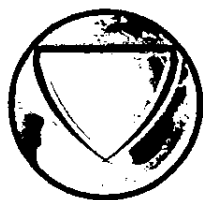


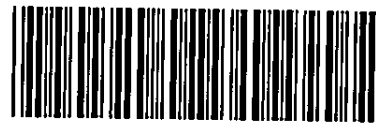
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GOLDPLAT<sub>plc</sub>

ANNUAL  
REPORT &  
FINANCIAL  
STATEMENTS  
FOR THE YEAR  
ENDED  
30 JUNE 2008

TUESDAY



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**“The Ghanaian recovery plant has performed well since it commenced production at the beginning of the year, with the plant now running at full capacity.”**

# HIGHLIGHTS OF THE YEAR

- Pre-tax profits more than doubled to £1,624,000 for the year ended 30 June 2008 (30 June 2007 £751,000)
- Healthy cash position with £1,486,000 in the bank
- Gold production at Kilimapesa in Kenya on track to commence in Q4 of 2008 – financial contribution expected in 2009
- South Africa recovery plant is performing buoyantly - new and upgraded machinery is enabling materials to be processed more efficiently, enhancing economies of scale
- Stocks of materials for processing have increased to record levels of circa 1.4 tonnes contained gold (circa 45,000 oz of gold) in South Africa
- Ghanaian recovery plant progressing well with revenues steadily increasing - set to contribute fully to profits in current year
- 89,000 tonnes of artisanal tailings stockpiled, estimated to contain up to 35,000 oz of gold, based on representative samples of gold in Ghana
- Formed joint venture company in line with South Africa's Black Economic Empowerment policy
- Strategy of acquiring known deposits of between 200,000 and one million oz of gold with a short lead time to production - continuing to review a number of projects across Africa

**“Goldplat is now entering the junior gold mining sector in Africa in order to take advantage of its many years of experience in this field.”**

# CHAIRMAN'S STATEMENT

It gives me great pleasure to report on your Company's progress towards fulfilling its objective of creating a mid-tier mining house focussed on gold production, leveraged through revenue generated from its gold recovery operations in South Africa and Ghana. During the period under review we have advanced our Kenyan gold project where production is due to commence Q4 this year, strengthened our cash position via increasing revenues from our recovery operations, and continued to seek new acquisition opportunities throughout Africa to expand the Company's asset base.

I am pleased to report a 116 % increase in pre-tax profit to £1,624,000 for the year ended 30 June 2008, and an after tax profit of £1,054,000 (pre-tax profit £751,000, after tax profit £569,000: 30 June 2007).

**"The Ghanaian recovery plant smelter is now operational ... the bullion produced assayed in excess of 85% gold."**

## **Rapidly Advancing Towards Production From Mining Kenya**

Developments at our 50/50 joint venture Kilimapesa Gold Ltd ('Kilimapesa') Lolgorien project in Kenya have progressed well with our US\$500k plant refurbishment programme on track to commence production in Q4 2008. The plant will initially be fed from stockpiles, which now amount to over 2,000 tonnes, delivered from artisanal high grade tailings and from our own underground Phase II development programme.

Phase I of the programme focussed on the evaluation of 10 key targets within the licence area. Phase II comprises the extension of existing underground development to provide a high confidence ore resource evaluation of the quartz vein ore bodies at Kilimapesa Hill. The total strike length now exposed has been extended to 93 metres. Chip sampling assay results indicate that the entire strike has an average gold value of 6.9 g/t gold over a stope width of 1.27 metres and excitingly contains a 42 metres stretch grading 10.13 g/t gold over 1.4 metres.

The main adit has also been fully equipped with rails which allow the use of 'coco pans' to transport the broken ore to the tipping point. Production efficiencies will increase markedly as a result.

In addition to the on-reef development, a diamond drilling programme has commenced comprising 14 holes for a total drill length of 500 metres. These holes are designed to intersect the quartz vein some 30-40 metres down-dip from the current on-reef development. The information from the drilling programme, together with that from the adjacent development, will be modelled in 3D using Datamine software and used to produce a JORC - compliant ore resource statement. It is hoped that the close proximity of the sampling points should allow for a high confidence resource.

In addition, developments to local infrastructure are underway by the Rural Electrification Authority ('REA') including an electrification programme for the local town of Lolgorien. Due to be completed by the end of September 2008, this programme should benefit our operation considerably as it precludes the use of expensive and inefficient diesel generators.

### **Expansion**

As part of our strategy of acquiring known deposits of between 200,000 and one million oz of gold with a short lead time to production, Goldplat continues to review a number of projects across Africa.

