311,731	610,484	(27,032)
Finance income	3,975	13,356	34,338	4,784
Finance expense	(41,146)	(38,234)	(11,313)	(14,652)
Net profit/(loss) before tax	31,459	1,286,853	633,509	(36,900)
Tax	–	(171,947)	(224,425)	9,671
Net profit/(loss) after tax	31,459	1,114,906	409,084	(27,229)

Commentary on the results for the above period is set out in pages 16 and 17 of this document.

The financial information above has been extracted without material adjustment from the Accountant's Report on Goldplat Recovery set out in Part VI of this document. Potential investors should read the whole of this document and not rely only on this summary information.

## The Placing

The Company is issuing 20,000,000 Placing Shares at 7.5p per Share pursuant to the Placing to raise approximately £1.5 million before expenses. The Placing will provide funds to enable the Group to establish its activities in Ghana, to subscribe £500,000 in cash for shares in GMR to enable GMR to provide the cash consideration due under the Goldplat Recovery Acquisition Agreement, implement efficiency improvements to the existing plant in South Africa and to conduct initial examination of possible gold mining projects. In addition, the Placing proceeds will pay the costs of Admission and provide working capital for the Group.

## DEFINITIONS

In this document, unless the context requires otherwise, the words and expressions set out below shall bear the following meanings:-

“Act”	the Companies Act 1985, as amended
“Acquisition”	the acquisition of GMR by Goldplat
“Admission”	admission of the Ordinary Shares in issue following the Acquisition and the Placing to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	the AIM Market of the London Stock Exchange
“AIM Rules”	the rules of AIM as published by the London Stock Exchange from time to time
“Authorised Dealer”	ABSA Bank, South Africa
“BEE”	Black Economic Empowerment, a strategy aimed at redressing the imbalances of the past caused by the apartheid system in South Africa by seeking to increase the ownership and management of South African resources for the benefit of the majority of its citizens and so ensure broader and more meaningful participation in the economy by historically disadvantaged South Africans
“Concert Party”	The vendors of GMR under the GMR Acquisition Agreement
“Consideration Shares”	the 79,000,000 Ordinary Shares being issued to the Vendors as consideration for the purchase of the whole of the issued share capital of GMR in accordance with the GMR Acquisition Agreement representing in excess of 10 per cent. of the issued share capital on Admission
“Company” or “Goldplat”	Goldplat plc
“Directors”	the Existing Directors and the Proposed Directors
“Existing Directors”	Brian Moritz and John Woolgar, the directors of the Company at the date of this document
“GMR”	Gold Minerals Resources Limited, a company incorporated in Guernsey, (company number 44448), the Company’s wholly owned subsidiary and following Admission the holding company for Goldplat and GRG
“GMR Acquisition Agreement”	the agreement under which the Company acquired the whole of the issued share capital of GMR as described in paragraph 5.7 of Part IX
“Goldplat Recovery”	Goldplat Recovery (Pty) Limited, a company incorporated in South Africa (company number 1979/007102/07)
“Goldplat Recovery Acquisition Agreement”	the agreement under which GMR acquired the whole of the issued share capital of Goldplat Recovery as described in paragraph 5.6 of Part IX
“Group”	the Company and its subsidiaries for the time being



“GRG”	Gold Recovery Ghana Limited, a company incorporated in Ghana (company number CA-21,347)
“HB Corporate”	HB Corporate, a trading division of Hoodless Brennan Plc, the Company’s Nominated Adviser and Broker
“HDSAs”	Historically Disadvantaged South Africans
“London Stock Exchange”	London Stock Exchange plc
“Mining Charter”	the broad-based Socio-economic Empowerment Charter for the South African Mining Industry published pursuant to section 100(2)(a) of the MPRDA
“MPRDA”	Mineral and Petroleum Resources Development Act no 28 of 2002
“Nexia”	Nexia Smith & Williamson, auditors and reporting accountants to the Company
“Nexia SA”	Nexia Levitt Kirson, the reporting accountants to Goldplat Recovery
“Official List”	the Official List of the United Kingdom Listing Authority
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Panels”	the Panel on Takeovers and Mergers
“Placees”	the subscribers for the Placing Shares pursuant to the Placing
“Placing”	the placing of the Placing Shares at the Placing Price
“Placing Price”	7.5p per Ordinary Share
“Placing Shares”	the 20,000,000 new Ordinary Shares being issued by the Company pursuant to the Placing
“Proposed Directors”	Demetri Manolis and Ian Visagie
“Shareholders”	holders of Ordinary Shares
“Subsidiaries”	GMR, Goldplat Recovery and GRG
“US\$”	US dollars
“Vendors”	Artemis Trustees Limited as trustees for Perseus Settlement, Artemis Trustees Limited as trustees for the Kilo Trust and Artemis Trustees Limited as trustees for the Aqualeo Trust
“ZAR”	South African Rands; throughout this document, except where otherwise indicated, an exchange rate of £1:ZAR13.108 is used

## GLOSSARY

activated carbon	coconut shell charcoal which has been steam treated to dramatically increase the surface area and thus its adsorptive capacity
adsorption	the gathering of a gas, liquid, or dissolved substance on the surface or interface zone of another substance
fine carbon	activated carbon which has been abraded to a size unsuitable for use in CIL
CIL	carbon-in-leach process
concentrate	the clean product, with a high concentration of one particular mineral, recovered from an ore using separation techniques
crushing	process of reducing the size of rock type material
elution	process of chemically removing the gold adsorbed onto activated carbon
flotation	process of separating a mineral from milled rock by attaching the target mineral to bubbles and then recovering the bubbles
flotation circuit	process stream to achieve flotation
g/t	grams per ton
gravity concentrator	a device that concentrates minerals due to the force of gravity
milling	process of reducing the particle size of an ore carried out in a rotating drum containing steel balls as the milling agent
mill liner concentrates	during the milling process heavy minerals are selectively concentrated between the liners due to the rotation of the mill
mining right	a right to mine granted in terms of section 23 (1) of MPRDA
mining permit	a permit issued in terms of section 27 (6) of MPRDA
PGM	platinum group metals, comprising platinum, palladium, rhodium, ruthenium, osmium and iridium
reed material	material containing reeds which has been mined from a valley where the reeds have absorbed gold from gold bearing solutions flowing into the valley over an extended period.
rotary kiln	a rotating refractory lined steel drum which is used to heat up material
smelter slag	the waste material which floats on top of the product when concentrates are smelted
smelting	process of melting material in the presence of fluxes
sludges	fine material produced in a wet form during a particular process
stock dam	dam which is used to store material for reprocessing
tailings	finely ground rock of low residual value from which valuable minerals have been extracted

thickening	process of separating water from solids by settling of the solids
vlei material	gold bearing material which has accumulated in a valley-like terrain
woodchips	gold or PGM bearing pieces of wood which have been removed from the mining process by screening

## PART I

### INFORMATION ON THE GROUP

#### INFORMATION ON GOLDPLAT PLC

##### Background

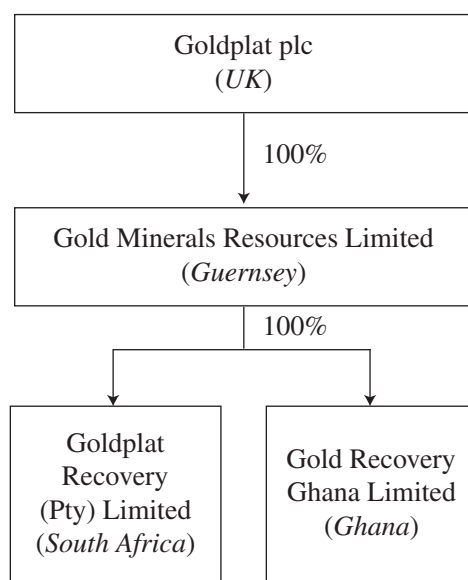
Goldplat plc (“the Company”) has agreed to acquire GMR, and, through this Acquisition, a profitable gold and platinum group metals processing business operated by Goldplat Recovery in South Africa, which it intends to duplicate in West Africa. Using the cashflow generated by existing and future operations, Goldplat intends to evaluate proposals to expand into the mining of gold deposits with targets of between 200,000 and 2m ounces of contained gold.

##### Proposed acquisition of Goldplat Recovery and GRG

Goldplat Recovery (Pty) Limited (“Goldplat Recovery”) is a South African company which specialises in the recovery of gold and platinum group metals (“PGMs”) from materials consisting primarily of by-products from gold and platinum mines. The Directors believe it is the market leader in South Africa in its field. Gold Recovery Ghana Limited (“GRG”) has recently been formed as a similar and complementary business in Ghana to process by-product materials from West African gold producers. GRG has received the required approvals from the Ghanaian Environmental Protection Agency in order to secure the land for the plant and has a contract in place with AngloGold Ashanti’s Obuasi Mine in Ghana. GRG expects to commence production towards the end of 2006 at a plant to be constructed in the Free Zone Port of Tema.

The Company has entered into a conditional agreement to acquire Gold Minerals Resources Limited (“GMR”), a holding company incorporated in Guernsey. GMR, which wholly owns GRG, has conditionally agreed to acquire Goldplat Recovery.

On Admission, the Group will therefore comprise the Company and its wholly-owned subsidiary GMR with the latter owning two operating subsidiaries, Goldplat Recovery and GRG, as shown below:



#### PROPOSED PLACING

The Company is proposing to raise £1.5 million (before expenses) by way of a placing of 20,000,000 shares at 7.5p per share. £500,000 of the net proceeds will be used to subscribe in cash for shares in GMR to finance the cash element of the consideration for the acquisition of Goldplat Recovery, as further described under “Use of proceeds” below.

## **INFORMATION ON GOLDPLAT RECOVERY**

### **Background and history**

Goldplat Recovery was incorporated in 1979 as Golden Dumps Research (Pty) Limited and changed to its current name in March 2004. Demetri Manolis and Ian Visagie were appointed as managing director and finance director in July 2000 and March 1997 respectively. They acquired a total of 60 per cent. of Goldplat Recovery in August 2000 and in January 2006 Demetri Manolis acquired the remaining 40 per cent.

The main focus of the business in 2000 was the supply of activated carbon and cyanide. It was decided that the range of services would be expanded to include the processing of by-product materials which mining companies were obliged to dispose of in terms of their mining licence but which they were not equipped to deal with themselves. To this end, a PGM extraction plant was commissioned in 2002. In September 2003 a gold extraction plant was acquired when Goldplat Recovery purchased the gold, precious metals and associated metallurgical processing business of Gravelotte Mines Limited for approximately £1,739,000 (based on the average exchange rate for that year).

For various periods between 1992 to 2000, Demetri Manolis, Ian Visagie, Dr. Robert Smith and Pedro de Souza (who together comprise the senior management of Goldplat Recovery) had all worked for Gravelotte Mines Limited having all previously worked together at Consolidated Modderfontein Mines Limited. Dr Robert Smith had previously been involved with Goldplat Recovery in 1979.

Since obtaining control of Goldplat Recovery in 2000, the current management team has overseen a major expansion in the scale of the processing operations. The trading business in activated carbon was scaled back in 2005 and finally ceased in 2006.

### **Market position**

Under South African mining regulations, mining companies are obliged to dispose of mining waste in an environmentally-responsible manner. Mining waste includes by-products of the mining process such as woodchips, fine activated carbon, gear grease, smelter slag and mill liner concentrates. For individual mines, it is generally not economic to establish specialised procedures to process such various materials and there is a cost involved in disposing of it as waste. Goldplat Recovery offers such mines a practical solution to their environmental obligations as well as an additional income stream.

As long as mining techniques continue in their current form, the Directors expect that Goldplat Recovery will be able to access by-product materials for its processing operations. The main raw material processed by Goldplat Recovery is woodchips, a by-product of underground mining.

Goldplat Recovery has established considerable know-how in processing a wide range of by-product materials. It does not rely on new or untried methodologies or on patented processes. Instead, it has developed a number of processing solutions which can operate independently, enabling it to bring together different materials from many mines for processing on a scale which the Directors believe is not available to any individual mine or mining group.

### **Raw materials suppliers**

Goldplat Recovery has supply arrangements with many of the major South African mining companies including AngloGold Ashanti, Goldfields, Harmony, DRD Gold, Placer Dome, Bema Gold and Simmer and Jack (in relation to gold-bearing material), and Impala Platinum, Lonmin and Anglo Platinum (in relation to PGM-bearing material).

### **Competition**

The Directors are not aware of any competitors within South Africa who have the ability to process the range of precious metal bearing materials which Goldplat Recovery is currently able to process.

Other companies who also process by-product materials include Waste Product Utilisation (Pty) Limited and Rand Refinery Limited. Both of these companies tend to focus on higher grade materials and operate at lower capacities than Goldplat Recovery.

## **Operations**

Goldplat Recovery operates from a freehold site of 22 hectares near Benoni in Gauteng, South Africa near the centre of the East Rand Goldfield. The site houses the processing plant and raw material stockpiles. In addition, Goldplat Recovery has surface rights over an adjacent site of 12 hectares where it proposes to establish a tailings facility in 2007.

After testing to establish assay, moisture content, recoverability and size, Goldplat Recovery purchases the materials from the mine operator (occasionally it will undertake a joint venture whereby the mine operator shares in the resulting profits). In order to provide a high level of service to its customers, Goldplat Recovery's policy is to purchase raw materials when they become available. This also helps management to schedule production in an efficient manner as well as making it more difficult for potential competitors to enter the market.

Goldplat Recovery's extraction processes and multiple process lines enable it to keep materials separate, which provides a high degree of flexibility when proposing a solution for a particular type of material. The processes which are employed include roasting in a rotary kiln, crushing, milling, thickening, flotation, leaching, CIL, elution and smelting of bullion. Recently, a gravity concentrator was installed in the low grade circuit and a second flotation section has been erected in the underground line. It is intended to install a fluidized bed furnace in the high grade circuit. Further details on the processing methods are in Part II of this document.

Production is scheduled to make the most efficient use of the materials taking into account the ore grade and anticipated recovery factors. Raw materials are blended and routed to the various plants in an effort to ensure that production levels are reasonably consistent from month to month. In some cases, similar material can be treated in different plants. The wide variety of materials stockpiled means that the company can benefit from being able to blend materials for more effective processing.

Precious metals are usually recovered from materials within a single process. In some cases, there may be a second process which takes place many months afterwards, for instance where the residue from processing very high grade material is left to oxidize in a stock dam in order to enhance the overall recovery rate. Such stock dams can contain substantial amounts of gold and PGM.

Goldplat Recovery's plant is designed to process a variety of material, such as:

*Woodchips* which are generated from underground mine supports which become caught up in the ore being processed. They are screened off after the milling stage of the mine operator's processing plant;

*Vlei material* which is generated in the vicinity of the mine operator's processing plant and which tends to accumulate in settlement dams or "vleis";

*Fine carbon* which is generated when modern processing plant re-processes activated carbon for re-use. The abraded carbon grains are collected by screens or filters in the mine operator's processing plant;

*Waste grease* which when replaced is re-processed by Goldplat Recovery to recover spillages of ore which has stuck to the grease; and

*Liners* which are used to protect the mill shell used in the mine operator's processing plant. Made of rubber or steel alloys, they collect small amounts of gold or precious metals which can be liberated through the Group's processes.

Any product which contains precious metals is of interest to Goldplat Recovery's research team who will investigate methods to extract metal from types of material which have not previously been processed by the company.

The final product for sale can either be smelted gold bars, or gold or PGM concentrate.

Goldplat Recovery is also interested in the rehabilitation of mining areas where, although mining operations have ceased, leaving material in the area containing gold or PGM which is difficult to extract, and having environmental problems such as low level radioactivity.

### Permits

Goldplat Recovery's processing operations in South Africa have been classified as a mine by the relevant authorities. The company reports on a regular basis to the Department of Minerals and Energy with regard to its compliance with the latter's Environmental Management Programme. Goldplat Recovery's permits include a licence from the National Nuclear Regulator to enable the company to process precious metal bearing material which contains low levels of radiation.

### Black Economic Empowerment

Goldplat Recovery's current mining licence is valid until December 2010. Renewal of the licence will require Goldplat Recovery to comply with the Black Economic Empowerment ("BEE") objectives implicit in the Mineral and Petroleum Resources Development Act No 28 of 2002 and the Mining Charter (which took effect from 1 May 2004). The Charter, compliance with which is measured using a designated scorecard, requires that every mining company achieve 15 percent ownership by Historically Disadvantaged South Africans ("HDSAs") of its South African mining assets by 1 May 2009, and 26 percent ownership by 1 May 2014. The Directors' current expectation is that the process will involve the issue of new shares in Goldplat Recovery at a market-related price. They have already been approached by several prospective BEE partners.

### Trading record and commentary

The table below shows the results of Goldplat Recovery for the financial years ended 30 June 2003, 2004, 2005 and for the nine month period ended 31 March 2006:

	<i>Year ended</i> <i>30 June</i> <i>2003</i> £	<i>Year ended</i> <i>30 June</i> <i>2004</i> £	<i>Year ended</i> <i>30 June</i> <i>2005</i> £	<i>Period ended</i> <i>31 March</i> <i>2006</i> £
<i>Continuing operations</i>				
Revenue	120,767	2,935,958	3,743,475	2,593,197
Cost of sales	(76,258)	(962,759)	(2,868,093)	(2,358,775)
Gross profit	44,509	1,973,199	875,382	234,422
Administrative expenses	–	(683,727)	(242,165)	(262,801)
Operating profit/(loss)	44,509	1,289,472	633,217	(28,379)
<i>Operating profit/(loss) – Discontinued operations</i>	24,121	22,259	(22,733)	1,347
Total operating profit/(loss)	68,630	1,311,731	610,484	(27,032)
Finance income	3,975	13,356	34,338	4,784
Finance expense	(41,146)	(38,234)	(11,313)	(14,652)
Net profit/(loss) before tax	31,459	1,286,853	633,509	(36,900)
Tax	–	(171,947)	(224,425)	9,671
Net profit/(loss) after tax	31,459	1,114,906	409,084	(27,229)

Note: The results for the year ended 30 June 2004 include a number of exceptional items as mentioned below.

The financial information above has been extracted without material adjustment from the Accountants' Report on Goldplat Recovery set out in Part VI of this document. Potential investors should read the whole of this document and not rely only on this summary information.

The following table shows the tonnage processed, the recovered grade in terms of grams per ton (g/t), ounces of ore sold and the average revenue per ounce of gold and PGM sold in the financial years ended 30 June 2003, 2004, 2005 and for the nine month period ended 31 March 2006:

	<i>Year ended</i> <i>30 June</i> <i>2003</i>	<i>Year ended</i> <i>30 June</i> <i>2004</i>	<i>Year ended</i> <i>30 June</i> <i>2005</i>	<i>Period ended</i> <i>31 March</i> <i>2006</i>
<b>Gold</b>				
Tons processed	–	30,284	44,052	42,684
Recovered grade (g/t)	–	8.28	7.696	6.32
Ounces sold	–	8,058	10,900	8,676
Average revenue per ounce	–	£224	£229	£269
<b>Platinum</b>				
Tons processed	5,229	3,255	6,476	4,115
Recovered grade (g/t)	2.45	28.65	18.49	3.74
Ounces sold	411	2,998	3,851	495
Average revenue per ounce	£294	£366	£334	£487

### ***Commentary on results of operations for the three years ended 30 June 2005***

#### *Continuing operations*

The increase in revenue over the period reflects the commissioning of the PGM flotation circuit during the year ended 30 June 2003 and the purchase of the gold plant towards the end of the first quarter of the following year. The year ended 30 June 2005, the first full year of operation of both plants under the management of Goldplat Recovery, saw sales of gold and PGMs reach 10,900 ounces and 3,851 ounces respectively. This reflected a combination of higher processing throughputs offset by lower recoveries compared with the previous year. In sterling terms, the average revenue per ounce of gold showed a marginal increase to £229 (2004: £224) whereas PGM prices weakened from £366 to £334. Total revenue from continuing operations for the year ended 30 June 2005 increased by 27.5 per cent. to £3.7m.

The increasing volumes handled by the processing operations during this period resulted in an overall growth in cost of sales. Apart from wages and salaries, the main cash constituents of cost of sales are raw materials (and associated costs such as assaying and transport), engineering and consumables, electricity and refinery charges. Cost of sales in 2004 included income of just over £1m arising from the cancellation of a royalty agreement. Adjusting for this exceptional credit, cost of sales from continuing operations for the year ended 30 June 2005 increased by 45.8 per cent. to £2.9m compared with the previous year. Transport costs, engineering and consumables and refinery charges, as well as depreciation on plant and equipment, were the main cost of sales items which increased more than proportionately to the increase in revenue. As a result, gross profit for the year ended 30 June 2005 amounted to £875k, a decrease of 9.6 per cent. (on an adjusted basis) compared with the previous year.

Administrative expenses in the year ended 30 June 2005 decreased to £242k compared with £684k in the previous year; however, costs in the year ended 30 June 2004 included a £288k provision in respect of a net balance due from Gravelotte Mines Limited (as further detailed in “Related party transactions” in Part IX of this document). Adjusting for this exceptional provision, administrative expenses in the year ended 30 June 2005 fell by 38.8 per cent.

Overall, operating profit from continuing operations for the year ended 30 June 2005 amounted to £633k, an increase of 10.6 per cent. compared with the previous year’s adjusted operating profit of £573k.

#### *Discontinued operations*

The directors of Goldplat Recovery decided to discontinue the business of supplying mining chemicals such as activated carbon and this product is now imported solely for internal usage. The last of the sales occurred in the nine months ended 31 March 2006.



### ***Commentary on results of operations for the nine months ended 31 March 2006***

The results for the nine months ended 31 March 2006 were affected by a number of factors which were either operational in nature or were the result of decisions taken for the benefit of the year as a whole and the longterm efficiency of the processing plant.

#### *Operational factors*

Goldplat Recovery is continually refining its processes to improve recoverability rates. It also seeks to treat as wide a range of precious metal-bearing materials as possible, many of which are problematic and cannot be processed by Goldplat Recovery's suppliers. This reflects its objective as a key service provider to its customers to process all the by-products offered by them to enable the suppliers to fulfil their environmental obligations. In the first six months, unusually low recoveries were achieved in processing some complex raw materials which had a high base metal content of a type which the company had not previously treated and which were not amenable to Goldplat Recovery's existing processes.

#### *Longterm investment factors*

The decision was made to add a gravity concentrator and two flotation circuits in order to increase recovery rates from higher grade material by up to 30 per cent. Higher grade material was therefore stockpiled pending the installation of the relevant plant, with the result that in the first six months the plant processed an unusually high proportion of lower grade material (with lower recoveries of gold). This was a major contributing factor to the average recovery rates of the gold plant falling from 7.59g/t in the six months to 31 December 2004 to 6.12g/t in the six months to 31 December 2005. Since the new plant was commissioned in March 2006, recovery rates have increased to an average of 6.80g/t over the period 1 January 2006 to 31 March 2006.

The company also took steps in this period to increase its burning capacity and improve recovery rates. Major repairs were made to the kiln and seals were installed.

During the first calendar quarter of 2006, the gravity concentrator and flotation circuits were successfully installed. This has enabled the plant to process the more problematic raw materials at higher recovery rates as well as achieve higher recoveries from the stockpile of higher grade woodchips. Further, during the period two additional mills were acquired to provide extra capacity at the low grade milling circuit and flotation circuit and two sets of spirals were purchased to be used in conjunction with the fluidized bed furnace.

### **Current trading and prospects**

Following this period of investment in the first nine months of the year, the management accounts of Goldplat Recovery for April and May 2006 indicate that the unaudited profits for this two month period amounted to approximately £65,000 before tax and after adjusting for costs associated with the AIM flotation. The Directors consider that the operational outlook is now favourable but believe that the full effect of the recovery in profitability will only be evident in the Group's results for the year ending 30 June 2007.

### **Strategy**

#### *Establishment in Ghana*

The Directors intend to develop a similar business to Goldplat Recovery to process raw materials from gold mines in Ghana, the largest gold-producing country in West Africa, as well as from mines in Mali, Guinea, Burkina Faso, Benin, Cote D'Ivoire, Senegal, the Democratic Republic of Congo and Mauritania. Gold Recovery Ghana Limited ("GRG") has been established for this purpose in the Free Zone Port of Tema.

GRG has identified a 6 acre plot for the operation and has received the required approvals from the Ghanaian Environmental Protection Agency in order to secure and utilize the land for the processing of precious metal bearing materials. GRG has secured a contract with AngloGold Ashanti's Obuasi Mine whereby GRG agrees to purchase approximately 40 – 80 wet metric tons of gold-loaded carbon fines per month. Under the terms of the contract, the gold-loaded carbon fines purchased will have approximate assays of 30-300g/t of gold and/or 100-200g/t of silver. GRG has recently submitted an application to the Ghana Free Zones Board

(GFZB) to set up a Free Zone enterprise. The incentives packaged in the Free Zone Act (1995), Act 504 include tax free status for the first 10 years of operation and thereafter a flat tax rate of 8 per cent. for the life of the operation. Part of the funds raised in the Placing will be used to provide the infrastructure and working capital for the commencement of GRG's business.

The Directors expect that the Ghana operation will process in the region of 150 tons per month of gold-bearing by-products, compared to average monthly throughput of some 4,700 tons at Goldplat Recovery's plant in the nine months ended 31 March 2006. The Ghana operation, however, is expected to process material of a much higher grade, as is evidenced by the first contract with AngloGold Ashanti referred to above. In addition, the relatively small number of deep mines in West Africa means that woodchips, which are generated primarily in deep mining, will form a lower portion of the raw materials available in West Africa.

The Directors do not expect to be able to source PGM-bearing materials given the absence of such mines in the region.

GRG will initially be managed from South Africa utilising Goldplat Recovery's existing team.

The design and feasibility study of the plant in Ghana has been finalised. Following Admission, the Directors expect the plant to be ready to commence processing by the end of 2006. This plant will, in part, use equipment already owned by Goldplat Recovery and not currently in use. The external cost of establishing the plant in Ghana is estimated at £450,000.

#### *Plant expansion in South Africa*

The Directors intend to make a number of improvements to the existing plant including the installation of a fluidized bed furnace which will give a higher burning capacity in the high grade line. In addition to increasing the overall burning capacity of the plant, the furnace will enable Goldplat Recovery to be competitive in the higher grade section of the market as the quality of the burning will improve recovery rates. Other planned improvements include adding a mill to the PGM flotation circuit to process high grade residues in the high grade stock dams, increasing the flotation section in the underground line and building a tailings dam for material which no longer has a economic value to be reprocessed. There will also be ongoing expenditure to maintain Goldplat Recovery's high environmental standards and compliance.

#### *Mining opportunities*

The Directors are currently reviewing a number of gold mining opportunities which they believe will add significant value to the Group and complement the existing and proposed gold and PGM production plants in South Africa and Ghana. The Company is currently in exploratory talks in relation to projects in Ghana, Kenya and Mozambique. Typically the Directors will be seeking to acquire gold deposits comprised of between 200,000 and 2m ounces of contained gold.

The senior management of the Company has extensive experience in running profitable gold mining operations and has worked together on various projects for over 15 years. Demetri Manolis was General Manager from February 1989 to March 1990 and then interim Managing Director in 1992 of Consolidated Modderfontein Mines Limited during which time profits increased from ZAR 3.6m for the year to 30 June 1989 to ZAR 10.9m in the year to 30 June 1990. During this time Ian Visagie and Pedro de Souza also worked with Demetri and together they joined Gravelotte Mines Limited ("Gravelotte").

As managing director of Gravelotte, Demetri and his team grew sales from ZAR 1.6m in 1992 to ZAR 45.4m reaching a peak net profit of ZAR 10.1m in 1999.

#### **Directors and employees**

The Directors of the Company on Admission are as follows:

**Brian Moritz**, aged 70, Non-executive Chairman

Brian is a chartered accountant and the former Senior Partner of the London office of Grant Thornton, one of the leading international accounting firms. He is currently chairman or director of a number of junior mining and exploration companies, the majority of which operate in Africa. He also specialises in advising companies, mainly in the area of flotation. In his former role at Grant Thornton, he was registered by the London Stock Exchange as a nominated adviser qualified executive for companies seeking admission to the AIM Market and a Listed Company sponsor.

**Demetri Manolis**, aged 49, Chief Executive

Demetri was born in Cyprus and gained his mining and metallurgy degree in 1981 at the Technical University of Athens. He worked in chrome and bauxites mines in Cyprus and Greece until 1983 when he emigrated to South Africa becoming a South African citizen. In 1986, he obtained his Certificate of Competency for Mine Managers. Between 1989 and 1992, he was variously General Manager and Managing Director of Consolidated Modderfontein Mines Limited, a goldmining company listed on the Johannesburg Stock Exchange. Between 1992 and 2000, he was managing director of Gravelotte Mines Limited, a privately owned underground gold mining company. He became Managing Director of Goldplat Recovery in July 2000 and together with Ian Visagie, he took over management control of Goldplat Recovery in November 2000 and its rapid increase in profitability since then has been under his leadership.

**Ian Visagie**, aged 46, Finance Director

Ian is a South African citizen. He trained as a Chartered Accountant with KPMG in its Pretoria office. Having gained post qualifying experience with KPMG he moved into a mining environment in 1990 when he joined Consolidated Modderfontein Mines Limited as financial manager where he first worked with Demetri Manolis. In 1992, he joined Gravelotte Mines Limited as financial manager. He joined Goldplat Recovery in March 1997 as financial director. With Demetri Manolis, he took over management control of Goldplat Recovery in November 2000

**John Woolgar**, aged 66, Non-executive Director

A former stockbroker, John has 35 years' substantial and diverse City experience, principally involving private investors in smaller companies. As a former corporate adviser, he raised funds for over 30 companies by way of Official List and Unlisted Securities Market flotations, Business Expansion Scheme and Enterprise Investment Scheme private placings. He conceived the idea of Web Shareshop (Holdings) Plc as a cost effective method of attracting large numbers of private investors into new issues and as a delivery system for private funds into placings. More recently (in 2004) he co-founded Zari Resources plc (now Genesis Petroleum Corporation plc) as an AIM-listed investment company and oversaw its Reverse takeover of Genesis Petroleum Corporation Limited. Similarly (in 2005) he co-founded Zareba plc (now Quadrise Fuels International plc) and oversaw its reverse takeover of Quadrise Fuels International Limited.

Following Admission, it is the Directors' intention to appoint an additional independent non-executive Director.

Key employees and consultants of the Group include:

**Dr. Robert Pitts Smith** – Technical/Marketing Manager

Robert has been active in the recovery of precious metals since 1979 when he originally joined Golden Dumps Research (Pty) Limited. In 1992 he joined Gravelotte in charge of metallurgical processes and began working with Demetri Manolis on Goldplat Recovery matters in 2000 before formally joining Goldplat Recovery in September 2003. He has a PhD in Chemical Engineering and a masters in business administration and is currently responsible for marketing and technical matters.

**Pedro De Souza** – Plant Manager

Pedro joined Goldplat Recovery in September 2003 having worked previously at Consolidated Modderfontein Mines Limited and Gravelotte Mines Limited. He is responsible for the operation of the plant together with his team of assistants. Pedro has more than 40 years' experience in the operation of gold plants.

### **Sam Du Plessis – Consultant**

Prior to 1992, Sam was employed by the Department of Minerals and Energy in South Africa as assistant government mining engineer (Director – Mining Economics). Since then, he has acted as a consultant to various mining groups and has many years' experience in mining legislation, valuation, mining taxation and mining rights. Sam is responsible for and prepares Goldplat Recovery's environmental management programme and reports on it annually to the Department of Minerals and Energy.

### **Employees**

The Company has had no employees since incorporation other than the Existing Directors.

As at 31 March 2006, Goldplat Recovery had 140 employees, of whom some 24 (including directors) are salaried and the remainder are hourly paid. Staff turnover is very low and key employees have been in place for many years. The safety record is excellent with no reportable accidents since the issuing of Goldplat Recovery's mining licence.

Goldplat Recovery's labour force is not unionised and has not experienced any industrial action. Various regulatory authorities, in addition to mining and labour codes, govern labour legislation in South Africa. In general these are well established and, in conjunction with Goldplat Recovery's operating policies, form the cornerstone of its management of human resources.

Through a process of negotiation with regulatory authorities and representative bodies, Goldplat Recovery has initiated various programmes to ensure compliance with the various regulatory statutes.

Goldplat Recovery is continuously striving to uplift HDSAs by providing in-house training and applying affirmative action when suitable candidates are identified.

No employee of Goldplat Recovery holds Ordinary Shares, and, save as disclosed in this document, there are no arrangements with employees regarding the share capital of Goldplat.

### **Details of the Placing**

The Company is issuing 20,000,000 Placing Shares at 7.5p per Share pursuant to the Placing to raise approximately £1.5 million before expenses. The Placing is conditional *inter alia* on Admission and completion of the GMR Acquisition Agreement. The Placing Shares will rank *pari passu* in all respects with the existing Ordinary Shares of the Company. Further details of the Placing Agreement are set out in paragraph 5.5 of Part IX of this document.

Admission is expected to take place and dealings in the Ordinary Shares on AIM are expected to commence on 26 July 2006.

### **Use of proceeds**

The Placing will provide funds to enable the Group to expand its activities into Ghana as described in this document, to provide the cash consideration due under the Goldplat Recovery Acquisition Agreement and to conduct initial examination of possible gold mining projects. In addition, the placing proceeds will pay the costs of the AIM Admission and provide working capital for the Group. In summary, the Company intends to apply the proceeds of the placing as follows:

Subscription for shares in GMR to fund cash consideration for the acquisition of Goldplat Recovery	£500,000
Cost of establishing the Ghana plant	£450,000
AIM listing costs	£300,000
Evaluation of gold mining opportunities and working capital	£250,000

As well as raising funds for the purposes shown above, the Company is seeking Admission to AIM in order to take advantage of that market's higher profile, wider investor base, greater liquidity and better access to institutional investors.

## Lock-in and Orderly Market Agreements

Directors and certain associated entities and certain other shareholders, including the Vendors, beneficially interested in 83,200,000 Ordinary Shares representing 80 per cent. of the share capital of the Company on Admission have agreed, subject to certain exceptions, not to dispose of any interests in the Company's shares for a period of 12 months from Admission and thereafter for a period of 12 months to observe certain orderly market provisions. In addition the holders of a further 700,000 Ordinary Shares have agreed to observe certain orderly market provisions for the period of 12 months from Admission. Further details of these arrangements are set out in paragraphs 5.3 and 5.4 of Part IX of this document.

## City Code on Takeovers and Mergers ("the City Code")

Following completion of the GMR Acquisition Agreement, the terms of which are set out in paragraph 5.6 of Part IX, the vendors of GMR will hold more than 50 per cent. of the Ordinary Shares. This gives rise to certain considerations under the City Code.

Under Rule 9 of the City Code ("Rule 9"), where (i) any person acquires an interest in shares which, when taken together with shares in which he is already interested and in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company subject to the City Code or (ii) any person who, together with persons acting in concert with him, is interested in not less than 30 per cent. but does not hold shares carrying more than 50 per cent. of the voting rights of a company subject to the City Code and such person, or persons acting in concert with him, acquires an interest in any other shares which increases the percentage of voting rights in which he is interested, that person is normally obliged to make a general offer to all shareholders to purchase, in cash, their shares at the highest price paid by him, or any person acting in concert with him, within the 12 months prior to the announcement of his offer.

For the purposes of the City Code, the vendors of GMR ("Vendors") will be considered to be acting in concert with one another (and hence will comprise the "Concert Party"). On Admission, the Concert Party will be interested in 79,000,000 shares (out of a total issued share capital of 104,000,000) representing 76 per cent. of the voting rights of the Company (as set out in the table below).

	<i>No. of Shares on Admission</i>	<i>% of voting rights on Admission</i>
<i>Concert Party member</i>		
Artemis Trustees Limited as trustees for Perseus Settlement	56,090,000	53.9%
Artemis Trustees Limited as trustees for Kilo Trust	18,170,000	17.5%
Artemis Trustees Limited as trustees for Aqualeo Trust	4,740,000	4.6%
TOTAL	<u>79,000,000</u>	<u>76%</u>

Following an application to the Panel and the waiver by the existing shareholders prior to the placing of their rights under Rule 9 in respect of the acquisition of GMR, the Panel has agreed to waive the obligation on the Vendors to make a general offer to Shareholders under Rule 9 of the City Code which would otherwise have arisen on completion of the GMR Acquisition Agreement.

**Following completion of the Acquisition, the members of the Concert Party will between them hold more than 50 per cent. of the Company's voting share capital and (for so long as they continue to be considered by the Panel to be acting in concert) may accordingly be able to increase their aggregate shareholding without incurring any further obligation under Rule 9 to make a general offer (although individual members of the Concert Party will not be able to increase their percentage shareholdings through a Rule 9 threshold without Panel consent). The Concert Party will control the Company and can approve or block ordinary and special resolutions of the shareholders of the Company.**

## Dividend policy

The Directors intend to use the cash generated by Goldplat Recovery and GRG to investigate and ultimately acquire and develop gold mining opportunities, in accordance with their plan to generate capital growth for Shareholders. They may, however, recommend distributions at some future date, when it becomes financially prudent to do so.

## **Taxation**

The attention of prospective investors is drawn to the taxation section in paragraph 10 of Part IX of this document.

## **Corporate governance and internal controls**

The Directors recognise the importance of sound corporate governance commensurate with the size of the Company and the interests of shareholders. As the Company grows, the Directors intend that it should develop policies and procedures which reflect the Principles of Good Governance and Code of Best Practice as published by the Committee on Corporate Governance (commonly known as the “Combined Code”). So far as is practicable, taking into account the size and nature of the Company, the Directors will take steps to comply with the Combined Code.

The Directors have established an audit committee and a remuneration committee made up of the non-executive directors, Brian Moritz and John Woolgar.

The audit committee will receive and review reports from management and from the auditors relating to the interim and annual accounts and to the system of internal financial control. The remuneration committee will determine the terms and conditions of service of executive directors.

The Company will take all proper and reasonable steps to ensure compliance by the Directors and relevant employees of AIM Rule 21 regarding dealings in the Company’s securities.

## **CREST**

The articles of association of the Company permit the Company to issue shares in uncertificated form in accordance with the Uncertificated Securities Regulations 2001. The Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place in the CREST system if the relevant Shareholders wish.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain certificates will be able to do so.

## **Further information**

**Your attention is drawn to Part III of this document which contains certain risk factors relating to an investment in the Company and to Parts IV to IX of this document which contain further additional information on the Group.**

## PART II

### DESCRIPTION OF PROCESS PLANT

This Part II explains the various treatment stages of Goldplat Recovery's processing plant and the proposed gold plant at GRG which, the Directors believe, are suitably equipped to deal with most materials consisting of by-products from gold and platinum mines.

#### Washplant

1. Raw woodchips are first screened to remove oversize material before being conveyed to the washplant; oversize material is transferred for processing in the underground line (see below).
2. The overflow from the washplant consists of washed woodchips and fine sands. After screening, the former are stockpiled for treatment in the high grade circuit (see below); the latter are conveyed to the low grade circuit (see below).
3. The underflow from the washplant is fed to a classifier which separates coarse sand (which is conveyed to the underground line as described below) from fine sands (which are fed to the woodchip screen in 2 above).

*See Figure I (upper section)*

#### Low grade circuit

This circuit has a capacity of some 1,200 tonnes per month.

1. Fine sands from the woodchip screen in the washplant are pumped to the thickener where they are mixed with flocculant additive and lime; excess water from the thickener is pumped back to the washplant and the thickener underflow is fed to the tanks in the carbon-in leach ("CIL") circuit. Oxygen is added to the first tank while sodium cyanide solution is added to the second tank. Tanks two to nine contain activated carbon.
2. Gold-loaded carbon produced in the CIL circuit is conveyed to the elution plant for gold recovery by electrowinning and smelting; the CIL residue is pumped to the low grade stock dam for re-processing after oxidation.
3. The low grade circuit has a separate plant for other material such as surface materials with a high metallic component recovered from foundries which recycle steel mill liners from mines. After being fed through the jaw crusher, the material is milled and pumped to the recently-installed gravity concentrator which produces concentrate which is either refined by an external contractor such as Rand Refinery or processed in-house through the James table and thence to the smelter.
4. Tailings from the gravity concentrator are pumped to a cyclone; the cyclone overflow is fed to the low grade thickener and the cyclone underflow is fed to the mill.

Recoveries in the low grade circuit are typically of the order of 75 per cent. comparing the grade after the thickener with the grade of the residue.

The installation of the gravity concentrator with recoveries of the order of 55 per cent. has enabled recoveries from certain high grade materials to be as high as 89 per cent.

A larger capacity ball mill has recently been acquired to replace the existing ball mill, which may be used in the proposed Ghana gold plant.

*See Figure I (lower section)*

## **High grade circuit**

This circuit has a capacity of some 450 tonnes per month.

1. The feedstock for the high grade circuit comprises washed woodchips and flotation concentrate (either from the underground line or the PGM flotation circuit (see below) which was recently converted to process gold-bearing material) as well as fine carbon and grease. These are fed to the rotary kiln which generates fine ash and coarse ash. The feed material and the combustion gases flow in a counter current mode through the kiln. The fine ash is carried to the cyclones by the combustion gases where most of the dust is collected as cyclone underflow. The balance of the fine ash exiting the cyclone overflow is captured by a venturi scrubber and the washed gases are vented to atmosphere via a stack.
2. The coarse ash exits the kiln at the firing end and is fed to the mill where lime is added. The mill discharge is pumped to a cyclone which separates fine milled ash from coarse ash, the latter being re-processed in the mill.
3. The fine ash is conveyed to the high grade thickener which also treats the fine dust when it has been re-pulped after the cyclone stage mentioned in 1 above.
4. The thickener underflow is pumped to the high grade CIL circuit and sodium cyanide added. The gold-loaded carbon is removed and conveyed to the elution plant for gold recovery and the residue is pumped to the PGM flotation circuit or the high grade stock dam for re-processing after oxidisation.
5. Water overflow from the thickener is pumped to the venturi scrubber to recover the fine dust in the overflow from the cyclones in 1 above.

Recoveries in the high grade circuit are typically of the order of 70 per cent. comparing the grade after the thickener with the grade of the residue.

Goldplatt Recovery plans to install a fluidised bed furnace to provide additional and, for certain higher grade materials such as fine carbon, more efficient burning capacity in the high grade circuit. In addition, a mill will be added to the former PGM flotation circuit to process the residue in 4 above as well as material previously conveyed to the tailings dam. Two sets of spirals have been acquired to pre-treat the feed to the fluidised bed furnace in order to improve the efficiency of the burning process.

*See Figure II (High grade circuit)*

## **Underground line**

The underground line has a capacity of 4,800 tonnes per month after the ball mill.

1. The feedstock for the underground line comprises vleis and other surface materials, coarse sand and oversize woodchips from the washplant. Material is fed to the jaw crusher and thence to the ball mill where lime is added. After the mill, the material is pumped to a cyclone which generates fine sand and coarse sand. The latter is re-fed to the mill; the former is conveyed to the thickener where flocculant is added.
2. Pulp from the thickener is either fed directly to the CIL circuit or (for example in the case of coarse sands) treated in the recently-installed flotation circuit where the flotation tailings are fed to the CIL circuit and the concentrate is conveyed to the kiln in the high grade circuit.
3. Gold-loaded carbon produced in the CIL circuit is conveyed to the elution plant for gold recovery. Residue is pumped to the stock dam for re-processing after oxidisation.

Recoveries in the underground line are typically of the order of 50 per cent. comparing the grade after the thickener with the grade of the residue.

The effect of installing the flotation circuit was to improve the overall recovery of the feed to the CIL circuit in the underground line. An additional flotation circuit is being installed.

*See Figure III (Underground line)*



### **Mini Plant Circuit**

This circuit has a capacity of some 150 tons per month. It is used mainly to process low volume high grade materials exceeding 150 g/t gold where it is necessary to measure the recovery accurately to ensure that the transaction is profitable. Alternatively, the small capacity allows client material to be processed as a batch under their scrutiny which overcomes the problem of sampling material with a high variance. Thus the client receives the gold which is actually present rather than that based on an unreliable assay because of the difficulty in sampling the material.

1. The feedstock for this circuit comprises high grade carbon sludge which is fine carbon in excess of 150 g/t that has been burnt to an ash.
2. The ash is fed to the ball mill together with lime and thence to the cyclone which separates the fines from the coarse ash, the latter being re-processed in the mill
3. The fine ash is conveyed to the mini plant thickener.
4. The thickener underflow is pumped to the mini plant CIL where sodium cyanide and carbon are added.
5. The gold loaded carbon is conveyed to the elution plant for gold recovery and the residue is collected in a stock dam for re-processing at a later stage.