Earlier this year, we formed a joint venture company to take advantage of potential acquisition opportunities in South Africa, in line with the country's Black Economic Empowerment policy ('BEE'). We are currently reviewing interesting mining opportunities within the country and anticipate updating the market shortly with our progress.

### **Increasing Revenues**

#### **South Africa**

Our recovery business in South Africa is performing buoyantly, with our new and upgraded machinery enabling materials to be processed more efficiently, thereby enhancing economies of scale. Further improvements are scheduled at the plant, including the installation of an automatic gravity concentrator, which is expected to be operational before the year end, in place of the existing labour intensive units.

In addition, stocks of materials for processing have increased to record levels of circa 1.4 tonnes contained gold. Further discussions are underway with a number of leading gold producers in the region for the recovery of by-products and the purchasing of surface material stockpiles. If secured, we will have sufficient material for an additional two years of production for all lines of production at the plant.

The stocks of woodchips and material suitable for the gravity circuit are also continuing to increase with stocks now exceeding two years of production. We have also increased our market share of the mill liner cleaning service.

Negotiations are underway with our strategic partner, Rand Refinery Ltd, to reduce processing charges on the basis of increased volumes of concentrates delivered to Rand Refinery by Goldplat. If such discussions are successful our operational costs will be streamlined further.

Goldplat Recovery is classified as a mine under South African law, and therefore needs to comply with legislation relating to BEE. This requires 15% of Goldplat

## CHAIRMAN'S STATEMENT CONTINUED

Recovery to be owned by Historically Disadvantaged South Africans by 1 May 2009, increasing to 26% by 1 May 2014. Negotiations are under way with BEE entities for the sale of the required percentage of Goldplat Recovery at full value for such a minority interest.

### **Ghana**

Our Ghanaian recovery plant commenced production at the beginning of the year and is now running at full capacity. Operations are progressing well with revenues steadily increasing, further improvements scheduled to maximise the plant's efficiency in place and new supplies of raw materials have been secured for future processing.

A new incinerator for the processing of the fine carbon is expected to be installed and operational in early 2009. This should reduce the plant's costs and ensure that it is competitive when bidding for fine carbon stockpiles. The new incinerator will also add to our local beneficiation achievements, increase flexibility to process a larger variety of materials and boost the number of local staff employed.

In addition, the new smelter is operational and the first samples of gold purchased from the small workers have been smelted. The bullion produced assayed in excess of 85% gold.

As previously reported, three large surface stockpiles totalling 37,000 tonnes of material estimated to contain up to 7,465 oz of gold based on assays of representative samples were purchased from third parties. Goldplat now has 89,000 tonnes of artisanal tailings stockpiled, estimated to contain up to 35,000 oz of gold, based on representative samples of gold, which exceeds nine years of current production capability. Following leach tests on composite samples, these materials have been re-measured and evaluated by an independent laboratory, which confirmed the previous conclusion that the recovery of gold is high.

In order to ensure a continuous supply of materials to process, the plant was recently awarded a second contract for a large shipment of fine carbon by Gold Fields Limited's Tarkwa gold mine in Ghana. Additionally, we have submitted a number of tenders including one to AngloGold Ashanti to process its fine carbon materials from its operations in Ghana, Mali, the Republic of Guinea as well as various tenders to smaller operations in Mali as part of our drive to expand Goldplat's geographic reach.

### **Corporate Initiatives**

We believe that the performance of our share price has been influenced by general market sentiment rather than the Company's underlying value. We have therefore put in place a number of new initiatives, which we hope will help investors to understand our true potential. These include the appointment of a joint broker, Alexander David Securities Limited, to support private client share transactions; a new website, to give improved information to investors as well as Goldplat's clients; a programme of webcasts to update shareholders on Goldplat's progress; and, through the Financial Times London Share Service section, the identification of some 1,500 potential investors requesting Goldplat's accounts.

Following the introduction of the Companies Act 2006 changes are required to the Company's Articles of Association. A resolution to adopt Articles compliant with the new Act is being proposed at the Annual General Meeting. At the same time the directors are seeking powers to buy back ordinary shares, to be held in treasury and resold to satisfy market demand. It should be stressed that this is an enabling resolution.

## **Financials**

I am pleased to report excellent pre-tax profits of £1,624,000 for the year ended 30 June 2008, and an after tax profit of £1,054,000. Pre-tax profit increased by more than 100%; however the tax charge increased as a percentage of profits due to secondary tax on dividends remitted back to the parent company. This trend should be offset in the current year by the tax holiday of ten years negotiated in Ghana.