Recoveries in the mini plant circuit are typically of the order of 95 per cent. comparing the grade after the thickener with the grade of the residue.

This circuit increases the flexibility of the processing and marketing options available to Goldplat Recovery and may reduce the sampling risks inherent in some materials.

### **PGM flotation circuit**

This circuit has a capacity of some 600 tonnes per month.

The circuit was designed and installed to recover PGM concentrates from woodchips and woodchip ash. By substituting the reagent suite the plant may be used to float gold bearing material. The plant is currently being used to recover gold from the flotation tailings from the high grade circuit (see above).

1. The high grade tailings are pumped to the thickener where flocculants are added.
2. The thickener underflow is pumped to conditioning tanks where the flotation reagents are added.
3. The conditioned pulp is then fed to the flotation cells where a concentrate is produced and pumped to a storage tank and the tailings are pumped to a separate stock dam.
4. The concentrate is then pumped to a plate and frame filter where the concentrate is collected as a filter cake. The concentrate is fed to the kiln in the high grade circuit.

This circuit increases the flexibility of the process routes available to Goldplat Recovery.

Capital expenditure has been planned to incorporate a ball mill in this circuit to enable milling to take place before flotation to increase the recovery.

*See Figure IV (PGM flotation circuit)*

### **Elution Plant**

This circuit has a capacity of some 60 tonnes of activated carbon per month.

Once the gold has been captured by the activated carbon, the carbon is removed from the CIL by screening and transported to the elution plant where the gold is extracted back into solution using chemicals, electrowon out of the solution as a cathode sludge and then smelted to produce a bullion bar. The carbon is thermally regenerated, screened and returned to the CIL.

1. The feed stock for elution plant comprises loaded carbon from the high grade, low grade, underground and mini plants.
2. The loaded carbon is immersed in the hopper to wash the carbon removing fine woodchips and slimes.
3. The washed carbon is transferred to the acid washing column. Hydrochloric acid is added to remove the calcium build up on the carbon.
4. The acid washed carbon is transferred to the elution column. Sodium cyanide and caustic soda are added under pressure and elevated temperature.
5. This solution is pumped through the electrowinning cells where the gold is plated out onto the wire wool cathodes.
6. The precipitated gold is washed off the cathodes, calcined and then smelted in an induction furnace to produce a bullion bar.
7. The eluted carbon is transferred to the regeneration kiln where the carbon is heated in the presence of steam thereby increasing the activity of the carbon before it is returned to the CIL circuit.

This circuit capacity is in excess of the requirements of Goldplat Recovery and thus toll eluting is possible for clients who have insufficient capacity. The capacity is installed in modular form thus it is possible to have two separate elutions running at the same time, one for Goldplat Recovery and one for the toll client.

This increases the flexibility of services offered by Goldplat Recovery.

*See Figure V (Elution plant)*

#### **PGM and gold shot blast section**

There are separate shotblast installations for PGM and gold liners.

In both cases there is a receiving area where the loose material containing precious metals is removed from the liners and collected. Thereafter the balls which have been forced into the spaces between the grids of the liners during the milling process are removed and the loosened material collected again. The surface cleaned liners are then placed in the shotblast container and blasted to remove the impregnated precious metals. The dust produced during this process is collected via a dust extraction unit situated outside the container. This dust together with the surface cleaning material constitutes the concentrate. The liners after being shotblasted are sold to the foundries for their steel content.

In the case of the rubber liners the same procedure is adopted as above. Thereafter the shotblasted rubber is burnt to produce an ash containing precious metals (concentrate) and steel or aluminium for sale to the relevant foundries.

#### **Incineration section**

This section has a burning capacity of some 60 tonnes per month.

A diesel fired static incinerator and an electrically fired rotary incinerator are available for low volume high value materials that require burning.

1. The feedstock for this section includes PGM catalysts that require the burning off of carbon based impurities before feeding to a smelter.
2. The incinerator is heated up with diesel burners and then the feed added. Once burnt a further load is added and so on until the hearth is full of ash when the incinerator is emptied and the process repeated.

This capacity allows Goldplat Recovery to offer toll incineration facilities for high value material in small volumes.

## **Wash Bay Section**

This section has a capacity of some 1,000 tonnes per month.

Should it be advantageous to wet screen material on a large scale this section offers a three product split.

1. The feedstock for this section includes vlei material or other surface material which tests have shown require separation by way of physical size to maximise the gold recovery.
2. The material is dumped by truck onto the washing area. High pressure water guns are used to wash the material into a sump via a static scalping screen. The screen underflow is pumped onto a double deck vibrating screen where the material is separated into an oversize fraction, middlings and underflow fraction. The two screen fractions are conveyed to stockpiles while the underflow is pumped to the circuit selected. This section provides a further pre treatment option to improve the overall gold recovery from a particular material.

## **Proposed gold plant for Gold Recovery Ghana Limited**

### *1. Shot Blast*

This process is relatively easy to establish at a low capital investment. The liners are cleaned of loose material in the receiving area. Thereafter the steel balls are removed and the loosened material is added to that above. The surface cleaned liners are then placed in the shotblast container and blasted to remove the impregnated gold. The dust generated during this process is collected in a dust extraction unit situated outside the container. This dust together with the surface cleaning material constitutes the concentrate.

### *2. Incinerators and Arc furnace*

Incinerators will be installed to burn grease, rubber, fine carbon and high grade woodchips. The resultant ash will be smelted in an arc furnace to produce gold bullion or a base metal bar and slag.

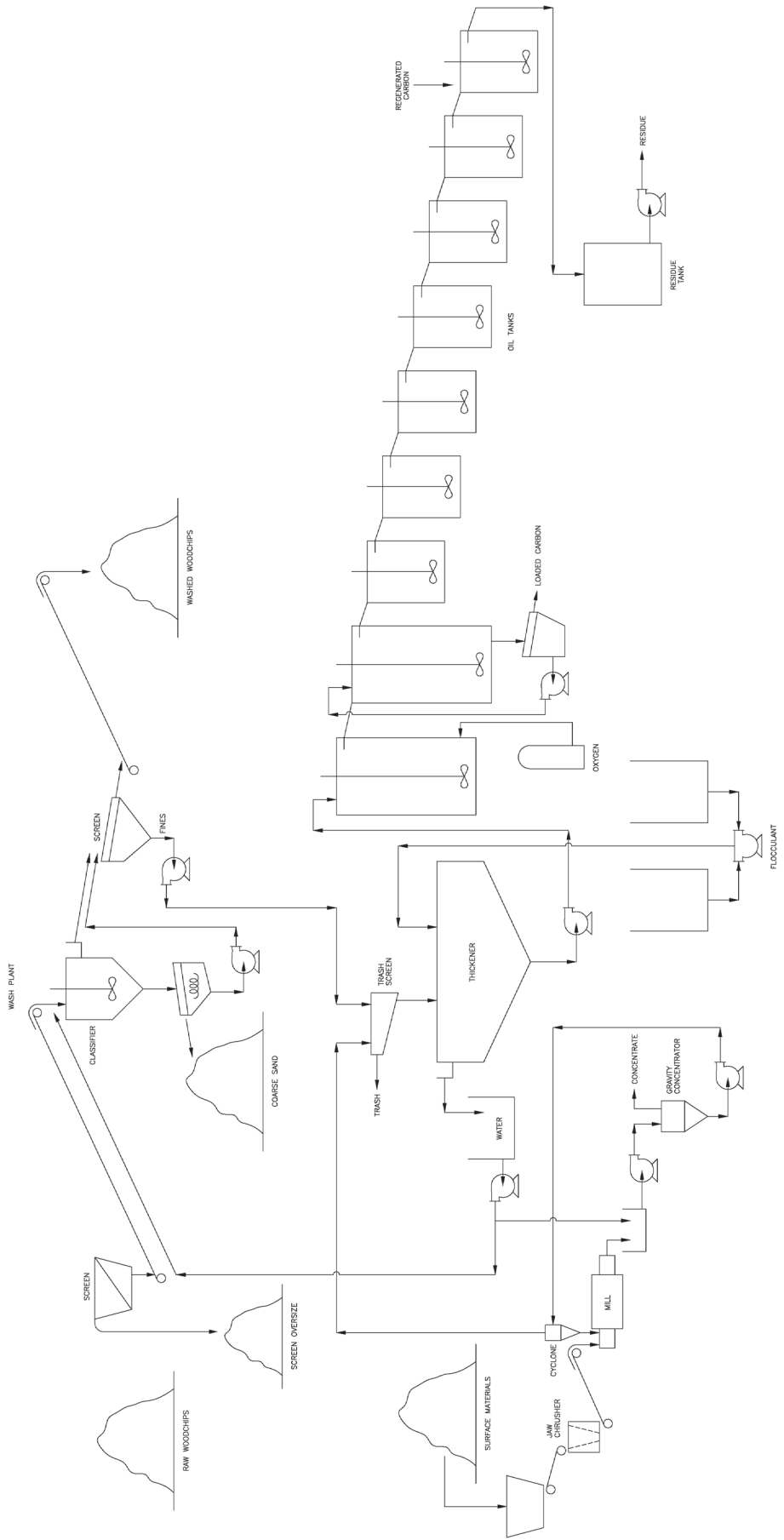
### *3. Gravity concentrator*

A ball mill will be installed to mill materials such as slags or magnetics to produce a feed material for a james table. The james table will produce a concentrate for smelting or export and a tailing will be part of the feed to the gold cyanidation circuit.

### *4. CIL circuit*

Lower grade gold bearing material and the by products of the previous two paragraphs will be milled, thickened and processed through a CIL circuit to produce loaded carbon and a residue to be stored on site.

*See Figure VI (Proposed gold plant for Gold Recovery Ghana Limited)*



**Figure I: Washplant and low grade circuit**

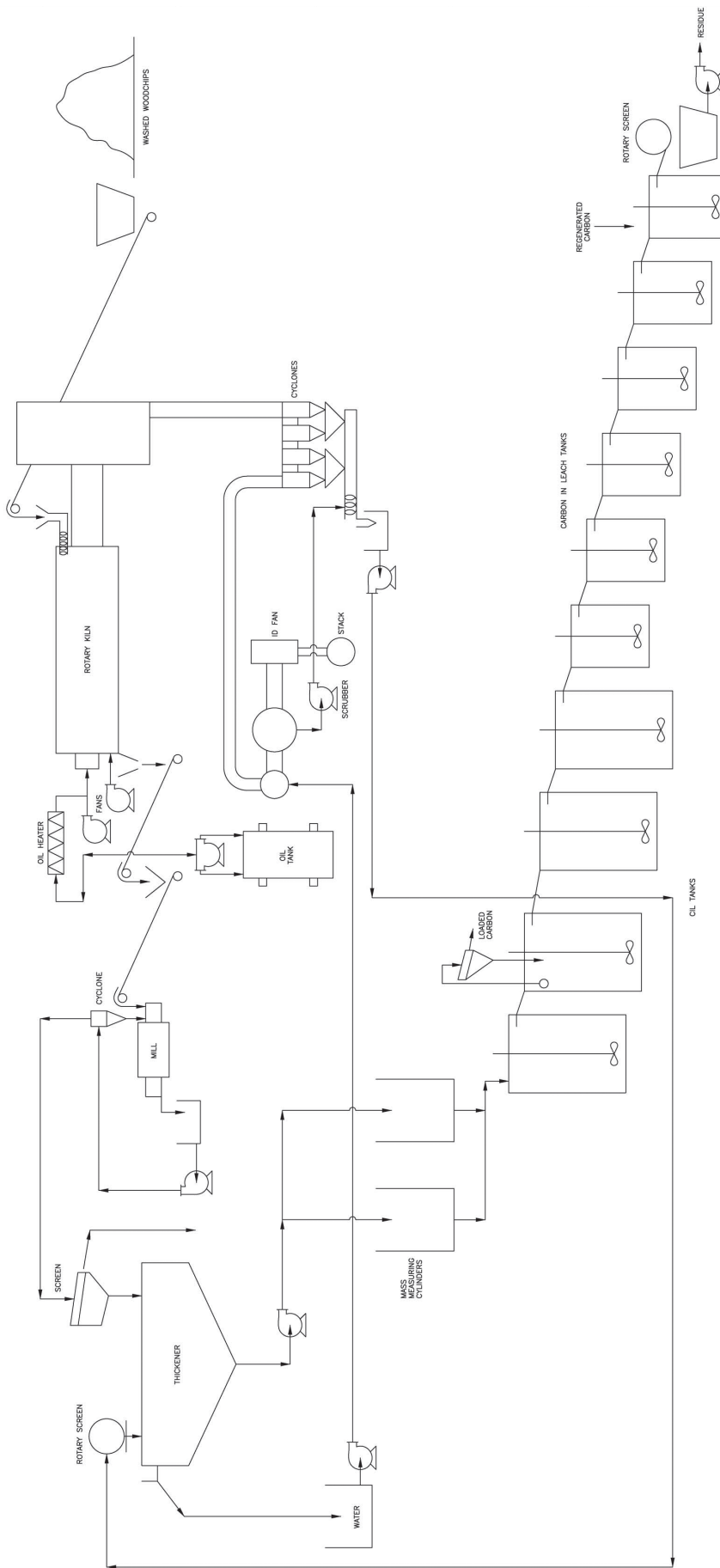


Figure II: High grade circuit

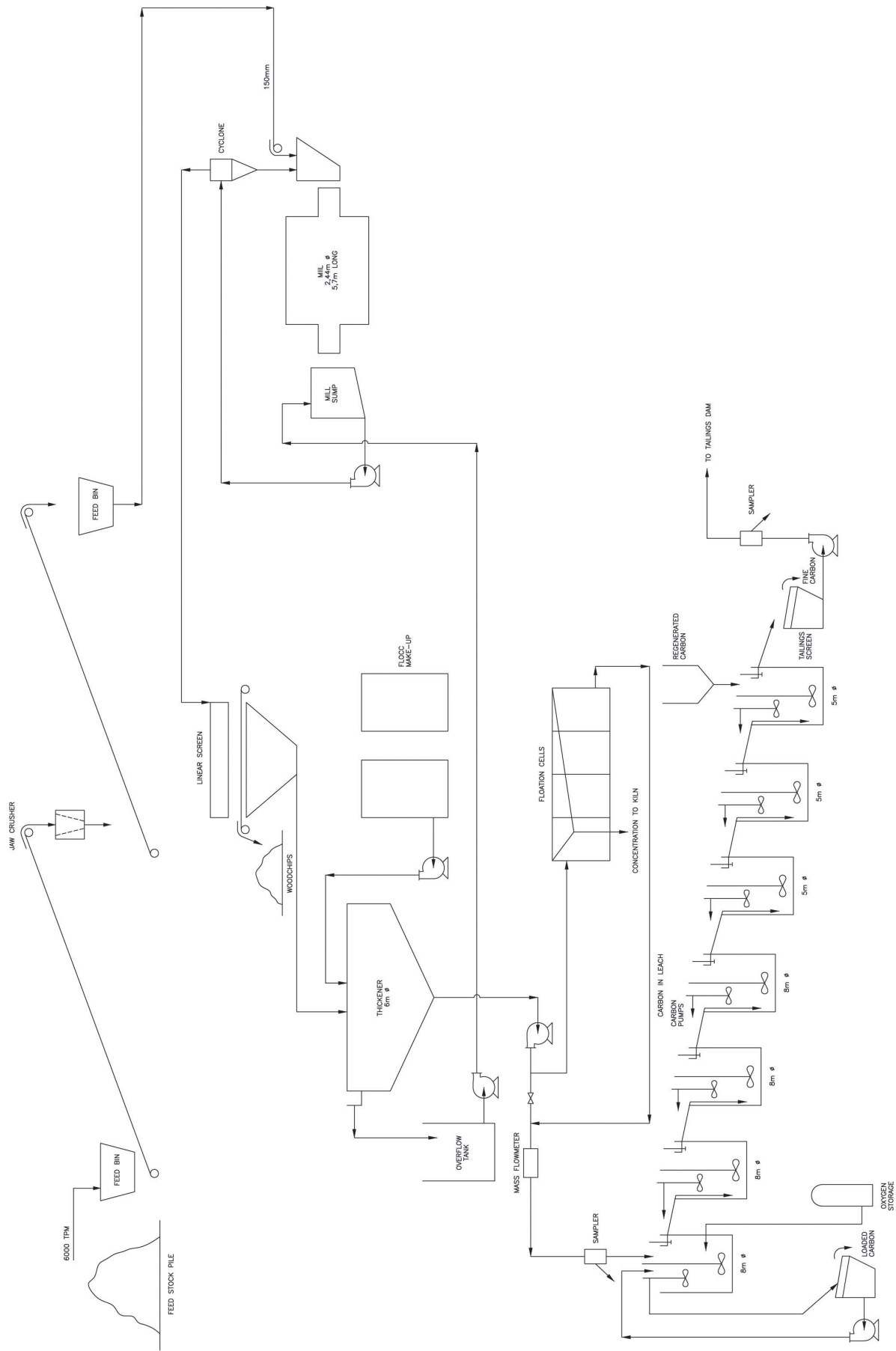


Figure III: Underground line

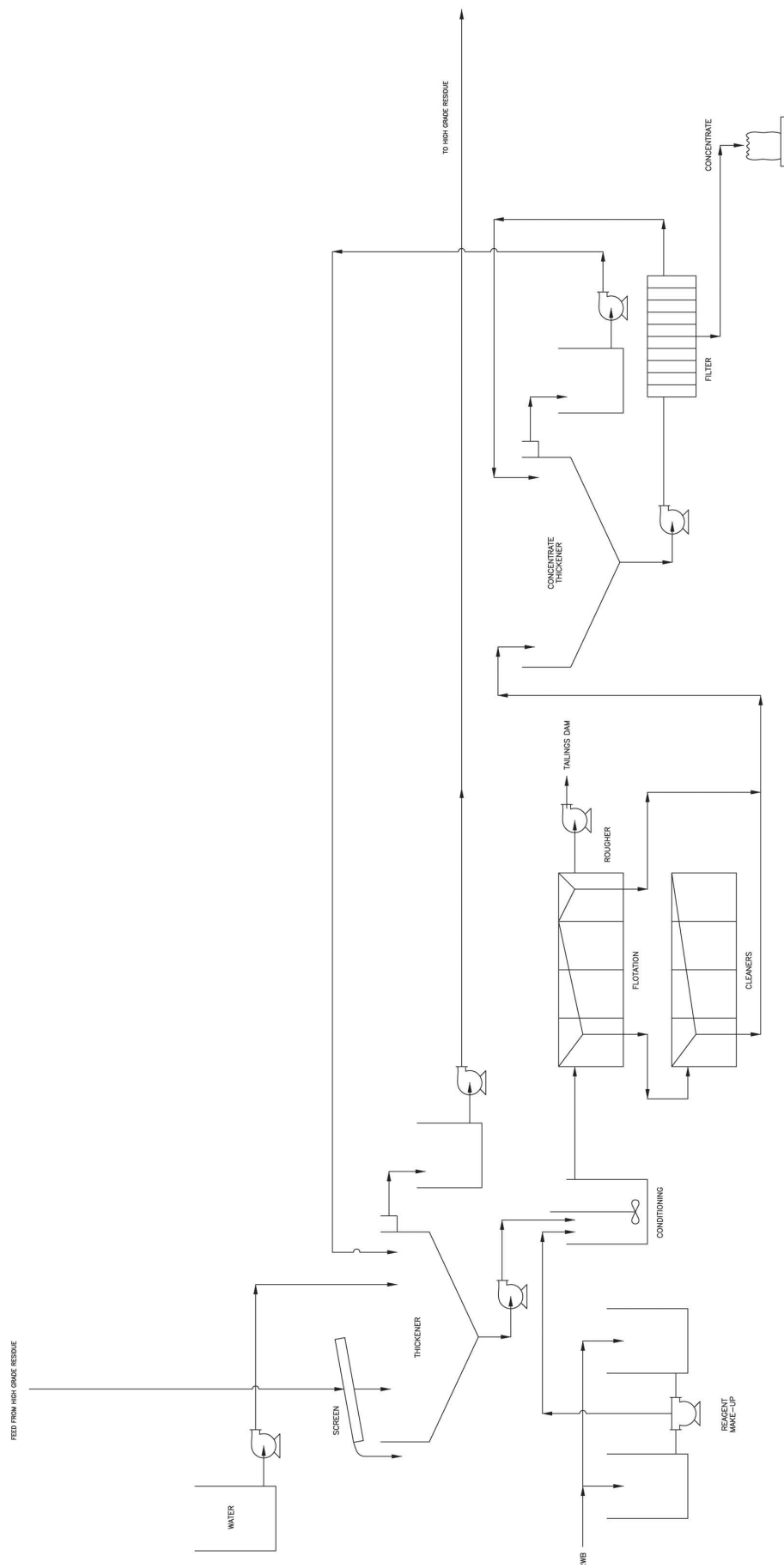


Figure IV: PGM flotation circuit

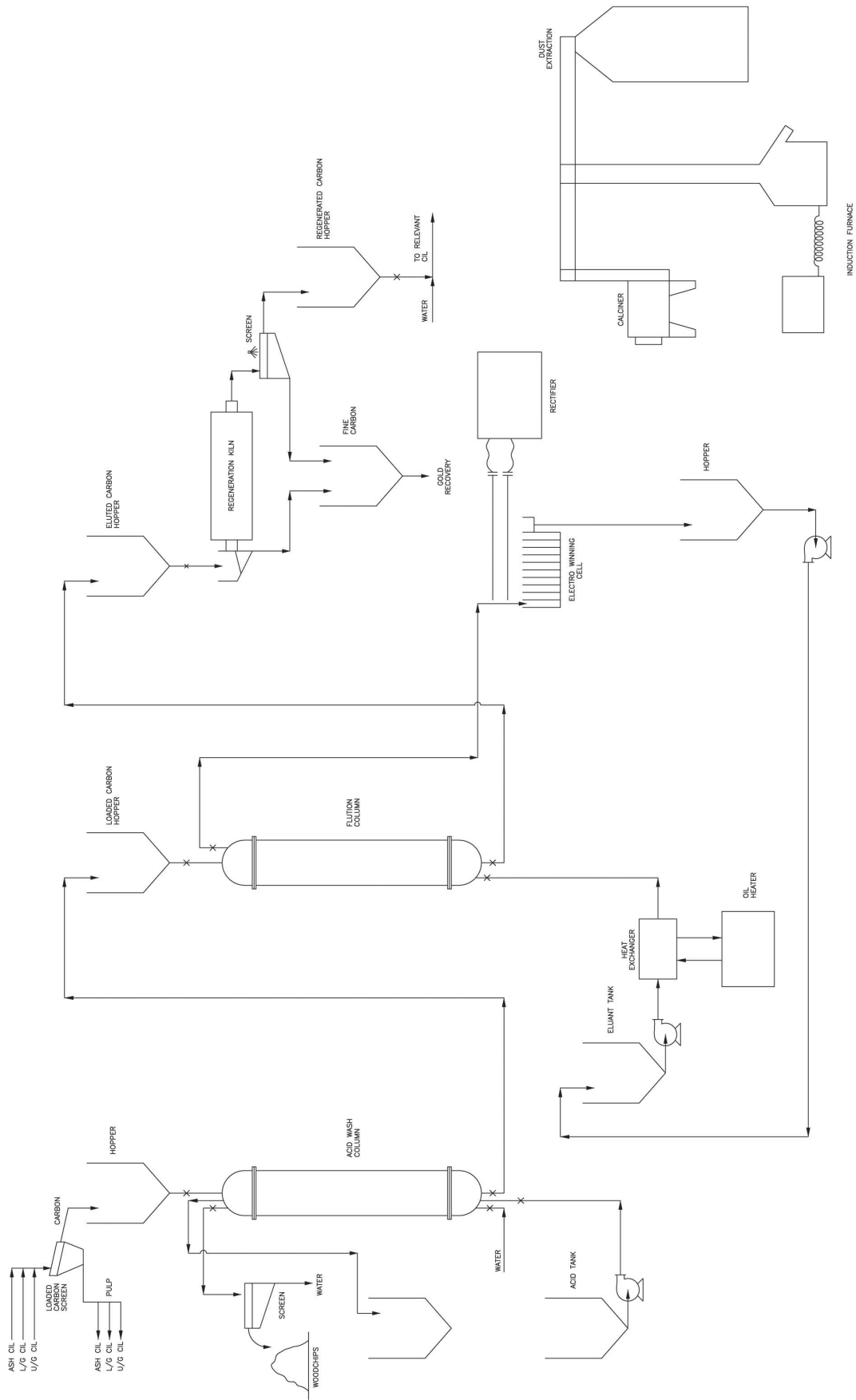


Figure V: Elution plant



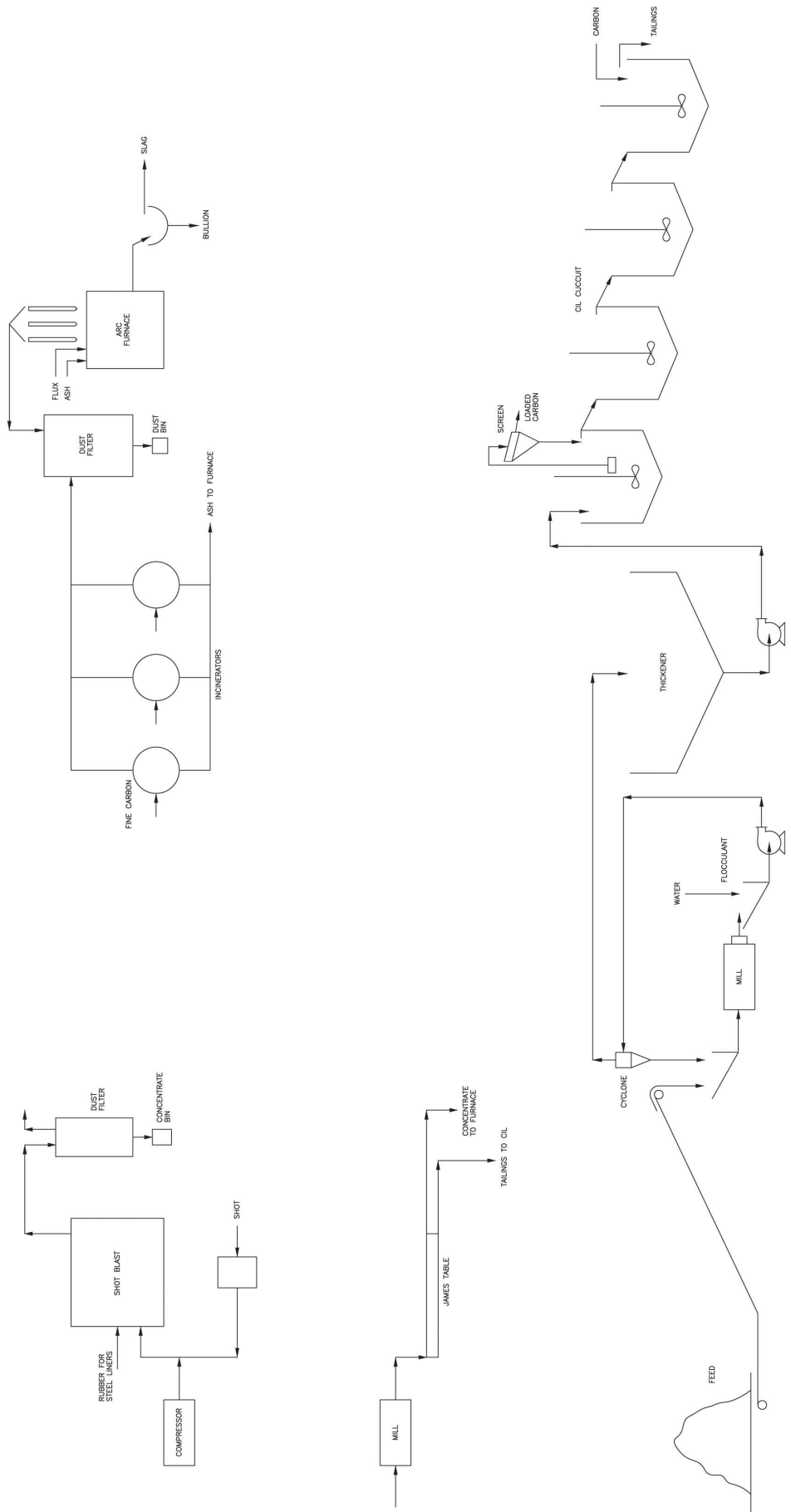


Figure VI: Proposed gold plant for Gold Recovery Ghana Limited

## PART III

### RISK FACTORS

The AIM market is designed primarily for emerging or smaller companies to which a higher investment risk than that associated with larger or more established companies tends to be attached. AIM securities are not officially listed. A prospective investor should be aware of the potential risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial advisor being, in the case of persons resident in the United Kingdom, a person authorised under the Financial Services and Markets Act 2000, who specialises in advising on the acquisition of shares and securities. It is emphasised that the risk factors set out are not exhaustive and that other risk factors may apply.

Investors should be aware of various risk factors when making an investment in the Company. The market price of shares and the dividends paid by companies may fall as well as rise. It is recommended that potential investors read this entire document to help them assess the risks of investing in the Company. Returns on an investment will depend on stock market conditions as well as the performance of the Group. There are a number of risk factors that may have an adverse impact on the operating and financial performance of the Group. There are also general risks associated with any investment in shares. Investors should also consider their personal circumstances including financial and taxation issues and seek appropriate professional advice before deciding whether to invest. Such risk factors include, but are not limited to, the following:

#### **Dependence on key executives and personnel**

The Group's development and prospects are dependent upon the continued services and performance of its senior management and other key personnel. The loss of the services of any of the senior management or key personnel may have a significant adverse impact on the Group.

#### **Operational Risks**

The availability of material which may be processed by the Group depends upon numerous factors beyond its control, the exact effects of which cannot be accurately predicted, including, *inter alia*, changes in technology in the sphere of mining for precious metals.

The business by its nature involves significant risks and hazards, including environmental hazards, industrial incidents, labour disputes, discharge of toxic chemicals, fire, drought, flooding and other "acts of God". The occurrence of any of these hazards can delay or interrupt production, increase production costs and result in liability for the Group. The Group could become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past activities for which it was not responsible.

#### **Volatility of Commodity Prices**

The market price for gold can fluctuate widely. These fluctuations are caused by numerous factors beyond the Group's control including:- speculative positions taken by investors or traders in gold; changes in the demand for gold use in jewellery, for industrial uses and for investment; changes in the supply of gold from production, disinvestment, scrap and hedging; financial market expectations regarding the rate of inflation; the strength of the US dollar (the currency in which the gold price trades internationally) relative to other currencies; changes in interest rates; actual or expected gold sales by central banks; gold sales by gold producers in forward transactions; global or regional political or economic events; and costs of gold production in major gold-producing nations, such as South Africa, the United States, Australia and Uzbekistan. The price of gold is often subject to sharp, short-term changes resulting from speculative activities. While the overall supply of and demand for gold can affect its market price, because of the considerable size of aboveground stocks of the metal, in comparison to other commodities, these factors typically do not affect the price in the same manner or degree as the supply of and demand for other commodities tend to affect their market price.

Platinum is the major source of revenue from the PGMs produced by the Group. Platinum is both a precious metal and an industrial metal. The fundamentals of the platinum market are tight: supplies are very limited, while demand currently exceeds supply and is predicted to increase. For this reason, the platinum market has experienced significant volatility in recent years, and if the current imbalance between supply and demand continues, volatility can be expected to continue. The key factors that may influence platinum prices are policies in the most important producing countries, namely South Africa and the Russian Federation, the amount of stockpiled platinum and economic conditions in the main consuming countries.

The majority of the Group's revenue represents gold sales. If revenue from gold sales were to fall below the cost of production for an extended period, the Group may experience losses and be forced to curtail or suspend some or all of its capital projects and/or operations. In addition, the Group would have to assess the economic impact of low gold prices on its ability to recover any losses it may incur during that period and on its ability to maintain adequate cash and accounting reserves.

### **Foreign exchange fluctuations**

Gold is principally a dollar-priced commodity, and most of Goldplat Recovery's revenues are realized in or linked to dollars while production costs are largely incurred in the applicable local currency of the country where the relevant operation is located: currently South Africa and, after the establishment of GRG, Ghana as well. The weakening of the dollar (without a corresponding increase in the dollar price of gold) against these local currencies results in lower revenues and, generally, higher production costs in sterling terms (the Group's reporting currency). Conversely, the strengthening of the dollar, (without a corresponding decrease in the dollar price of gold) against these local currencies yields higher revenues and, generally, lower production costs in sterling terms. If material, these exchange rate movements may have a material adverse effect on Goldplat Recovery's results of operations and those of the Group.

### **Fluctuations in the price of input costs, many of which are linked to the price of oil**

Fuel, power and consumables, including diesel, heavy fuel oil and chemical reagents, which are used in mining operations, form a relatively large part of the operating costs of any mining company. The cost of these consumables is linked, to a greater or lesser extent, to the price of oil. High oil prices would have an adverse effect upon the profitability of the Group's existing operations and the returns anticipated from new projects.

### **Licences**

The Company's activities will be dependent upon the granting, maintenance, renewal and good standing of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. There can be no assurance that any such authorisations will be granted or renewed and as to the terms of any such renewal.

### **Regulatory environment**

The Group's operations are subject to environmental regulation (including regular environmental impact assessments and permitting) in all the jurisdictions in which it operates or plans to operate. Such regulation covers a wide variety of matters, including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. Compliance with these regulations and obligations imposed by permissions may increase the costs of the Group's operations. The Directors believe the Group substantially complies with laws and regulations that affect its operations. These laws and regulations may however change and could result in the Group being required to comply with obligations which are more stringent and less flexible than the ones currently in force. This may cause a delay in the planned operations of the Group or prevent the development of the Group's activities.

### **Competition**

Current and potential competitors may have substantially greater financial, technical and marketing resources, longer operating histories, larger customer bases, greater name recognition and more established relationships than the Group and so may be better able to compete in the Group's target markets.

## **Political and Economic**

Projects in which the Group invests are likely to be in jurisdictions where legal uncertainties, ambiguities, inconsistencies and anomalies might arise which would not necessarily exist in the UK. In particular, difficulties may arise in seeking to obtain redress through the legal courts in the relevant overseas jurisdictions.

### **New order mining rights**

The Mineral and Petroleum Resources Development Act (“MPRDA”) vests custodianship of South Africa’s mineral rights in the State. The State issues prospecting rights or mining rights to applicants. Prospecting, mining and mineral rights formerly regulated under the Minerals Act 50 of 1991 and common law are now known as old order mining rights and the transitional arrangements provided in Schedule II to the MPRDA give holders of such old order mining rights the opportunity to convert their old order mining rights into new order mining rights within specified time frames.

The Department of Minerals and Energy has published, pursuant to the MPRDA, the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the “Charter”). The objectives of the Charter are to:

- promote equitable access to the nation’s mineral resources to all the people of South Africa;
- substantially and meaningfully expand opportunities for historically disadvantaged South Africans (“HDSAs”) that is, any person, category of persons or community, disadvantaged by unfair discrimination before the Constitution of the Republic of South Africa of 1993 came into operation, including women – to enter the mining and minerals industry and to benefit from the exploitation of the nation’s mineral resources;
- utilize the existing skills base for the empowerment of HDSAs;
- expand the skills base of HDSAs in order to serve the community;
- promote employment and advance the social and economic welfare of mining communities; and
- promote beneficiation of South Africa’s mineral commodities.

The Charter, compliance with which is measured using a designated scorecard, requires that every mining company achieve 15 percent ownership by HDSAs of its South African mining assets by 1 May 2009, and 26 percent ownership by 1 May 2014.

Even where new order mining rights are obtained under the MPRDA, these rights may not be equivalent to the old order mining rights. The duration of the new mining rights will no longer be perpetual as was the case under old order mining rights but rather will be granted for a maximum period of 30 years, with renewals of up to 30 years each. In addition, the new order mining rights will only be transferable subject to the approval of the Minister of Minerals and Energy. The new order mining rights can be suspended or cancelled by the Minister of Minerals and Energy if, upon notice of a breach from the Minister, the entity breaching its obligations in terms of the guidelines issued for converted mining rights fails to remedy such breach.

The MPRDA also imposes additional responsibilities on mining companies relating to environmental management and to environmental damage, degradation or pollution resulting from their prospecting or mining activities. Goldplat Recovery’s policy is to evaluate, minimize and address the environmental consequences of its activities and, consistent with this policy and the MPRDA, it conducts an annual review of the environmental costs and liabilities associated with its South African operations in light of the new, as well as existing, environmental requirements. In addition, comprehensive monitoring of all aspects of compliance with the approved environmental management programme is conducted every second year.

## **Proposed introduction of South African State royalties, as well as proposed changes to the fiscal regime for mining companies in South Africa**

The South African government has announced that it is considering new legislation, whereby the new order rights will be subject to a State royalty. The extent and basis of that royalty are unknown at present. The draft Mineral and Petroleum Royalty Bill was released in March 2003 for comments and proposed a royalty payment of 3 percent of gross revenue per year, payable quarterly, in the case of gold. The draft provided that the royalty payments would have commenced upon the conversion and granting of a new order mining right.

Members of the South African mining community have submitted comments on the draft bill to the relevant authorities. These comments included recommendations for a profit-based, rather than a revenue-based, royalty and in order not to delay the conversion of mineral rights from old into new order rights, it was recommended that the proposed royalty should only become payable from 1 May 2009, which date is the final date for conversion of the old order into new order mining rights in terms of the MPRDA. In addition, a reduction in the royalty rate from that proposed in the draft Mineral and Petroleum Royalty Bill has been proposed. On 18 February 2004, in the Budget Speech for the 2004 fiscal year, the South African Minister of Finance proposed several refinements to the draft Mineral and Petroleum Royalty Bill. These included a delay in the introduction of the royalty to 1 May 2009, and confirmation of the South African government's preference for a revenue-based royalty. It was further indicated that the royalty regime would take cognizance of the mining sector's diverse production and profitability dynamics with differential rates to apply to marginal mining operations.

The draft Mineral and Petroleum Royalty Bill makes provision for the Minister to issue regulations to allow the Minister of Minerals and Energy to partially or wholly exempt a mineral extractor from any royalty on the transfer of a mineral resource extracted with respect to a mining right granted under the MPRDA, if adverse effects can be proved as a result of the royalty payments.

The introduction of the proposed royalty would have an adverse impact upon Goldplat Recovery's profitability, as currently no royalty is payable to the State. However, the Minister of Finance announced also that due to the new regulatory system for the mining rights under the MPRDA and accompanying royalty dispensation under the draft Mineral and Petroleum Royalty Bill, it had become imperative to reassess the current fiscal regime as applicable to the mining and petroleum industries in South Africa, including tax, depreciation, rate differentiation for mining sectors, allowable deductions and exemptions from secondary tax on companies in terms of South Africa's income tax laws.

The impact of these proposed reviews is unknown at this stage, but they may have an adverse effect on Goldplat Recovery's results of operations and its financial condition.

## **Insurance**

The occurrence of events for which the Group is not insured or for which its insurance is inadequate may adversely affect cash flows and overall profitability. Goldplat Recovery maintains insurance of all precious metals after the thickener in the process and in final form as well as motor vehicles, third party and some comprehensive and public liability risks. This insurance is maintained in amounts which are believed to be reasonable depending upon the circumstances surrounding each identified risk. However, its insurance does not cover all potential risks associated with its business. In addition, Goldplat Recovery may elect not to insure certain risks, due to the high premiums associated with insuring those risks or for various other reasons, including an assessment that the risks are remote. Furthermore, Goldplat Recovery may not be able to obtain insurance coverage at acceptable premiums. The occurrence of events for which the Group is not insured may adversely affect its cash flows and overall profitability.

## **Uninsured Risks**

Some forms of insurance protection used in western countries may be unavailable in jurisdictions in which the Group may invest. Furthermore, projects in which the Group invests or may invest may become subject to liability for hazards that cannot be insured against or against which the Group may elect not to become so insured because of high premium costs. The Group may incur a liability to third parties (in excess of any

insurance cover) arising from pollution or other damage or injury. Losses from uninsured risks may cause the Group to incur costs that could have a material adverse effect on the Group's financial performance and results of operations.

### **Mining Risks**

The intention of the Group is to commence mining operations in due course. Mining is an activity with inherent risks which cannot be foreseen at this time.

### **Disruption in power supplies**

Power supplies are not always reliable and have on occasion led to a suspension of processing operations at Goldplat Recovery. Power fluctuations and power cost increases may adversely affect results of operations and financial condition. Recently, South Africa has started to experience power outages.

GRG's mining operation in Ghana will be dependent for its electricity supply on hydro electric power supplied by the Volta River Authority, or VRA, an entity controlled by the government of Ghana.

The VRA's principal electricity generating facility is the Akosombo Dam and, during periods of below average inflows from the Volta reservoir, electricity supplies from the Akosombo Dam may be curtailed, as occurred in 1998. In addition, this electricity supply has been subject to voltage fluctuations, which can damage equipment. In general short-term stand-by generators are not sufficient to allow large scale mining operations to continue, however as GRG will require a relatively low electricity demand a generator will be sufficient. Further, GRG will be based in the Ghana Free Zone area where the power and water supply is more reliable. The VRA also obtains power from neighbouring Cote d'Ivoire, which has intermittently experienced some political instability and civil unrest. These factors, including increased power demand from other users in Ghana, may cause interruptions in the power supply to future operations in Ghana or result in increases in the cost of power even if they do not interrupt supply. Consequently, these factors may adversely affect results of operations and financial condition.

### **City Code on Takeovers and Mergers (the "Code")**

To the extent that the Company is (i) registered in the United Kingdom and (ii) is considered by the Panel to have its place of central management and control in the United Kingdom and on the basis that its shares are admitted to trading on AIM (not being a regulated market) the Panel considers that the Code does apply to the Company. If the Company ceases to satisfy the place of central management test or if for any other reason the Code ceases to apply to the Company, the Company will not be subject to takeover regulation in the UK.

On Admission, members of the Concert Party will in aggregate be interested in 76 per cent. of the voting rights of the Company (on the basis of the information contained in Part 1 of this document) and for so long as they continue to be considered by the Panel to be acting in concert the Concert Party may increase its aggregate interest in the Company's voting rights without incurring any further obligation under Rule 9 to make a general offer (although individual members of the Concert Party will not be able to increase their percentage interests in voting rights through or between a Rule 9 threshold without Panel consent).

### **Taxation**

The attention of potential investors is drawn to paragraph 10 of Part IX headed "United Kingdom Taxation". The tax rules and their interpretation relating to an investment in the Company may change during the life of the Company. The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of investors. The information given in this document relates only to UK investors and investors in other jurisdictions must seek their own tax advice. Any change in the Company's tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the assets held by the Company, affect the Company's ability to provide returns to shareholders and/or alter the post-tax returns to shareholders. Statements in this document concerning the taxation of the Company and its investors are based upon current tax law and practice, which are subject to change.

### **Other Areas of Risk**

- Prior to Admission there was no public market for the Company's shares and nor have they ever been traded, quoted or dealt on any securities market. Consequently, each prospective investor should view his purchase of the Ordinary Shares as a long-term investment and should not consider such purchase unless he is certain he will not have to liquidate his investment for an indefinite period of time.
- Notwithstanding the fact that an application will be made for the Ordinary Shares to be traded on AIM, this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. An investment in the Ordinary Shares may thus be difficult to realise. The Ordinary Shares will not be quoted on the official list of the UK Listing Authority. Investments in shares traded on AIM carry a higher degree of risk than investments in shares quoted on the official list of the UK Listing Authority.
- The Group may require additional financial resources to continue funding its future expansion. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms favourable to the Company or its shareholders.
- The Company's total return and net assets can be significantly affected by currency movements.
- The market price of the Ordinary Shares may not reflect the underlying value of the assets of the Company.
- The market in the Ordinary Shares may be illiquid or subject to sudden or large fluctuations and it may be difficult for an investor to sell his Ordinary Shares and he may receive less than the amount originally invested.
- The Group's operations are subject to exchange rate fluctuations and exchange control regulations and may become subject to other similar restrictions which may adversely affect the Group's financial position and operating results.
- Market perception of the Company may change which could impact on the value of investors' holdings and on the ability of the Company to raise further funds by the issue of new shares in the Company.

The investment described in this document may not be suitable for all those who receive it. Before making a final decision, investors in any doubt are advised to consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

## PART IV

### ACCOUNTANTS' REPORT ON THE COMPANY

## Nexia Smith & Williamson

The Directors  
Goldplat plc  
Third Floor  
55 Gower Street  
London, WC1E 6HQ

HB Corporate  
40 Marsh Wall  
Docklands  
London E14 9TP

20 July 2006

Dear Sirs

#### **Goldplat plc (“the Company”)**

We report on the financial information set out below. This financial information has been prepared for inclusion in the AIM admission document dated 20 July 2006 of Goldplat plc on the basis of the accounting policies set out in the accounting policies section below. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with that Schedule and for no other purpose.

#### **Responsibilities**

The Directors of Goldplat plc are responsible for preparing the financial information on the basis of preparation set out below.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the AIM admission document, and to report our opinion to you. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone for any other purpose for our work, for this report or the opinions we have formed.

#### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

#### **Opinion**

In our opinion, the financial information gives, for the purposes of the AIM admission document dated 20 July 2006, a true and fair view of the state of affairs of Goldplat plc as at 31 January 2006 and of its loss for the period then ended in accordance with the basis of preparation set out below and in accordance with applicable International Financial Reporting Standards.



**Declaration**

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM admission document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM admission document in compliance with Schedule Two of the AIM Rules.

## BALANCE SHEET

The balance sheet of the Company as at 31 January 2006 is set out below:

	<i>Note</i>	<i>£</i>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	6	43,915
<b>Total assets</b>		<u>43,915</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	7	50,000
Retained earnings		(9,023)
<b>Total Equity</b>		<u>40,977</u>
<b>Current Liabilities</b>		
Trade and other payables	8	2,938
<b>Total equity and liabilities</b>		<u>43,915</u>

## INCOME STATEMENT

The income statement for the Company for the period from incorporation to 31 January 2006 is set out below:

### *Continuing operations*

	<i>Note</i>	<i>£</i>
<b>Gross profit</b>		–
Administrative expenses		(9,448)
Operating result		(9,448)
Interest income		425
<b>Loss before tax</b>	9	(9,023)
Income tax expense	10	–
<b>Loss for the period</b>		<u>(9,023)</u>

### *Loss per ordinary share*

	<i>£</i>
Basic and diluted	(0.0002)
Shares used in net loss per share calculation:	
Basic and diluted	36,461,668

## STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity for the Company for the period from incorporation to 31 January 2006 is set out below:

	<i>Share capital</i> £	<i>Retained earnings</i> £	<i>Total equity</i> £
Loss for the period	–	(9,023)	(9,023)
Total recognised income and expense for the period	–	(9,023)	(9,023)
Issue of share capital	50,000	–	50,000
Balance at 31 January 2006	<u>50,000</u>	<u>(9,023)</u>	<u>40,977</u>

## STATEMENT OF CASHFLOWS

The statement of cashflows for the Company for the period from incorporation to 31 January 2006 is set out below:

		2006 £
<b>Cash flows from operating activities</b>		
Loss before tax	(9,023)	
Adjustments for:		
Interest income	(425)	
Increase in trade payables	2,938	
Cash outflow from operations	(6,510)	
Bank interest received	425	
<b>Net cash from operating activities</b>		(6,085)
<b>Cash flows from financing activities</b>		
Net proceeds from issue of ordinary share capital	50,000	
<b>Net cash raised in financing activities</b>		50,000
Net increase in cash and cash equivalents		<u>43,915</u>
Cash and cash equivalents at the beginning of the period		–
Cash and cash equivalents at the end of the period		<u>43,915</u>

## NOTES

### 1. The company

The company was incorporated on 24 January 2005 as All African Resources plc (registered company number 5340664), a public limited company. On 16 June 2006 the Company's name was changed to Goldplat plc. The Company's accounting reference date is 31 January.

### 2. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), including standards and interpretations issued by the International Accounting Standards Board. They have been prepared using the historical cost convention.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

The financial information is based on the audited financial statements of the Company for the period ended 31 January 2006.

The financial statements for the period were audited by Nexia Smith & Williamson. The adequacy of the disclosures in the financial statements in connection with the preparation of the financial statements on a going concern basis was considered and the audit opinion was not qualified in this respect.

### 3. Accounting policies

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and short-term deposits with banks and similar financial institutions.

#### *Taxes*

Tax expense represents the sum of the tax currently payable and deferred tax.

Deferred tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts, in the financial statements. Deferred tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

Current and deferred tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them.

### 4. Financial risk management

The Company's operations expose it to a variety of financial risks that include liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effect of such risks on its financial performance.

#### *Liquidity risk*

The Company reviews its facilities regularly to ensure that it has adequate funds for operations and expansion plans.

## 5. Nature of Financial Information

The financial information presented in respect of the period ended 31 January 2006 does not constitute statutory accounts within the meaning of the Companies Act Section 240.

## 6. Cash and cash equivalents

Cash at bank and in hand	<u>£43,915</u>
--------------------------	----------------

## 7. Share Capital

	£
<i>Authorised share capital:</i>	
1,000,000,000 ordinary shares of £0.001 each	<u>1,000,000</u>
<i>Called up, allotted and fully paid:</i>	
50,000,000 ordinary shares of £0.001 each	<u>50,000</u>

The Company was incorporated on 24 January 2005 with an initial authorised share capital of £50,000 divided into 50,000 ordinary shares of £1 each, of which 2 shares were issued, fully paid.

On 25 January 2005, the authorised share capital was increased to £1,000,000 divided into 1,000,000,000 ordinary shares of £0.001 each. On 4 May 2005 a further 49,998,000 ordinary shares were subscribed for at par value for cash consideration.

On 13 June 2006, the authorised share capital was increased to £10,000,000 divided into 1,000,000,000 ordinary shares of £0.01 each.

## 8. Trade and other payables

	£
Accruals	<u>2,938</u>

## 9. Loss from continuing operations before income tax

	£
This is stated after charging:	
Audit fees	2,938
Stationery costs	3,131
Legal and professional fees	<u>176</u>

## 10. Income tax credit/expense

	£
Current tax	
UK corporation tax on profits for the year	<u>nil</u>
Reconciliation of tax expense	
Loss before tax	<u>(9,023)</u>
Tax on loss at standard rate of tax (30%)	<u>(2,707)</u>
Losses carried forward	<u>2,707</u>
Tax expense	<u>nil</u>

### **11. Key management personnel compensation**

Key management personnel represent the directors of the Company only. The Company paid the following remuneration to Directors during the period ended 31 January 2006, either directly or as consultancy fees to connected parties (see note 12):

	£
J Burgess	1,600
Capital Ideas (J Woolgar)	1,600

### **12. Related party transactions**

Capital Ideas is a business run by John Woolgar. During the period the company paid £1,600 to Capital Ideas as consultancy fees.

Stanford Burgess Limited is a company controlled by David Burgess, the brother of James Burgess, a director. During the period the Company paid £3,131 to Stanford Burgess Limited in an arms length transaction in respect of stationery costs.

### **13. Post balance sheet events**

The Company has entered into a conditional contract to acquire Gold Minerals Resources Limited, a company registered in Guernsey (company number 44448) for a consideration of 79,000,000 ordinary shares issued at 7.5p each. The contract is conditional upon Goldplat plc obtaining admission to the AIM market.

Upon admission, Goldplat plc has also agreed to subscribe, for cash consideration, for five hundred thousand £1 ordinary shares in Gold Minerals Resources Limited at par value.

Yours faithfully

Nexia Smith & Williamson  
1 Bishops Wharf  
Walnut Tree Close  
Guildford  
Surrey GU1 4RA

## PART V

### ACCOUNTANTS' REPORT ON GMR

## Nexia Smith & Williamson

The Directors  
Goldplat plc  
Third Floor  
55 Gower Street  
London, WC1E 6HQ

HB Corporate  
40 Marsh Wall  
Docklands  
London E14 9TP

20 July 2006

Dear Sirs

#### **Gold Minerals Resources Limited (“the Company”)**

We report on the financial information set out below. This financial information has been prepared for inclusion in the AIM admission document dated 20 July 2006 of Goldplat plc on the basis of the accounting policies set out in the accounting policies section below. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with that Schedule and for no other purpose.

#### **Responsibilities**

The Directors of Gold Mineral Resources Limited are responsible for preparing the financial information on the basis of preparation set out below.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the AIM admission document, and to report our opinion to you. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone for any other purpose for our work, for this report or the opinions we have formed.

#### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

#### **Opinion**

In our opinion, the financial information gives, for the purposes of the AIM admission document dated 20 July 2006, a true and fair view of the state of affairs of Gold Minerals Resources Limited as at 31 March

2006 and of its result for the period then ended in accordance with the basis of preparation set out below and in accordance with applicable International Financial Reporting Standards.

**Declaration**

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM admission document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM admission document in compliance with Schedule Two of the AIM Rules.



## BALANCE SHEET

The balance sheet of the Company as at 31 March 2006 is set out below:

	<i>Note</i>	<i>£</i>
<i>Assets</i>		
<b>Current Assets</b>		
Trade and other receivables		100
Total assets		<u>£100</u>
<i>Equity and liabilities</i>		
<b>Equity</b>		
Share capital	5	100
<b>Total equity and liabilities</b>		<u>£100</u>

## INCOME STATEMENT

There were no transactions in the period to 31 March 2006.

## STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity for the Company for the period from incorporation to 31 March 2006 is set out below:

	<i>Share capital £</i>	<i>Total equity £</i>
Issue of share capital	100	100
Balance at 31 March 2006	<u>£100</u>	<u>£100</u>

## STATEMENT OF CASHFLOWS

There were no cashflows in the period from incorporation to 31 March 2006.

## NOTES

### 1. The Company

Gold Minerals Resources Limited was incorporated on 2 March 2006 (registered in Guernsey, company number 44448) as a private limited company. The company's accounting reference date is 31 March.

### 2. Basis of preparation

The financial information is based on the Company's unaudited records. The information is prepared under the historical cost convention.

### 3. Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), including standards and interpretations issued by the International Accounting Standards Board.

### 4. Nature of Financial Information

The financial information presented in respect of the period ended 31 March 2006 does not constitute statutory accounts within the meaning of the Companies Act Section 240.

### 5. Share Capital

	£
<i>Authorised share capital:</i>	
10,000 ordinary shares of £1 each	<u>10,000</u>
<i>Called up, allotted and unpaid:</i>	
100 ordinary shares of £1 each	<u>100</u>

### 6. Post Balance Sheet events

On 6 April 2006, the company acquired the entire issued but unpaid share capital of Gold Recovery Ghana Limited, a company registered in the Republic of Ghana. No payment was made for the transfer of shares, but the unpaid element of the share capital is 500,000,000 Ghanaian cedi (£33,057).

The company has entered into a conditional contract to acquire Goldplat Recovery (Pty) Limited, a company incorporated in South Africa (company number 1979/007102/07), for £500,000 in cash. The contract is conditional upon Goldplat plc obtaining admission to the AIM market. Upon admission, Goldplat plc has agreed to subscribe, for cash consideration, for five hundred thousand £1 ordinary shares in Gold Minerals Resources Limited at par value.

Yours faithfully

Nexia Smith & Williamson  
1 Bishops Wharf  
Walnut Tree Close  
Guildford  
Surrey GU1 4RA

## PART VI

### ACCOUNTANTS' REPORT ON GOLDPLAT RECOVERY



### LEVITT KIRSON

The Directors  
Goldplat Plc  
Third Floor  
55 Gower Street  
London WC1E 6HQ

The Directors  
Goldplat Recovery (Pty) Limited  
Main Offices  
Daveyton Road  
Benoni

HB Corporate  
40 Marsh Wall  
Docklands  
London E14 9TP

20 July 2006

Dear Sirs

#### **Goldplat Recovery (Pty) Limited (“the Company”)**

We report on the financial information set out below. This financial information has been prepared for inclusion in the AIM admission document dated 20 July 2006 of Goldplat plc on the basis of the accounting policies set out below. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with that Schedule and for no other purpose.

#### **Introduction**

Goldplat Recovery (Pty) Limited was incorporated on 5 December 1979 (registered in the Republic of South Africa, company number 79 07102/07) as a private limited company. The Company’s accounting reference date is 30 June.

#### **Responsibilities**

The Directors of Goldplat Recovery (Pty) Limited are responsible for preparing the financial information on the basis of preparation set out below.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the AIM admission document, and to report our opinion to you. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone for any other purpose for our work, for this report or the opinions we have formed.

#### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the

amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

### **Opinion**

In our opinion, the financial information gives, for the purposes of the AIM admission document dated 20 July 2006, a true and fair view of the state of affairs of Goldplat Recovery (Pty) Limited for the period ended 31 March 2006, and the years ended 30 June 2003, 2004, 2005 are set out below in accordance with the basis of preparation set out below and in accordance with applicable International Financial Reporting Standards.

### **Declaration**

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM admission document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM admission document in compliance with Schedule Two of the AIM Rules.

### **Exchange rate conversion:**

Goldplat Recovery (Pty) Limited is a company domiciled in South Africa. The financial statements of the Company are presented in South African Rands.

For the purpose of this document the audited financial information has been translated into Sterling at the following rates.

Average exchange rates used to convert the income statement figures:

<i>Year/Period End</i>	<i>Exchange Rate (Rand/Sterling)</i>
30 June 2003	14.3187: 1
30 June 2004	11.9405: 1
30 June 2005	11.5322: 1
31 March 2006	11.2698: 1

Spot exchange rates used to convert the balance sheet assets and liabilities:

<i>Year/Period End</i>	<i>Exchange Rate (Rand/Sterling)</i>
30 June 2002	15.8951: 1
30 June 2003	12.3926: 1
30 June 2004	11.2659: 1
30 June 2005	11.9622: 1
31 March 2006	10.6926: 1

## Income statement

The income statements of the Company for the nine months period ended 31 March 2006 and the years ended 30 June 2003, 2004, 2005 are set out below:

		31 March 2006	30 June 2005	30 June 2004	30 June 2003
	Note	£	£	£	£
Continuing operations					
<b>Revenue</b>		2,593,197	3,743,475	2,935,958	120,767
Cost of Sales		<u>(2,358,775)</u>	<u>(2,868,093)</u>	<u>(962,759)</u>	<u>(76,258)</u>
<b>Gross profit</b>		234,422	875,382	1,973,199	44,509
Administrative expenses		<u>(262,801)</u>	<u>(242,165)</u>	<u>(683,727)</u>	
<b>Operating Profit/(Loss) from continuing operations</b>		(28,379)	633,217	1,289,472	44,509
Operating profit/(loss) from discontinued operations	21	<u>1,347</u>	<u>(22,733)</u>	<u>22,259</u>	<u>24,121</u>
<b>Operating Profit/(Loss) before finance costs</b>	2	(27,032)	610,484	1,311,731	68,630
Finance income	4	4,784	34,338	13,356	3,975
Finance expense	4	<u>(14,652)</u>	<u>(11,313)</u>	<u>(38,234)</u>	<u>(41,146)</u>
<b>Net financing (costs)/income</b>		(9,868)	23,025	(24,878)	(37,171)
<b>Profit/(Loss) before tax</b>		(36,900)	633,509	1,286,853	31,459
Income tax expense	5	<u>9,671</u>	<u>(224,425)</u>	<u>(171,947)</u>	
<b>Profit/(Loss) for the period</b>		<u>(27,229)</u>	<u>409,084</u>	<u>1,114,906</u>	<u>31,459</u>

## Balance sheet

The balance sheets of the Company as at 31 March 2006, 30 June 2003, 2004 and 2005 are set out below:

	Note	31 March 2006 £	30 June 2005 £	30 June 2004 £	30 June 2003 £
<b>Assets</b>					
Property, plant and equipment	7	1,796,549	1,504,058	1,747,804	91,342
<b>Total non-current assets</b>		<u>1,796,549</u>	<u>1,504,058</u>	<u>1,747,804</u>	<u>91,342</u>
Inventories	8	381,368	218,701	208,603	10,357
Trade and other receivables	9	183,372	275,462	183,886	983,670
Bank and cash	10	82,567	181,537	79,871	39,448
<b>Total current assets</b>		<u>647,307</u>	<u>675,700</u>	<u>472,360</u>	<u>1,033,475</u>
<b>Total assets</b>		<u>2,443,856</u>	<u>2,179,758</u>	<u>2,220,164</u>	<u>1,124,817</u>
<b>Equity</b>					
Issued capital	11	252	252	252	252
Share premium		669,440	669,440	669,440	669,440
Retained earnings		605,920	633,149	570,920	209,751
Translation reserve		277,752	111,478	266,207	142,388
<b>Total Equity</b>		<u>1,553,364</u>	<u>1,414,319</u>	<u>1,506,819</u>	<u>1,021,831</u>
<b>Liabilities</b>					
Provisions	14	30,477	16,511	16,233	
Interest – bearing loans and borrowings	13	19,762			
Deferred tax liabilities	12	344,368	316,931	82,383	
Director's loans					3,016
<b>Non-Current Liabilities</b>		<u>394,607</u>	<u>333,442</u>	<u>98,616</u>	<u>3,016</u>
Trade and other payables		360,118	359,762	414,556	34,771
Interest – bearing loans and borrowings	13	46,153	17,750		
Taxation			41,798	99,859	
Bank overdraft	10	89,614	12,687	100,314	65,199
<b>Total Current Liabilities</b>		<u>495,885</u>	<u>431,997</u>	<u>614,729</u>	<u>99,970</u>
<b>Total Liabilities</b>		<u>890,492</u>	<u>765,439</u>	<u>713,345</u>	<u>102,986</u>
<b>Total Equity and Liabilities</b>		<u>2,443,856</u>	<u>2,179,758</u>	<u>2,220,164</u>	<u>1,124,817</u>

## Cash flow statement

The cash flow statement of the Company for the nine months period ended 31 March 2006 and the years ended 30 June 2003, 2004, 2005 are set out below:

	Note	31 March 2006 £	30 June 2005 £	30 June 2004 £	30 June 2003 £
<b>Cash flows from operating activities</b>					
Cash generated from operations	18.1	70,657	662,864	2,437,440	(823,392)
Net financing income/(costs)		(9,868)	23,025	(24,878)	(37,171)
Income taxes paid		(44,366)	(97,552)		
<b>Net cash from operating activities</b>		<u>16,423</u>	<u>588,337</u>	<u>2,412,562</u>	<u>(860,563)</u>
<b>Cash flow from investing activities</b>					
Proceeds from sale of mining assets, property, plant and equipment		5,773	26,154	5,276	927,973
Acquisition of property, plant and equipment					
Additions to expand operations		(288,954)	(87,698)	(1,703,921)	(48,936)
<b>Net cash from investing activities</b>		<u>(283,181)</u>	<u>(61,544)</u>	<u>(1,698,645)</u>	<u>879,037</u>
<b>Cash flows from financing activities</b>					
Instalment sale liabilities		48,165	17,750		
Raised		87,476	23,336		
Repaid		(39,311)	(5,586)		
Dividends paid			(346,855)	(753,737)	
Repayment of director's loans				(3,016)	3,016
<b>Net cash from financing activities</b>		<u>48,165</u>	<u>(329,105)</u>	<u>(756,753)</u>	<u>3,016</u>
Net increase/(decrease) in cash and cash equivalents		(218,593)	197,688	(42,836)	21,490
Cash and cash equivalents at beginning of period		168,850	(20,443)	(25,751)	(48,335)
Effect of exchange rate fluctuations on cash held		42,696	(8,395)	48,144	1,094
<b>Cash and cash equivalents at end of period (Refer note 10)</b>		<u>(7,047)</u>	<u>168,850</u>	<u>(20,443)</u>	<u>(25,751)</u>

## Statement of changes in equity

The statement of changes in equity of the Company as at 31 March 2006, 30 June 2003, 2004 and 2005 are set out below:

	<i>Share capital</i> £	<i>Share premium</i> £	<i>Retained earnings</i> £	<i>Translation reserve</i> £	<i>Non- Distributable reserve</i> £	<i>Total</i> £
<b>Balance at 30 June 2002</b>	252	669,440	(624,854)			44,838
Net profit for the year			31,459			31,459
Surplus on revaluation of mining asset					803,146	803,146
Transferred to retained income			803,146		(803,146)	
Translation for the year				142,388		142,388
<b>Balance at 30 June 2003</b>	252	669,440	209,751	142,388		1,021,831
Net profit for the year			1,114,906			1,114,906
Ordinary dividends			(753,737)			(753,737)
Translation for the year				123,819		123,819
<b>Balance at 30 June 2004</b>	252	669,440	570,920	266,207		1,506,819
Net profit for the year			409,084			409,084
Ordinary dividends			(346,855)			(346,855)
Translation for the year				(154,729)		(154,729)
<b>Balance at 30 June 2005</b>	252	669,440	633,149	111,478		1,414,319
Net loss for the period			(27,229)			(27,229)
Translation for the period				166,274		166,274
<b>Balance at 31 March 2006</b>	252	669,440	605,920	277,752		1,553,364



**Notes to the financial statements for the nine months period ended 31 March 2006, and the years ended 30 June 2003, 2004 and 2005.**

**1. Accounting policies**

Goldplat Recovery (Pty) Limited is a company domiciled in South Africa. The financial statements of the Company for the nine months ended 31 March 2006 incorporate the principal accounting policies set out below, which are consistent with those adopted throughout the whole period reported on.

**1.1 Statement of compliance**

The financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB).

**1.2 Basis of preparation**

The underlying financial statements are presented in South African rands, rounded to the nearest rand. The financial statements are prepared on the historical cost basis, except for financial instruments.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less cost to sell.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 20.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**1.3 Foreign currency**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to South African rand (ZAR) at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to ZAR at foreign exchange rates ruling at the dates the fair value was determined.

**1.4 Financial instruments**

*Measurement*

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition, these instruments are measured as set out below.

### *Trade and other receivables*

Trade and other receivables originated by the Company are stated at cost less provision for doubtful debts.

### *Cash and cash equivalents*

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at balance sheet date.

### *Derivative instruments*

Derivative instruments are measured at fair value.

### *Gains and losses on subsequent measurement*

Gains and losses arising from a change in the fair value of financial instruments that are not part of a hedging relationship are included in net profit or loss in the period in which the change arises.

### *Offset*

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## **1.5 *Property, plant and equipment***

### *1.5.1 Owned assets*

Items of property, plant and equipment are stated at historical cost less accumulated depreciation (see below) and impairment losses (see accounting policy 1.9). The cost of the mining assets includes the costs of dismantling and removing the items and restoring the site on which they are located.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

### *1.5.2 Leased assets*

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policy 1.9).

### *1.5.3 Subsequent costs*

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

## **1.5 Property, plant and equipment (continued)**

### **1.5.4 Depreciation**

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

- Buildings 20 years
- Plant and equipment 10 years
- Motor vehicles 5 years
- Office equipment 6 years
- Spare parts 10 years

The residual value, if significant, is reassessed annually.

Surpluses/(deficits) on the disposal of mining assets, plant and equipment are credited/(charged) to income. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset.

## **1.6 Trade and other receivables**

Trade and other receivables are stated at their cost less impairment losses (see accounting policy 1.9).

## **1.7 Inventories**

Inventories include bullion on hand, gold and platinum in process. Bullion on hand, gold and platinum in process represent production on hand after the smelting process, gold contained in the elution process, gold loaded carbon in the carbon-in-leach (CIL) and carbon-in-pulp (CIP) processes, gravity concentrates, platinum group metals (PGM) concentrates and any form of precious metal in process where the quantum of the contained metal can be accurately determined. It is valued at the average production cost for the period, including amortization and depreciation.

Stores and materials consist of consumable stores and are valued at the lower of average cost and net realisable value.

## **1.8 Cash and cash equivalents**

Cash and cash equivalents comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

## **1.9 Impairment**

The carrying amounts of the Company's assets, other than inventories (see accounting policy 1.7) and deferred tax assets (see accounting policy 1.16), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in the income statement whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years. For goodwill, a recognised impairment loss is not reversed, unless the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur and the increase relates clearly to the reversal of the effect of that specific event.

#### **1.10 Dividends**

Dividends are recognised as a liability in the period in which they are declared.

#### **1.11 Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

#### **1.12 Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

##### **1.12.1 Site restoration**

In accordance with the Company's environmental policy and applicable legal requirements, a provision of site restoration in respect of contaminated land is recognised when the land is contaminated.

The estimated long term environmental obligations, comprising rehabilitation and mine closure, are based on the Company's environmental management plans in compliance with current environmental and regulatory requirements.

The net present value of expected rehabilitation cost estimates is recognised and provided in full in the financial statements. The estimates are reviewed annually and are discounted using rates that reflect inflation and the time value of money.

Annual changes in the provision consist of finance costs relating to the change in the present value of the provision and inflationary increases in the provision estimate, as well as changes in estimates. The present value of environmental disturbances created are capitalised to mining assets against an increase in the rehabilitation provision. The rehabilitation asset is amortised over the expected remaining life of mine.

The cost of rehabilitation projects undertaken, which has been included in the provision estimate, are charged to the provision as incurred. The cost of current programmes to prevent and control future liabilities are charged to the income statement as incurred.

#### **1.13 Trade and other payables**

Trade and other payables are stated at cost.

## **1.14 Revenue**

Revenue from the sale of precious metals is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer excluding value added tax, investment income and other non-operating income. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods also continuing management involvement with goods.

## **1.15 Expenses**

### *1.15.1 Finance lease payments*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### *1.15.2 Net financing costs*

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement (see accounting policy 1.6).

Interest income is recognised in the income statement as it accrues, using the effective interest method. The interest expense component of finance lease payment is recognised in the income statement using the effective interest rate method.

## **1.16 Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

## **1.17 Discontinued operations**

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

## 1.18 *Employee benefits*

### *Short term employee benefits*

The cost of all short term employee benefits is recognised during the period in which the employee renders the related service.

The provisions for employee entitlements to wages, salaries, annual and sick leave represent the amount which the Company has a present obligation to pay as a result of employees' services provided to the balance sheet date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates.

## 2. Profit before finance costs is arrived at after taking into account

	<i>31 March</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>
	£	£	£	£
Auditor's remuneration				
– current period/year	13,834	1,734	2,512	1,397
Bad debts provided for			288,128	
Depreciation of property, plant and equipment	170,573	203,266	144,483	12,062
Directors' emoluments				
– fees for managerial services provided	203,137	194,255	86,517	3,715
Loss on disposal of property, plant and equipment	4,537	5,582	(97)	
Bad debts recovered		(877)		
Profit on cancellation of royalty agreement			1,004,983	
	<hr/>	<hr/>	<hr/>	<hr/>

## 3. Personnel expenses

	<i>31 March</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>
	£	£	£	£
Wages and salaries	578,999	677,149	618,878	371,558
Unemployment Insurance				
– Fund contributions	3,027	3,008	2,573	2,196
– Skills Development Levy	5,547	6,337	5,475	3,757
– Medical aid contributions	3,261	6,972	2,993	
– Group life contributions	10,682	14,006	14,585	
	<hr/>	<hr/>	<hr/>	<hr/>
	601,516	707,472	644,504	377,511

#### 4. Net finance (costs)/income

	<i>31 March 2006</i>	<i>30 June 2005</i>	<i>30 June 2004</i>	<i>30 June 2003</i>
	£	£	£	£
Interest income	4,784	12,320	13,356	3,975
Net foreign exchange gain		22,018		
Finance income	<u>4,784</u>	<u>34,338</u>	<u>13,356</u>	<u>3,975</u>
Interest expense	(10,743)	(11,313)	(3,550)	(19,073)
Net foreign exchange loss	(3,909)		(34,684)	(22,073)
Finance expense	<u>(14,652)</u>	<u>(11,313)</u>	<u>(38,234)</u>	<u>(41,146)</u>
Net financing (cost)/income	<u>(9,868)</u>	<u>23,025</u>	<u>(24,878)</u>	<u>(37,171)</u>

#### 5. Income tax expense

	<i>31 March 2006</i>	<i>30 June 2005</i>	<i>30 June 2004</i>	<i>30 June 2003</i>
	£	£	£	£
Recognised in the income statement				
<b>Current tax expense</b>				
Current period/year				
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences – continued operations	10,062	(192,585)	84,407	
Origination and reversal of temporary differences – discontinued operations	(391)	6,593	(6,678)	
Reduction in tax rate		4,923		
Secondary tax on companies		(43,356)	94,218	
Total income tax expense in income statement	<u>9,671</u>	<u>(224,425)</u>	<u>171,947</u>	

The Company has a calculated unredeemed capital expenditure allowances of £240,666 (2005: £215,123 and 2004: £947,480) available for offset against future mining income.

	%	%	%	%
<b>Reconciliation of effective tax rate</b>				
Current period/year's charge/credit				
as a percentage of income before taxation	26.2	35.4	7.3	
Non-deductible expenses/losses	2.8	(0.4)	(0.1)	
Deferred tax asset not raised in prior years			22.8	
Secondary taxation on companies		(6.8)		
Change in corporate tax rate		0.8		
Standard tax rate	<u>29.0</u>	<u>29.0</u>	<u>30.0</u>	

#### 6. Discontinued operations

In December 2004, the directors decided to discontinue the sale of activated carbon to in order to focus their efforts on their core business, being the recovery of precious metals.

## 7. Property, plant and equipment

	<i>Land</i>	<i>Buildings</i>	<i>Plant and equipment</i>	<i>Motor vehicles</i>	<i>Office equipment</i>	<i>Insurance spares</i>	<i>Environ- mental asset</i>	<i>Total</i>
	£	£	£	£	£	£	£	£
<b>Cost</b>								
Balance at 1 July 2002			40,832					40,832
Acquisitions			14,017	34,919				48,936
Translation difference			13,719	5,428				19,147
Balance at 30 June 2003			68,568	40,347				108,915
Balance at 1 July 2003			68,568	40,347				108,915
Acquisitions	29,312	216,448	1,130,671	241,061	14,298	57,950	14,181	1,703,921
Disposals				(5,862)				(5,862)
Transfers								
Translation difference	1,755	12,961	74,561	18,118	856	3,470	849	112,570
Balance at 30 June 2004	31,067	229,409	1,273,800	293,664	15,154	61,420	15,030	1,919,544
Balance at 1 July 2004	31,067	229,409	1,273,800	293,664	15,154	61,420	15,030	1,919,544
Acquisitions		7,637	46,225	33,240	596			87,698
Disposals				(42,490)				(42,490)
Transfers		5,415		(5,415)				
Translation difference	(1,809)	(13,823)	(75,807)	(16,566)	(904)	(3,575)	(875)	(113,359)
Balance at 30 June 2005	29,258	228,638	1,244,218	262,433	14,846	57,845	14,155	1,851,393
Balance at 1 July 2005	29,258	228,638	1,244,218	262,433	14,846	57,845	14,155	1,851,393
Acquisitions			185,646	91,287		2,266	9,755	288,954
Disposals			(4,783)	(10,648)				(15,431)
Transfers		78,774	(78,774)					
Translation difference	3,475	31,400	153,243	35,513	1,763	6,991	2,207	234,592
Balance at 31 March 2006	32,733	338,812	1,499,550	378,585	16,609	67,102	26,117	2,359,508
<b>Depreciation</b>								
Balance at 1 July 2002			2,835					2,835
Depreciation charge for the year			5,078	6,984				12,062
Translation difference			1,590	1,086				2,676
Balance at 30 June 2003			9,503	8,070				17,573
Balance at 1 July 2003			9,503	8,070				17,573
Depreciation charge for the year			94,869	43,459	520	4,217	1,418	144,483
Disposals				(683)				(683)
Translation difference			6,631	3,367	31	253	85	10,367
Balance at 30 June 2004			111,003	54,213	551	4,470	1,503	171,740
Balance at 1 July 2004			111,003	54,213	551	4,470	1,503	171,740
Depreciation charge for the year		20,915	118,528	53,847	2,508	6,000	1,468	203,266
Disposals				(10,574)				(10,574)
Translation difference		(752)	(10,722)	(4,884)	(123)	(476)	(140)	(17,097)
Balance at 30 June 2005		20,163	218,809	92,602	2,936	9,994	2,831	347,335
Balance at 1 July 2005		20,163	218,809	92,602	2,936	9,994	2,831	347,335
Depreciation charge for the period		12,037	98,824	51,012	1,969	4,690	2,041	170,573
Disposals			(1,69)	(3,852)				(5,121)
Transfers		228	(228)					
Translation difference		3,057	31,234	13,540	455	1,439	447	50,172
Balance at 31 March 2006		35,485	347,370	153,302	5,360	16,123	5,319	562,959



## 7. Property, plant and equipment (Continued)

	<i>Land</i>	<i>Buildings</i>	<i>Plant and equipment</i>	<i>Motor vehicles</i>	<i>Office equipment</i>	<i>Insurance spares</i>	<i>Environ- mental asset</i>	<i>Total</i>
	£	£	£	£	£	£	£	£
<b>Carrying amounts</b>								
At 1 July 2002			37,997					37,997
At 30 June 2003			59,065	32,277				91,342
At 1 July 2003			59,065	32,277				91,342
At 30 June 2004	31,067	229,409	1,162,797	239,451	14,603	56,950	13,527	1,747,804
At 1 July 2004	31,067	229,409	1,162,797	239,451	14,603	56,950	13,527	1,747,804
At 30 June 2005	29,258	208,475	1,025,409	169,831	11,910	47,851	11,324	1,504,058
At 1 July 2005	29,258	208,475	1,025,409	169,831	11,910	47,851	11,324	1,504,058
At 31 March 2006	32,733	303,327	1,152,180	225,283	11,249	50,979	20,798	1,796,549

A motor car with a net book value of £22,159 (2005: £23,675) and a plant vehicle with a net book value of £75,008 (2005: £nil) are subject to instalment sale agreements as disclosed in note 13.

The directors' valuation of the land and buildings as at 31 March 2006 is as follows: Land – £46,761  
Buildings – £379,159.

## 8. Inventories

	<i>31 March 2006</i>	<i>30 June 2005</i>	<i>30 June 2004</i>	<i>30 June 2003</i>
	£	£	£	£
Consumable stores	113,880	96,386	54,981	10,357
Raw materials	25,678	26,364	153,622	
Precious metal on hand and in process	241,810	95,951		
	<u>381,368</u>	<u>218,701</u>	<u>208,603</u>	<u>10,357</u>

## 9. Trade and other receivables

	<i>31 March 2006</i>	<i>30 June 2005</i>	<i>30 June 2004</i>	<i>30 June 2003</i>
	£	£	£	£
Trade and other receivables	183,372	275,462	489,267	983,670
Provision for bad debts			(305,381)	
	<u>183,372</u>	<u>275,462</u>	<u>183,886</u>	<u>983,670</u>

## 10. Cash and cash equivalents

	<i>31 March</i> 2006 £	<i>30 June</i> 2005 £	<i>30 June</i> 2004 £	<i>30 June</i> 2003 £
Bank balances	9,371	160,830	32,132	
Call deposits	73,196	20,707	47,739	39,448
Bank and cash	<u>82,567</u>	<u>181,537</u>	<u>79,871</u>	<u>39,448</u>
Bank overdraft	(89,614)	(12,687)	(100,314)	(65,199)
Cash and cash equivalents in the cash flow statement	<u>(7,047)</u>	<u>168,850</u>	<u>(20,443)</u>	<u>(25,751)</u>

Call deposits amounting to £19,091 serves as security for a guarantee issued by ABSA Bank Limited in favour of the Department of Minerals and Energy in respect of environmental liabilities (refer to note 14).

## 11. Share capital

	<i>31 March</i> 2006 £	<i>30 June</i> 2005 £	<i>30 June</i> 2004 £	<i>30 June</i> 2003 £
<i>Authorised</i>				
4,000 (2004: 4,000) Ordinary shares of R1 each	<u>252</u>	<u>252</u>	<u>252</u>	<u>252</u>
<i>Issued</i>				
4,000 (2004: 4,000) Ordinary shares of R1 each	<u>252</u>	<u>252</u>	<u>252</u>	<u>252</u>

The share capital was converted to Sterling using the 30 June 2002 Rand/Sterling exchange rate.

## 12. Deferred taxation

	<i>31 March</i> 2006 £	<i>30 June</i> 2005 £	<i>30 June</i> 2004 £	<i>30 June</i> 2003 £
Balance at beginning of year	316,931	82,383		
Current charge	(10,194)	174,560	82,383	
– utilisation of tax loss	<span style="border: 1px solid black;">(10,194)</span>	<span style="border: 1px solid black;">179,306</span>	<span style="border: 1px solid black;">(258,315)</span>	<span style="border: 1px solid black;">(461)</span>
– temporary differences		(4,746)	340,698	461
– change in tax rate				
– translation of opening balance	37,631	(4,795)		
– prior year adjustment		64,783		
Balance at end of year	<u>344,368</u>	<u>316,931</u>	<u>82,383</u>	
<b>Comprising:</b>				
Capital allowances	(362,426)	(326,606)	(82,383)	
Prepayments	(3,083)	(71,112)		
Provisions	21,141	16,787		
	<u>(344,368)</u>	<u>316,931</u>	<u>(82,383)</u>	

### 13. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings. For more information about the Company's exposure to interest rate and foreign currency risk, see note 15.

	<i>31 March</i> 2006 £	<i>30 June</i> 2005 £
<b>Non-current liabilities</b>		
Instalment sales liabilities	<u>19,762</u>	<u>          </u>
<b>Current liabilities</b>		
Current portion of instalment sales liabilities	<u>46,153</u>	<u>17,750</u>

#### Instalment sales liabilities

	<i>Minimum</i> <i>instalment</i>	<i>Interest</i>	<i>Principal</i>
<i>31 March 2006</i>			
Less than one year	50,774	(4,621)	46,153
Between one and five years	20,284	(522)	19,762
	<u>71,058</u>	<u>(5,143)</u>	<u>65,915</u>
<i>30 June 2005</i>			
Less than one year	18,702	(952)	17,750
	<u>18,702</u>	<u>(952)</u>	<u>17,750</u>

The instalment sale agreements on the motor car and plant vehicle are secured by the instalment sale assets with a net book value of £22,159 (2005: £23,675) and £75,008 (2005: £nil) respectively – refer to note 6. The liability on the motor car bears interest at the prime interest rate plus 1.011 per cent. and is repayable in 10 monthly payments of £2,092. The liability on the plant vehicle bears interest at the prime interest rate and is repayable in 17 monthly payments of £4,057.

### 14. Provisions

	<i>31 March</i> 2006 £	<i>30 June</i> 2005 £	<i>30 June</i> 2004 £	<i>30 June</i> 2003 £
<b>Environmental Obligation</b>				
Balance at 1 July	18,471	15,288		
Provisions made during the period/year	10,281		15,030	
Unwind of discount	(1,725)	(1,223)	(1,203)	
Balance at 31 March/30 June	<u>30,477</u>	<u>16,511</u>	<u>16,233</u>	<u>          </u>

A guarantee is held with ABSA Bank in favour of the Department of Minerals and Energy Affairs to the value of £33,390 (2005: £17,065).

## **15. Financial instruments**

Exposure to credit, interest rate and currency risks arises in the normal course of the Company's business. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates.

### **15.1 Currency risk**

The Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the ZAR. The currency giving rise to this risk is primarily U.S. Dollars.

The remaining terms of the currency foreign exchange contracts are typically less than one year. The purpose of the Company's foreign currency hedging activities is to protect the Company from the risk that the net inflows and net outflows will be adversely affected by changes in exchange rates.

Hedge accounting has not been applied and all foreign exchange contract hedges were accounted for as held for trading instruments. Fair value adjustments were therefore recognised directly in the income statements.

### **15.2 Interest rate risk**

The Company generally adopts a policy of ensuring that its exposure to changes in interest rates is on a floating rate basis.

### **15.3 Credit risk**

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company primarily deals with reputable mining houses and has not suffered any losses due to bad debts in the past.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

### **15.4 Fair values**

The fair values of financial instruments, such as, interest-bearing loans and borrowings, finance lease liabilities, instalment sales liabilities, trade and other receivables/payables are substantially identical to carrying amounts reflected in the balance sheet.

## **16. Related parties**

### **16.1 Identity of related parties**

The Company has a related party relationship with its directors.

The Company entered into transactions with Gravelotte Mines Limited, a company of which one of the directors is also a director.

### **16.2 Transactions with key management personnel**

Directors of the Company control 100 per cent. of the voting shares.

Directors' emoluments – refer note 3.

Gravelotte Mines Limited – Amounts receivable from the related party to the value of £286,760 were written-off as irrecoverable during the year ended 30 June 2005.

### 16.3 Related parties

The key management personnel compensations are as follows:

	31 March 2006 £	30 June 2005 £	30 June 2004 £	30 June 2003 £
Total remuneration is included in “personnel expenses” (see note 3):				
Directors emoluments	203,137	194,256	86,517	3,715

### 16.4 Pricing policies

Transactions with related parties take place on the terms no more favourable than transactions with unrelated parties.

### 17. Bank overdraft

The bank overdraft is secured through a cession of the ABSA Money Market account of the Company disclosed in cash and cash equivalents on the balance sheet as well as a cession of trade debtors in favour of ABSA Bank Limited.

### 18. Notes to the cash flow statement

#### 18.1 Cash generated/(absorbed) by operations

	31 March 2006 £	30 June 2005 £	30 June 2004 £	30 June 2003 £
Income/(loss) before interest and taxation for continued operations	(28,379)	633,217	1,289,472	44,509
Income/(loss) before interest and taxation for discontinued operations	1,347	(22,733)	22,259	24,121
Operating income before interest and taxation	(27,032)	610,484	1,311,731	68,630
<i>Adjustments for:</i>				
Depreciation of property, plant and equipment	170,573	203,266	144,483	12,062
Loss/(profit) on disposal of property, plant and equipment	4,537	5,582	(97)	
Operating income before working capital changes	140,878	819,332	1,456,117	80,692
(Increase)/decrease in inventories	(162,667)	(10,098)	(198,246)	15,745
(Increase)/decrease in trade and other receivables	92,090	(91,576)	799,784	(885,178)
Increase/(decrease) in trade and other payables	356	(54,794)	379,785	(34,651)
	<u>70,657</u>	<u>662,864</u>	<u>2,437,440</u>	<u>(823,392)</u>

### 19. Subsequent events

There has been no significant event subsequent to the balance sheet date.

### 20. Accounting estimates and judgements

Management discussed the development, selection and disclosure of the critical accounting policies and estimates and the application of these policies and estimates.

## 20.1 *Key sources of estimation uncertainty*

In note 15 detailed analyses are given of the foreign exchange exposure of the Company and risks in relation to foreign exchange movements.

## 21. **Discontinued operations**

Detailed information on discontinued operations:

	<i>31 March</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>
	£	£	£	£
<b>Revenue</b>	55,375	98,543	106,773	281,729
Cost of Sales	(53,426)	(120,705)	(76,548)	(230,563)
Gross Profit	1,948	(22,162)	30,225	51,166
Administrative expenses	(601)	(571)	(7,966)	(27,045)
<b>Operating Profit/(Loss) before finance cost</b>	<u>1,347</u>	<u>(22,733)</u>	<u>22,259</u>	<u>24,121</u>

Yours faithfully

Nexia Levitt Kirson  
4th Floor – Aloe Grove  
Grove City  
Houghton  
2198 Johannesburg  
Republic of South Africa

## PART VII

### ACCOUNTANTS' REPORT ON GRG

## Nexia Smith & Williamson

The Directors  
Goldplat plc  
Third Floor  
55 Gower Street  
London, WC1E 6HQ

HB Corporate  
40 Marsh Wall  
Docklands  
London E14 9TP

20 July 2006

Dear Sirs

#### **Gold Recovery Ghana Limited (“the Company”)**

We report on the financial information set out below. This financial information has been prepared for inclusion in the AIM admission document dated 20 July 2006 of Goldplat plc on the basis of the accounting policies set out in the accounting policies section below. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with that Schedule and for no other purpose.

#### **Responsibilities**

The Directors of Gold Recovery Ghana Limited are responsible for preparing the financial information on the basis of preparation set out below.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the AIM admission document, and to report our opinion to you. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone for any other purpose for our work, for this report or the opinions we have formed.

#### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

#### **Opinion**

In our opinion, the financial information gives, for the purposes of the AIM admission document dated 20 July 2006, a true and fair view of the state of affairs of Gold Recovery Ghana Limited as at 31 March 2006 and of its result for the period then ended in accordance with the basis of preparation set out below and in accordance with applicable International Financial Reporting Standards.

**Declaration**

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM admission document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM admission document in compliance with Schedule Two of the AIM Rules.



## BALANCE SHEET

The balance sheet of the Company as at 31 March 2006 is set out below:

	<i>Note</i>	<i>£</i>
<i>Assets</i>		
<b>Current Assets</b>		
Trade and other receivables		33,057
Total assets		<u>£33,057</u>
<i>Equity and liabilities</i>		
<b>Equity</b>		
Share capital	5	33,057
Total equity and liabilities		<u>£33,057</u>

## INCOME STATEMENT

There were no transactions in the period to 31 March 2006.

## STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity for the Company for the period from incorporation to 31 March 2006 is set out below:

	<i>Share capital £</i>	<i>Total equity £</i>
Issue of share capital	33,057	33,057
Balance at 31 March 2006	<u>£33,057</u>	<u>£33,057</u>

## STATEMENT OF CASHFLOWS

There were no cashflows in the period from incorporation to 31 March 2006.

## NOTES

### 1. The Company

Gold Recovery Ghana Limited was incorporated on 26 October 2005 (registered in the Republic of Ghana, company number CA-21, 347) as a private limited company. The Company has not traded since incorporation.

### 2. Basis of preparation

The financial information is based on the Company's unaudited records. The information is prepared under the historical cost convention.

### 3. Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), including standards and interpretations issued by the International Accounting Standards Board.

### 4. Nature of Financial Information

The financial information presented in respect of the period ended 31 March 2006 does not constitute statutory accounts within the meaning of the Companies Act Section 240.

### 5. Share Capital

	£
<i>Authorised share capital:</i>	
1,000,000,000 ordinary shares of Ghanaian cedi (GHC)1 each	<u>66,114</u>
<i>Called up, allotted and unpaid:</i>	
500,000,000 ordinary shares of Ghanaian cedi (GHC) 1 each	<u>33,057</u>

The Company was incorporated on 26 October 2005 with an initial authorised share capital of GHC 1,000,000,000 divided into 1,000,000,000 ordinary shares of GHC 1 each, of which 500,000,000 shares were issued but are unpaid.

Yours faithfully

Nexia Smith & Williamson  
1 Bishops Wharf  
Walnut Tree Close  
Guildford  
Surrey GU1 4RA

## PART VIII

### PRO FORMA FINANCIAL INFORMATION

Set out below is an unaudited pro forma statement of consolidated assets, liabilities and shareholders' equity of the Enlarged Group, which has been prepared on the basis of the financial information on the Company and its proposed subsidiaries (Goldplat, GMR and GRG) as adjusted for the Placing and as set out in the notes below. The pro forma has been prepared for illustrative purposes only and, because of its nature, cannot represent the actual financial position or results of the Enlarged Group.

<i>Notes</i>	<i>The Company</i>	<i>Goldplat Recovery</i>	<i>GMR</i>	<i>GRG</i>	<i>Sub total</i>
	£	£	£	£	£
	<i>i</i>	<i>ii</i>	<i>iii</i>	<i>iv</i>	
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property plant and equipment, net	0	1,796,549	0	0	1,796,549
Investments	0	0	0	0	0
Intangible fixed assets	0	0	0	0	0
<b>Total non-current assets</b>	<b>0</b>	<b>1,796,549</b>	<b>0</b>	<b>0</b>	<b>1,796,549</b>
<b>Current assets:</b>					
Cash and cash equivalents	43,915	82,567	0	0	126,482
Inventories	0	381,368	0	0	381,368
Trade and other receivables	0	183,372	100	33,057	216,529
<b>Total current assets</b>	<b>43,915</b>	<b>647,307</b>	<b>100</b>	<b>33,057</b>	<b>724,379</b>
<b>Total assets</b>	<b>43,915</b>	<b>2,443,856</b>	<b>100</b>	<b>33,057</b>	<b>2,520,928</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities:</b>					
Trade and other payables	2,938	360,118	0	0	363,056
Bank overdraft	0	89,614	0	0	89,614
Current portion of long-term debt	0	46,153	0	0	46,153
<b>Total current liabilities</b>	<b>2,938</b>	<b>495,885</b>	<b>0</b>	<b>0</b>	<b>498,823</b>
<b>Non-current liabilities</b>					
Provisions	0	30,477	0	0	30,477
Interest-bearing loans and borrowings	0	19,762	0	0	19,762
Deferred tax liabilities	0	344,368	0	0	344,368
<b>Total current liabilities</b>	<b>0</b>	<b>394,607</b>	<b>0</b>	<b>0</b>	<b>394,607</b>
<b>Total liabilities</b>	<b>2,938</b>	<b>890,492</b>	<b>0</b>	<b>0</b>	<b>893,430</b>
<b>Equity</b>					
Share capital	50,000	252	100	33,057	83,409
Share premium	0	669,440	0	0	669,440
Other reserves	0	277,752	0	0	277,752
Retained (losses)/earnings	(9,023)	605,920	0	0	596,897
<b>Total equity</b>	<b>40,977</b>	<b>1,553,364</b>	<b>100</b>	<b>33,057</b>	<b>1,627,498</b>
<b>Total liabilities &amp; shareholders' equity</b>	<b>43,915</b>	<b>2,443,856</b>	<b>100</b>	<b>33,057</b>	<b>2,520,928</b>

<i>Notes</i>	<i>Sub total</i> £	<i>Acquisition</i> <i>adjustments</i> £	<i>Placing</i> <i>adjustments</i> £	<i>Consolidation</i> <i>adjustments</i> £	<i>Pro forma</i> <i>balances</i> £
		<i>v</i>	<i>v</i>		
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property plant and equipment, net	1,796,549	0	0	0	1,796,549
Investments	0	6,958,057	0	(6,958,057)	0
Intangible fixed assets	0	0	0	4,871,536	4,871,536
<b>Total non-current assets</b>	<u>1,796,549</u>	<u>6,958,057</u>	<u>0</u>	<u>(2,086,521)</u>	<u>6,668,085</u>
<b>Current assets:</b>					
Cash and cash equivalents	126,482	(500,000)	1,200,000	0	826,482
Inventories	381,368	0	0	0	381,368
Trade and other receivables	216,529	(33,057)	0	0	183,472
<b>Total current assets</b>	<u>724,379</u>	<u>(533,057)</u>	<u>1,200,000</u>	<u>0</u>	<u>1,391,322</u>
<b>Total assets</b>	<u>2,520,928</u>	<u>6,425,000</u>	<u>1,200,000</u>	<u>(2,086,521)</u>	<u>8,059,407</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities:</b>					
Trade and other payables	363,056	0	0	0	363,056
Bank overdraft	89,614	0	0	0	89,614
Current portion of long-term debt	46,153	0	0	0	46,153
<b>Total current liabilities</b>	<u>498,823</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>498,823</u>
<b>Non-current liabilities</b>					
Provisions	30,477	0	0	0	30,477
Interest-bearing loans and borrowings	19,762	0	0	0	19,762
Deferred tax liabilities	344,368	0	0	0	344,368
<b>Total current liabilities</b>	<u>394,607</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>394,607</u>
<b>Total liabilities</b>	<u>893,430</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>893,430</u>
<b>Equity</b>					
Share capital	83,409	1,290,000	200,000	(533,409)	1,040,000
Share premium	669,440	5,135,000	1,000,000	(669,440)	6,135,000
Other reserves	277,752	0	0	(277,752)	0
Retained (losses)/earnings	596,897	0	0	(605,920)	(9,023)
<b>Total equity</b>	<u>1,627,498</u>	<u>6,425,000</u>	<u>1,200,000</u>	<u>(2,086,521)</u>	<u>7,165,977</u>
<b>Total liabilities &amp; shareholders' equity</b>	<u>2,520,928</u>	<u>6,425,000</u>	<u>1,200,000</u>	<u>(2,086,521)</u>	<u>8,059,407</u>

**Notes:**

- (i) The balance sheet of the Company at 31 January 2006 has been extracted without adjustment from the financial information on the Company set out in Part IV of this document. With the exceptions of the transactions referred to below, no account has been taken of the activities of the Company subsequent to 31 January 2006.
- (ii) The balance sheet of Goldplat Recovery at 31 March 2006 has been extracted without adjustment from the financial information on Goldplat Recovery set out in Part VI of this document. With the exceptions of the transactions referred to below, no account has been taken of the activities of Goldplat Recovery subsequent to 31 March 2006.

- (iii) The balance sheet of GMR at 31 March 2006 has been extracted without adjustment from the financial information on GMR set out in Part V of this document. With the exceptions of the transactions referred to below, no account has been taken of the activities of GMR subsequent to 31 March 2006.
- (iv) The balance sheet of GRG at 31 March 2006 has been extracted without adjustment from the financial information on GRG set out in Part VII of this document. With the exceptions of the transactions referred to below, no account has been taken of the activities of GRG subsequent to 31 March 2006.
- (v) On admission to AIM, the following transactions will take place:
  - The Company will issue 79,000,000 shares at 7.5p as consideration for the acquisition of GMR
  - GMR will issue 500,000 shares to the Company for £500,000
  - GMR will pay £500,000 to acquire Goldplat Recovery
  - The Placing of 20,000,000 million new Ordinary Shares at 7.5p per share, raising £1,500,000 before costs of the transaction of £300,000.
  - The unpaid share capital of £33,057 in GRG will be fully paid up.

# Nexia Smith & Williamson

The Directors  
Goldplat plc  
3rd Floor  
55 Gower Street  
London  
WC1E 6HQ

The Directors  
Hoodless Brennan plc  
40 Marsh Wall  
Docklands  
London  
E14 9TP

20 July 2006

Dear Sirs,

## **Goldplat plc**

We report on the pro forma financial information (the “Pro forma financial information”) set out in Part VIII of the AIM admission document dated 20 July 2006, which has been prepared on the basis described in the notes thereto, for illustrative purposes only, to provide information about how the placing of 20,000,000 shares at 7.5p and the acquisition of Goldplat Recovery, GMR and GRG might have affected the financial information, presented on the basis of the accounting policies to be adopted by Goldplat plc. This report is given only for the purpose of this document.

## **Responsibilities**

It is the responsibility of the directors of Goldplat plc to prepare the Pro forma financial information. It is our responsibility to form an opinion as to the proper compilation of the Pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

## **Basis of Opinion**

We conducted our work with reference to the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of Goldplat plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Goldplat plc.

**Opinion**

In our opinion:

- (a) the Pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of Goldplat plc.

**Declaration**

For the purposes of this document we are responsible for this report and declare that we have taken all reasonable care to ensure that the information contained herein is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Yours faithfully

Nexia Smith & Williamson  
1 Bishops Wharf  
Walnut Tree Close  
Guildford  
Surrey GU1 4RA

## PART IX

### ADDITIONAL INFORMATION

#### 1. The Company

- 1.1 The Company is registered and domiciled in England and Wales, having been incorporated on 24 January 2005 under the Companies Act 1985 (“Act”) with registered number 5340664 as a public company limited by shares with the name All African Resources plc. On 16 June 2006 it changed its name to Goldplat plc. The liability of members is limited.
- 1.2 The principal legislation under which the Company operates is the Act.
- 1.3 The Company will have, on Admission, wholly owned subsidiary undertakings as follows
- GMR – incorporated in Guernsey, Channel Islands with registered number 44448
- Goldplat Recovery – incorporated in the Republic of South Africa with registered number 1979/007102/07
- GRG – incorporated in Ghana with registered number CA-21,347
- Goldplat Recovery and GRG are subsidiaries of GMR.
- 1.4 On 4 May 2005, the Registrar of Companies issued a certificate entitling it to do business under the provisions of section 117 of the Act.

#### 2. Share capital

- 2.1 On incorporation, the Company had an authorised share capital of £50,000 divided into 50,000 ordinary shares of £1 each of which 2 were issued, fully paid, to the subscribers to the memorandum of association of the Company. On 25 January 2005 the authorised share capital of the Company was increased by £950,000 and each of the authorised ordinary shares of £1 each was subdivided into 1,000 ordinary shares of 0.1p each.
- 2.2 On 4 May 2005 49,998,000 ordinary shares of 0.1p each were issued to the founders at par.
- 2.3 On 13 June 2006 resolutions were passed, *inter alia*, increasing and consolidating the authorised share capital into £10,000,000 divided into 1,000,000,000 ordinary shares of £0.01 each, authorising the Directors to allot relevant securities up to a maximum aggregate nominal value of £2,000,000 as if section 89(1) of the Act did not apply. In addition the Directors were authorised to grant options over a maximum of 10,000,000 ordinary shares of £0.01 each.
- 2.4 On Admission, the Company intends to allot a further 20,000,000 Ordinary Shares for cash at 7.5p per share pursuant to the Placing, and the 79,000,000 Consideration Shares relating to the acquisition of GMR.
- 2.5 The authorised and issued share capital of the Company as it will be immediately following Admission are as follows:

<i>Authorised</i>			<i>Issued and fully paid</i>	
<i>Amount</i>	<i>Number</i>		<i>Amount</i>	<i>Number</i>
£10,000,000	1,000,000,000	Ordinary Shares of 1p each	£1,040,000	104,000,000

- 2.6 The Company has, conditional on Admission, granted options to its professional advisers to subscribe for 3,870,000 Ordinary Shares at 7.5p per Ordinary Share at any time up to the fifth anniversary of Admission. These include the 3,120,000 options granted to HB Corporate in accordance with the Placing Agreement as described in paragraph 5.5 of this Part IX and the 750,000 options granted to Ronaldsons in accordance with the Option Agreement as described in paragraph 5.2 of this Part IX.



- 2.7 The Ordinary Shares will rank *pari passu* in all respects including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares from the date of this document.
- 2.8 Save as disclosed above and in connection with the Placing, no share or loan capital of the Company is proposed to be issued or is under option or is agreed conditionally or unconditionally to be under option.
- 2.9 Following Admission, the Ordinary Shares, which are in registered form, may be held in either certificated or uncertificated form.
- 2.10 Save as disclosed in this document:
- no share or loan capital of the Company has been issued or is proposed to be issued;
  - no person has any preferential subscription rights for any share capital of the Company;
  - no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option; and
  - no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company.

### **3. Memorandum and articles of association**

- 3.1 In this paragraph 3, references to the “Statutes” are references to the Act and every other Act for the time being in force concerning companies and affecting the Company.
- 3.2 The principal objects of the Company are set out in full in clause 4 of the memorandum of association and include carrying on the business of a general commercial company.
- 3.3 The articles of association of the Company (the “Articles”) contain, *inter alia*, provisions to the following effect:

#### ***General meetings***

(a) *Annual general meetings*

Each year the Company shall hold a general meeting as its annual general meeting (in addition to any other meetings in that year) and not more than fifteen months shall elapse between the date of one annual general meeting and that of the next. Annual general meetings shall be held at such time and place as may be determined by the Directors.

(b) *Extraordinary general meetings*

The Directors may convene an extraordinary general meeting of the Company whenever they think fit and extraordinary general meetings shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by the Act. Any meeting convened under this Article by requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by the Directors. If at any time there are not within the United Kingdom sufficient Directors capable of acting to form a quorum, the Directors in the United Kingdom capable of acting may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

An annual general meeting and any extraordinary general meeting called for the passing of a special resolution, shall be called by not less than 21 days’ notice in writing; all other extraordinary general meetings shall be called by not less than 14 days’ notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, the day and hour of meeting and, in case of special business, the general nature of such business. The notice shall be given to all the members, other than those members who, under the

provisions of these Articles or the terms of issue of the shares they hold, are not entitled to receive notice of the meeting, and to the Directors and to the Auditors. A notice calling an annual general meeting shall specify the meeting as such and the notice convening a meeting to pass a special resolution or an extraordinary resolution as the case may be shall specify the intention to propose the resolution as such.

#### *Transfer*

Title to and interests in securities of the Company may be transferred without a written instrument in accordance with statutory regulations from time to time made under the Statutes. Except as may be required by any procedures implemented pursuant to the Articles in accordance with the Statutes, all transfers of shares may be effected by transfer in writing in any usual or common form or in such other form as shall be approved by the Directors. The instrument of transfer shall be signed by or on behalf of the transferor and, if the shares being transferred are partly paid, by the transferee. The Directors may refuse to register any transfer of any share that is not fully paid and they may refuse to register the transfer of any share on which the Company has a lien. They may also refuse to register a transfer of any share in favour of more than four joint holders as transferees, a transfer in respect of more than one class of share and a transfer which has not been lodged at the Company's registered office or such place as the board may determine and which is not accompanied by the certificates for the shares to which it relates.

#### *Voting rights*

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held (as to which there are none at present) every member present in person or by proxy shall upon a show of hands have one vote and every member present in person or by proxy shall upon a poll have one vote for every share held by him. If any member, or any other person appearing to be interested in any shares in the capital of the Company held by such member, has been duly served with a notice under Section 212 of the Act and is in default for the period of 14 days from the date of service of such notice, the member shall, for so long as the default continues not be entitled to be present or to vote on any question, either in person or by proxy, at any general meeting of the Company or meeting of the holders of any class of shares of the Company or, upon any poll or to be reckoned in a quorum, or to exercise any other right or privilege conferred by membership in relation to general meetings of the Company or meetings of the holders of any class of shares of the Company.

#### *Dividends*

The profits of the Company available for distribution and resolved to be distributed shall be applied in the payment of dividends to the members in accordance with their respective rights and interests. No dividend may exceed the amount recommended by the Board of Directors.

#### *Unclaimed dividends*

Any dividend unclaimed after a period of 12 years from the date it became due for payment shall be forfeited and shall revert to the Company.

#### *Return of capital*

If the Company shall be wound up, the liquidator may, with the authority of an extraordinary resolution, divide among the members in kind the whole or any part of the assets of the Company and may determine how such division shall be carried out between members or classes of members

#### *Variation of rights*

If at any time the capital is divided into different classes of shares all or any of the rights or privileges attached to any class may, subject to the provisions of the Act, be varied or abrogated either (a) in such manner (if any) as may be provided by such rights, or (b) in the absence of any such provision either with the consent in writing of the holders of three fourths of the nominal amount of the issued shares

of the class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the issued shares of that class.

#### *Changes in share capital*

The Company may by ordinary resolution increase its share capital, cancel any unissued shares, consolidate all or any of its share capital into shares of larger amount and subdivide its shares into shares of smaller amount. Subject to the provisions of the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any manner authorised by law.

Purchase by the Company of its own shares

Subject to the provisions of the Statutes, the Company may purchase its own shares.

#### *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow and, subject to the Statutes, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities whether outright or as collateral for any debt, liability or obligation of the Company or of any third party.

#### *Directors*

- (a) Unless otherwise determined by ordinary resolution, the number of directors shall be not less than two and there shall be no maximum number of directors. Save as mentioned below, a Director shall not vote in respect of any contract, arrangement, transaction or any other proposal whatsoever in which he has an interest which is a material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company.
- (b) A Director shall (in the absence of some other material interest than is indicated below) be entitled to be counted in the quorum and to vote in respect of any resolution concerning any of the following matters namely:
  - (i) the giving of any guarantee, security or indemnity to him in respect of money lent by or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings insofar as the Act permits; or
  - (ii) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security; or
  - (iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting thereof, or
  - (iv) any contract, arrangement, transaction or other proposal concerning any other body corporate in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever provided that he is not the holder of or beneficially interested in one per cent. or more of any class of the equity share capital of such body corporate (or of any third body corporate through which his interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances); or
  - (v) any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability

benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Board of the Inland Revenue for taxation purposes or which does not accord to any Director as such any privilege or advantage not accorded to the employees to which such scheme or fund relates; or

- (vi) any contract, arrangement, transaction or proposal concerning the adoption, modification or operation of any scheme for enabling employees including full time executive directors of the Company and/or any subsidiary to acquire shares of the Company or any arrangement for the benefit of employees of the Company or any of its subsidiaries under which the Director benefits in a similar manner to employees and which does not accord to any Director as such, any privilege or advantage not generally accorded to the employees to whom such scheme relates; or
  - (vii) any proposal concerning any insurance which the Company proposes to purchase and/or maintain for or for the benefit of any Director or for the benefit of persons who include Directors.
- (c) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and in such cases each of the Directors concerned (if not debarred from voting) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- (d) If any question shall arise at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting whose ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned have not been fairly disclosed.
- (e) The Directors shall be paid out of the funds of the Company by way of fees for their services as Directors such sums (if any) as the Directors may from time to time determine. The Directors shall also be entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors including any expenses incurred in attending meetings of the Board or of committees of the Board or general meetings and if in the opinion of the Directors it is desirable that any of their number should make any special journeys or perform any special services on behalf of the Company or its business, such Director or Directors may be paid such reasonable additional remuneration and expenses therefor as the Directors may from time to time determine.
- (f) The Directors may exercise all the powers of the Company to give or award pensions, annuities, gratuities and superannuation or other allowances or benefits to any persons who are or have at any time been Directors of or employed by or in the service of the Company or of any company which is a subsidiary company of or allied or associated with the Company or any such subsidiary and to the wives, widows, children and other relatives and dependants of any such persons and may establish, maintain, support, subscribe to and contribute to all kinds of schemes, trusts and funds for the benefit of such persons or any of them or any class of them, and so that any Director shall be entitled to receive and retain for his own benefit any such pension, annuity, gratuity, allowance or other benefit (whether under any such fund or scheme or otherwise) and may vote as a Director in respect of the exercise of any of the powers conferred upon the Directors, notwithstanding that he is or may be or become interested therein.

#### *Non-United Kingdom shareholders*

There are no limitations in the Articles on the rights of non-United Kingdom shareholders to hold, or to exercise voting rights attached to, the ordinary shares. However, non-United Kingdom shareholders are not entitled to receive notices of general meetings unless they have given an address in the United Kingdom to which such notices may be sent.

#### *CREST*

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles are consistent with CREST membership and, amongst other things, allow for the holding and transfer of shares in uncertificated form.

#### *Restrictions on changes in control, mergers, acquisitions or corporate restructuring of the Company*

There are no provisions in the Articles that would have the effect of delaying, deferring or preventing a change in control of the Company or that would operate only with respect to a merger, acquisition or corporate restructuring involving the Company.

#### *Ownership threshold requiring public disclosure*

There are no provisions in the Articles governing the threshold above which shareholder ownership must be disclosed. The Company is subject to the provision of the Statutes requiring public disclosure of shareholdings.

## **4. Directors' and other interests**

- 4.1 The interests (all of which are beneficial unless stated otherwise) of the Directors and their immediate families and the persons connected with them (within the meaning of Section 346 of the Act) which have been notified to the Company pursuant to Sections 324 and 328 of the Act or are required to be disclosed in the register of directors' interests pursuant to Section 325 of the Act in the issued share capital of the Company and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director as at the date of this document are as follows:

<i>Name of Director</i>	<i>Current Shareholding</i>	<i>Percentage of total</i>	<i>Shares on Admission</i>	<i>Percentage of total</i>
Brian Moritz	1,400,000	28%	1,400,000	1.34%
Demetri Manolis*	–	–	–	–
Ian Visagie	–	–	–	–
John Woolgar	350,000	7%	350,000	0.34%

\*See 4.6 below for note on The Perseus Settlement

- 4.2 Save as disclosed in this paragraph 4, none of the Directors nor any member of their respective immediate families nor any person connected with the Directors (within the meaning of Section 346 of the Act) has any interest, whether beneficial or non-beneficial, in any share capital of the Company.
- 4.3 No Director or member of a Director's family has any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares.
- 4.4 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors.
- 4.5 Save as otherwise disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or unperformed.

- 4.6 Save as disclosed in paragraph 4.1, the Company is only aware of the following persons who, immediately following Admission, directly or indirectly, jointly or severally, hold or will hold 3 per cent. or more of the ordinary share capital of the Company or exercise or could exercise control over the Company:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
Artemis Trustees Limited as trustees for Perseus Settlement	56,090,000	53.9%
Artemis Trustees Limited as trustees for Kilo Trust	18,170,000	17.5%
Artemis Trustees Limited as trustees for Aqualeo Trust	4,740,000	4.6%
Arc Securities BVI Limited	4,200,000	4%
Photon Global Ltd	4,666,667	4.5%
Hoodless Brennan plc	7,183,333	6.9%

The Perseus Settlement was established in 1997 as a discretionary trust. The beneficiaries comprise the great grandchildren and remoter issue of the late settlor but not his children and grandchildren (one of whom is the wife of Demetri Manolis). Other than by virtue of their infant children being amongst the class of potential beneficiaries, neither Demetri Manolis nor his wife has any interest, direct or indirect, in the trust.

The Company's major shareholders set out in this paragraph 4.6 do not have different voting rights to the remaining holders of Ordinary Shares.

Save as disclosed above, the Company is not aware of any person who, immediately following Admission and the Placing will, directly or indirectly, be interested in 3 per cent. or more of the capital of the Company, or who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

- 4.7 Demetri Manolis has a service contract with Goldplat Recovery effective from 1 May 2006 under which he agrees to act as managing director and receives salary and benefits totalling ZAR 1,492,000 per annum (£114,024). This contract is determinable by either party giving 3 months' notice such notice not to be given within the first 9 months of the contract.

Ian Visagie has a service contract with Goldplat Recovery effective from 1 May 2006 under which he agrees to act as finance director and receives salary and benefits totalling ZAR 800,000 per annum (£61,139). This contract is determinable by either party giving 3 months' notice such notice not to be given within the first 9 months of the contract.

Brian Moritz has a director's appointment letter dated 11 July 2006. The letter appoints Mr Moritz as Chairman of the Company at an annual fee of £15,000 (plus VAT if applicable), and is determinable by either party giving 6 months' notice such notice not to be given within the first 9 months of the contract.

John Woolgar has a director's appointment letter dated 11 July 2006. The letter appoints Mr Woolgar as a Director of the Company at an annual fee of £12,000 (plus VAT if applicable), and is determinable by either party giving 6 months notice such notice not to be given within the first 9 months of the contract.

- 4.8 Save as disclosed in paragraph 4.6 above, there are no contracts, existing or proposed, between any Director and the Company.
- 4.9 Other than the payment of salary in lieu of notice, the Directors' service contracts and letters of appointment do not provide for benefits upon termination of employment.
- 4.10 There is no arrangement under which any Director has agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

4.11 It is estimated that under the arrangements currently in force, the aggregate remuneration and benefits in kind to be paid to the Directors in a full year are £202,163. For the 12 months ending 30 June 2007 they will be approximately £202,163.

4.12 In addition to the directorships in the Company the Directors hold or have held the following directorships within the five years immediately prior to the date of this document:

<i>Name</i>	<i>Current Directorships</i>	<i>Past Directorships</i>
Brian Moritz	Capricorn Resources Plc Metal Bulletin Plc MSP Secretaries Ltd Namibian Resources Plc Navigator Holdings Plc Navigator Corporate Finance Ltd Chromex Mining PLC African Platinum Plc Palandri Limited (Australia) Dimension Resources Ltd (Bermuda) White Nile Limited (Guernsey) European Business Jets PLC	Grant Thornton (Partnership) Central African Gold Plc Green Power Generation Ltd Green Power Rights Ltd Namibian Resources Ltd (Bermuda) Shield Resources Ltd Shield Investments plc Sonnberg Diamonds (Namibia) Pty Ltd (Namibia) Nyati Resources PLC Shield Capital PLC Copper Resources PLC Genesis Petroleum Corporation plc Quadrisse Fuels International PLC
Demetri Manolis	Goldplat Recovery (Pty) Ltd Zimbabwe Empire Gold Ltd Gold International Ltd Mvuzo Mining (Pty) Ltd	Gravelotte Mines Limited Adit Mining CC
Ian Visagie	Goldplat Recovery (Pty) Ltd	Gravelotte Mines Limited
John Woolgar	Qualified Investor Services Ltd Genesis Petroleum Corporation PLC Mirasol Mining PLC Northlight Capital PLC	Quadrisse Fuels International PLC Cooper Owen PLC New Nationwide Securities Ltd European Business Jets PLC Shell Management Services Ltd Western Registrars Ltd

4.13 In 1994 Cape & Dalgleish, a firm in which Brian Moritz was a partner, and which has subsequently merged with Grant Thornton, was reprimanded by the Institute of Chartered Accountants in England and Wales, and ordered to pay a fine of £1,000, equivalent to £83 per partner, and costs of £500. This arose out of breaches of an Institute bye-law occurring in 1991 and 1992 which did not give rise to any loss by any third party. Although Brian Moritz was not personally involved in this matter in any capacity he was nevertheless reprimanded in his capacity as a partner.

4.14 John Woolgar was a non-executive director of New Nationwide Securities Ltd. An administrative receiver was appointed over that company on 13 June 1997. The insolvency practitioners report issued on 12 September 1997 was not critical of John Woolgar.

4.15 John Woolgar entered into an individual voluntary arrangement (“IVA”) with his creditors in 1992 following the breakdown of his marriage. John Woolgar complied with the terms of his IVA and the IVA was declared fully implemented on 5th August 1996.

4.16 Save as disclosed above none of the Directors has:

- any unspent convictions in relation to indictable offences;
- had any bankruptcy order made against him or entered into any voluntary arrangements;

- been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
- been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;
- been publicly criticised by any statutory or regulatory body (including recognised professional bodies); or
- been disqualified by a court from acting as a director of any company or from acting in the management or conduct of affairs of a company.

## **5. Material contracts**

The following contracts, not being contracts entered into in the ordinary course of business of the Company, have been entered into by the Company and are or may be material:

### **5.1 *Nominated Adviser and Broker agreement***

An agreement dated 11 July 2006 between (1) HB Corporate and (2) the Company under which HB Corporate has agreed to act as the Company's Nominated Adviser and Broker for one year from Admission and thereafter, unless terminated by six months' written notice by HB Corporate or the Company (the "Nominated Adviser and Broker Agreement"). Under the Nominated Adviser and Broker Agreement, the Company has agreed to pay to HB Corporate annual fee of £35,000 (plus VAT). In addition, the Company has agreed to pay to HB Corporate a fee of £120,000 (plus VAT) on Admission.

### **5.2 *Option agreements***

An agreement dated 11 July 2006 between (1) the Company and (2) Ronaldsons pursuant to which Ronaldsons were granted options to subscribe for 750,000 Ordinary Shares at the Placing Price in addition to their ongoing retainer as the Company's solicitors. The options are exercisable at any time up until the fifth anniversary of Admission.

An agreement dated 11 July 2006 between (1) the Company and (2) HB Corporate pursuant to which HB Corporate was granted options to subscribe for 3,120,000 Ordinary Shares at the Placing Price. The options are exercisable at any time up until the fifth anniversary of Admission.

### **5.3 *Lock-in agreements***

Lock-in agreements dated 11 July 2006 between the Directors and certain other shareholders including the Vendors, (the "Locked-In Persons") and the Company and HB Corporate pursuant to which the Locked-In Persons have undertaken to HB Corporate and the Company save in specified circumstances not to sell or otherwise dispose of, or agree to sell or dispose of any of their interests in the Ordinary Shares held by them for the 12 month period commencing on the date of Admission. The Lock-In Deeds also contain orderly market provisions which apply for a further 12 months after expiry of the lock-in period.



#### **5.4 Orderly Market Agreement**

An agreement dated 11 July 2006 between ALPS FS (Management and Compliance) Ltd (“ALPS”), the Company and HB Corporate pursuant to which ALPS has undertaken to the Company and HB Corporate not to sell or otherwise dispose of, or agree to sell or dispose of any of their interests in the Ordinary Shares held by them (amounting to 700,000 Ordinary Shares on Admission) for the 12 month period commencing on the date of Admission except through the nominated broker and in accordance with the reasonable requirements of the Company so as to ensure an orderly market in the issued share capital.

#### **5.5 Placing Agreement**

A placing agreement dated 11 July 2006 between (1) the Company, (2) HB Corporate and (3) the Directors and the Proposed Directors (the “Placing Agreement”). Under the Placing Agreement, the Company has agreed to appoint HB Corporate to procure subscribers to the Placing. The Placing Agreement is conditional upon, inter alia, the Placing and Admission.

- (a) to pay HB Corporate 5 per cent. commission on the value of the Placing Shares;
- (b) to pay HB Corporate a corporate finance fee of £120,000;
- (c) and to grant options to HB Corporate to subscribe for 3,120,000 Ordinary Shares at the Placing Price; and
- (d) to pay all reasonable and properly incurred expenses of HB Corporate other fees and expenses of the Placing and Admission and advisory expenses of HB Corporate.

The Company and the Directors and the Proposed Directors have given certain warranties and indemnities as to the accuracy of information contained in this document and other matters in relation to the Group and its business.

#### **5.6 Goldplat Recovery Acquisition Agreement**

An agreement dated 11 July 2006 between (1) Demetri Manolis, (2) Ian Visagie, (3) GMR and (4) Goldplat Recovery pursuant to which GMR agreed to acquire the whole of the issued share capital of Goldplat Recovery in consideration for £500,000. The Goldplat Recovery Acquisition Agreement is conditional on GMR raising the necessary finance to pay the consideration. The Goldplat Recovery Acquisition Agreement contains various warranties relating to the business of Goldplat Recovery and Goldplat Recovery itself.

#### **5.7 GMR Acquisition Agreement**

An agreement dated 11 July 2006 between (1) the Company and (2) the shareholders of GMR pursuant to which the Company agreed to acquire the whole of the issued share capital of GMR conditional upon, inter alia, confirmation from the Panel that the obligation on the Vendors to make an offer under rule 9 of the Code is waived, Admission, completion of the Placing and execution of the Goldplat Recovery Acquisition Agreement. The consideration for this purchase shall be (i) to subscribe for shares to the value of £500,000 in GMR, and; (ii) the issue of 79,000,000 Ordinary Shares at the Placing Price. Pursuant to GMR Acquisition Agreement the Vendors have given various warranties in relation to the Subsidiaries. Liability under these warranties is limited to £500,000 and the Consideration Shares or, in the event of sale of the Consideration Shares, the proceeds of sale or 7.5p per Consideration Share.

Save as disclosed above, there are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into by the Company since its incorporation and which are or may be material.

## 6. Litigation

There are no governmental, legal or arbitration proceedings (including, to the knowledge of the Company, any such proceedings which are pending or threatened by or against the Company) which may have or have had during the 12 months immediately preceding the date of this document a significant effect on the financial position or profitability of the Company.

## 7. Working capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Company will, from the date of Admission, be sufficient for its present requirements, that is, for at least the next 12 months from the date of Admission.

## 8. Related Party Transactions

In 2003, Goldplat Recovery entered into a number of contracts with Gravelotte Mines Limited (“Gravelotte”) when L.Pouroulis was a substantial shareholder of Goldplat Recovery and of Gravelotte. These contracts comprised (i) the acquisition of the gold, precious metals and associated minerals processing metallurgical business from Gravelotte for a total consideration of ZAR20,770,000 (ii) the cession of certain goldmining rights to Gravelotte for a consideration of ZAR11,500,000 and (iii) the cancellation of a royalty agreement for a consideration of ZAR12,000,000. This latter agreement cancelled an earlier agreement pursuant to which Goldplat Recovery was to have received royalties in consideration for having negotiated a mining agreement between Gravelotte and a third party. These contracts were entered into on arms’ length terms.

Taking into account other related payments, the net sum receivable by Goldplat Recovery from Gravelotte amounted to ZAR3,440,395 which was provided for in full in the financial statements for the year ended 30 June 2004.

## 9. Principal investments

Goldplat Recovery’s principal investments in the period under review have been in acquiring and developing the process plant and associated equipment:-

	<i>Period ended 31 March 2006 £000</i>	<i>Year ended 30 June 2005 £000</i>	<i>Year ended 30 June 2004 £000</i>	<i>Year ended 30 June 2003 £000</i>
Process plant	185.6	46.2	1,130.7	14.0
Land and buildings		7.7	245.8	
Transport	91.3	33.2	241.1	34.9
<i>subtotal</i>	<u>276.9</u>	<u>87.1</u>	<u>1,617.5</u>	<u>48.9</u>
Sundry other	12.0	0.6	86.4	–
Total	<u>289.0</u>	<u>87.7</u>	<u>1,703.9</u>	<u>48.9</u>

Investments in progress mainly comprise the installation of a fluidised bed furnace in the high grade circuit, an additional mill for the recently-converted PGM flotation circuit and an additional flotation circuit for the underground line. The anticipated cost of these investments totals £200,760, of which £11,115 has been spent at the date of this document. The investment budget for these projects is expected to be financed from the Group’s internal resources.

At the date of this document, there are no investments where a firm commitment has been entered into by the Group.

## 10. Taxation

The statements below are based on current UK tax law and what is understood to be current Inland Revenue published practice.

**Shareholders who are in any doubt about their tax position, or who are resident, or otherwise subject to taxation, in a jurisdiction outside the UK, should consult their own professional advisers.**

### **10.1 *Taxation of Dividends***

Under current United Kingdom legislation, no tax is required to be withheld from dividend payments by the Company. A shareholder (other than a company) receiving a dividend from the Company also receives a tax credit in respect of the dividend of an amount equal to one ninth of the amount of the dividend which is 10 per cent. of the sum of the dividend and the tax credit. Generally, the liability to United Kingdom income tax is calculated on the sum of the dividend and the tax credit (“the dividend income”). The dividend (including the associated tax credit) will be treated as the top slice of the Shareholder’s income. Individual Shareholders whose income is within the starting rate or basic rate tax bands will be subject to income tax at the rate of 10 per cent. on their dividend income, so that such shareholders will have no further liability to income tax on that dividend income. The higher rate of income tax is 32.5 per cent. in respect of dividend income. A higher rate tax payer may set the tax credit against his liability to income tax on the dividend income, giving an effective rate of tax of 25 per cent. The trustees of certain trusts may also have further tax to pay on dividends. A shareholder who is not liable to income tax on the dividend income (or any part of it) may not claim payment of the tax credit (or part of it) from the Inland Revenue.

A United Kingdom resident corporate shareholder is not normally liable to United Kingdom taxation on any dividend received. United Kingdom resident corporate shareholders (including authorised unit trusts and open-ended investment companies) and pension funds are not entitled to payment in cash of the tax credit.

Whether shareholders who are resident for tax purposes in countries other than the United Kingdom are entitled to a payment from the Inland Revenue of a proportion of the tax credit in respect of dividends on their shares depends in general upon the provisions of any double taxation convention or agreement which exists between such countries and the United Kingdom. In addition, individual shareholders who are resident in countries other than the United Kingdom but who are Commonwealth citizens, nationals of member states of the European Economic Area or fall within certain other categories of person within Section 278 of the Income and Corporation Taxes Act 1988 are entitled to the entire tax credit which they may set against their total United Kingdom income tax liability. Non-United Kingdom resident shareholders should consult their own tax advisers on the possible application of such provisions and the procedure for claiming any relief or credit in respect of such tax credit in their own jurisdictions. However, in general, no cash payment will be recoverable from the Inland Revenue in respect of the tax credit.

### **10.2 *Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)***

No stamp duty or SDRT will be payable on the issue of shares save that special rules apply to persons operating clearance services or depository receipt services.

A transfer or sale of shares will generally be subject to *ad valorem* stamp duty at the rate of 0.5 per cent. rounded up to the nearest multiple of £5 on the amount or value of the consideration paid by the purchaser. If an unconditional agreement for the transfer of such shares is not completed by a duly stamped transfer to the transferee by the seventh day of the month following the month in which the agreement becomes unconditional, SDRT will be payable on the agreement at the rate of 0.5 per cent. of the amount or value of consideration paid. Liability to SDRT is generally that of the transferee. Where a purchaser or transfer is effected through a member of the London Stock Exchange or a qualified dealer, the said member or dealer will normally account for the SDRT.

When shares are transferred to a CREST member who holds those shares in uncertificated form as a nominee for the transferor, no stamp duty or SDRT will generally be payable.

When shares are transferred by a CREST member to the beneficial owner (on whose behalf it has held them as nominee), no stamp duty or SDRT will generally be payable.

Where a change in beneficial ownership of shares held in uncertificated form occurs and such change is for consideration in money or money's worth (whether the transferee will hold those shares in certificated or uncertificated form) a liability to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration will arise. This will generally be met by the new beneficial owner.

### **10.3 Section 574 Relief**

The Ordinary Shares are likely to be treated as not being listed or quoted for the purposes of those sections of the Income and Corporation Taxes Act 1988 (the Taxes Act) which use those terms in relation to securities provided that the Company remains one which does not have any of its shares quoted on a recognised stock exchange (which for these purposes does not include AIM). Assuming that the Company remains a trading company or the holding company of a trading group for tax purposes in the UK, Sections 573 to 576 of the Taxes Act will (subject to the relevant conditions specified in those sections) apply to investment companies and individuals investing in the Ordinary Shares.

Section 574 of the Income and Corporation Taxes Act 1988 permits, a loss on a subscription for Ordinary Shares in a qualifying trading company to be relieved against an investor's taxable income as an alternative to setting the loss against capital gains. Upon making the appropriate claim, relief is given against income on the tax year in which the loss arises, or the preceding year.

### **10.4 Capital gains tax**

A disposal of Ordinary Shares by a Shareholder who is either resident or, in the case of an individual, ordinarily resident, for tax purposes in the UK, or a Shareholder who is an entity that is not UK tax resident but carries on a trade, profession or vocation in the UK through a branch, agency or permanent establishment and has used, held or acquired Ordinary Shares for the purposes of such trade profession or vocation or such branch agency or permanent establishment may depending on the Shareholder's circumstances and subject to any available exemptions or relief, give rise to chargeable gain or allowable loss for the purpose of the UK taxation of chargeable gains.

Capital gains subject to UK taxation made by individuals, trustees and personal representatives after 5 April 1998 may qualify for taper relief. This relief reduces the amount of a chargeable gain on disposal, depending on the length of time the shares have been held in a qualifying period. With effect from 6 April 2000, disposals of any shareholdings in unquoted qualifying trading companies or holding companies of trading groups will qualify as business assets, eligible for enhanced rates of taper relief. Shareholdings disposed of on or after 6 April 2002 qualify for the maximum relief after two years, reducing the effective capital gains tax rate to 10 per cent. for a higher rate taxpayer. This relief is subject to complex rules and shareholders should take advice from their own professional advisors regarding the availability of taper relief.

## **11. General**

- 11.1 The total proceeds which it is expected will be raised by the Placing are £1,500,000 and the net proceeds after deduction of expenses are estimated at £1,200,000.
- 11.2 The accounting reference date of the Company is 31 January and the first audited accounts have been made up to 31 January 2006. The Company intends to change its accounting reference date to 30 June, the date to which Goldplat Recovery draws up its accounts.
- 11.3 The expenses of and incidental to the Admission including registration and London Stock Exchange fees, professional fees, commissions and the costs of printing and distribution, are estimated to amount to approximately £300,000 (excluding VAT), all of which will be payable by the Company.
- 11.4 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:
  - 11.4.1 received, directly or indirectly, from the Company within 12 months preceding the date of this document; or

- 11.4.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:
- (a) fees totalling £10,000 or more; or
  - (b) securities in the Company with a value of £10,000 or more; or
  - (c) any other benefit with a value of £10,000 or more at the date of Admission.
- 11.5 The financial information contained in Parts IV, V, VI, VII and VIII of this document does not constitute full statutory accounts as referred to in section 240 of the Act.
- 11.6 Nexia Smith & Williamson, a member of the Institute of Chartered Accountants in England and Wales, has given and not withdrawn its written consent to the issue of this document with the inclusion of its Report and references to its name in the form and context in which they appear.
- 11.7 HB Corporate has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to their name in the form and context in which they appear.
- 11.8 Nexia Levitt Kirson has given and not withdrawn its written consent to the issue of this document with the inclusion of its report and references to its name in the form and context in which they appear.
- 11.9 Save as set out in this document, the Directors are not aware of any exceptional factors that have influenced the Group's activities.
- 11.10 The Placing has not been underwritten or guaranteed by any person.
- 11.11 Save as set out in this document, no commission is payable by the Company to any person in consideration of his agreeing to subscribe for securities to which this document relates or of his procuring or agreeing to procure subscriptions for such securities.
- 11.12 The Placing Shares will be issued at 7.5p per share, a premium of 6.5p per Ordinary Share above nominal value.
- 11.13 Save as disclosed in this document, no payment (including commissions) or other benefit has been or is to be paid or given to any promoter of the Company.
- 11.14 Save as disclosed in this document, there are no patents or other intellectual property rights, licences or particular contracts which are, or may be, of fundamental importance to the business of the Company.
- 11.15 Save as disclosed in this document, there are no investments in progress which are significant.
- 11.16 There has been no significant change in the financial or trading position of Group since 31 March 2006.

## **12. Documents available for inspection**

Copies of the following documents will be available for inspection at the offices of HB Corporate at 40 Marsh Wall, London, E14 9TP and from the registered office of the Company at Third Floor, 55 Gower Street, London WC1E 6HQ, during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document until at least 30 days after the date of Admission:

- 12.1 the memorandum and articles of association of the Company;
- 12.2 the Accountants' Report set out in each of Parts IV, V, VI, VII and VIII of this document;
- 12.3 the Directors' letters of appointment and service contracts referred to in paragraph 4.6 of this Part IX;
- 12.4 the material contracts referred to in paragraph 5 of this Part IX; and
- 12.5 the letters of consent referred to in paragraphs 11.6 to 11.8 of this Part IX.

20 July 2006