Our cash position remained healthy with £1,486,000 in the bank. No dividend is proposed as the profits will be retained for further expansion of the Company's operations and to accelerate our growth strategy.

Profitability at our South African operation remains at a high level and despite being a mature business, new opportunities continue to be identified and implemented. In the current year full contribution to the Group's total profits are expected from our Ghanaian recovery plant which became fully operational in the second half of the last financial year. With no tax payable in Ghana, profits will flow directly through to the bottom line. In addition with Kilimapesa targeted to commence initial production in Q4 2008, we believe that Kilimapesa will become a positive contributor to profitability in financial year 2009.

## **Staff and Government Relations**


Staff relations, both in South Africa and Ghana, remain good. Once more the operations have an excellent safety record, with no reportable accidents at any group company. Our new developments in Ghana and Kenya benefit from the support of the Governments of the countries, and are seen as benefitting the countries employment opportunities, and, in the case of Ghana, the recovery plant is seen as a valuable contribution towards environmental obligations.

## **Outlook**

I believe that our objective to build Goldplat into a significant mid-tier gold mining house in Africa will soon become a reality. We are currently in a favourable gold price environment and although its spot price has tailed off, the general consensus remains that gold is a safe haven to invest in, which naturally bodes well for us. With Kilimapesa on target to commence production in the fourth quarter of 2008 and both of our recovery businesses increasing revenues, I believe that Goldplat has a bright future.

Finally, I would like to take this opportunity to thank my fellow directors, advisers, management teams and shareholders for their dedication and support over the past year, which has seen Goldplat go from strength to strength.

Brian Moritz  
Chairman  
12 September 2008



# DIRECTORS & ADVISERS

## **Directors**

Brian Moritz, *Chairman*

Demetri Manolis, *Chief Executive*

Ian Visagie, *Chief Financial Officer*

John Woolgar, *Non-Executive Director*

## **Secretary and Registered Office**

Stephen Ronaldson

55 Gower Street

London

WC1E 6HQ

## **Solicitors**

Ronaldsons Solicitors

55 Gower Street

London

WC1E 6HQ

## **Nominated Adviser and Broker**

WH Ireland Limited

24 Martin Lane

London

EC4R 0DR

## **Joint Broker**

Alexander David Securities Limited

10 Finsbury Square

London

EC2A 1AD

## **Auditor**

Chantrey Vellacott DFK LLP

Russell Square House

10-12 Russell Square

London

WC1B 5LF

## **Solicitors (South Africa)**

Fluxmans

11 Biermann Avenue,

Rosebank 2196

Johannesburg

South Africa

## **Financial Public Relations**

St Brides Media & Finance Limited

3rd Floor, Aldermay House

10 – 15 Queen Street

London

EC4N 1TX

## **Registrars**

Share Registrars Limited

Suite E, First Floor

9 Lion and Lamb Yard

Farnham

Surrey

GU9 7LL

## **Registration Number**

5340664

## **Web site**

[www.goldplat.com](http://www.goldplat.com)

# DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 June 2008.

## **Principal activities**

The principal activity of the Company is the management of a group which produces precious metals on the African continent. The group's South African subsidiary produces gold, silver and platinum group metals from metallurgically challenging materials produced by the primary producers. The group's Ghanaian subsidiary's facilities now include an incinerator, a carbon in leach (CIL) circuit and gravity concentrators which are now in full operation.

The group's Kenyan venture, which is held jointly with International Gold Exploration (AB), a Company registered in Sweden and listed on the Oslo Stock Exchange, has progressed with its evaluation of the Kilimapesa Hill and has stockpiled its development ore, for processing when the plant is commissioned in the fourth quarter of 2008.

Goldplat plc is incorporated in England and Wales as a public limited company.

## **Results**

The Company reports a consolidated pre-tax profit of £1,624,000 (2007 : £751,000), after tax profit £1,054,000 (2007 : £569,000).

The South African subsidiary's pre-tax profits increased by 69% to £1,595,000 (2007 : £941,000) and it has declared a dividend to the Company of £922,000 (2007 : Nil) which will be utilised for the expansion of the group's activities on the African continent.

The Ghanaian subsidiary reported a pre-tax profit of £262,000 (2007 : Pre tax loss : £32,000). The turnaround is a direct result of the plant being commissioned during the year.

The group's Kenyan operation which was under evaluation during the year under review has started development production and all ore has been stockpiled for processing when the plant is commissioned in the fourth quarter of 2008. All expenditure on this project has been capitalised as pre-production expenditure.

## **Creditors payment policy**

The Company's policy is to ensure that, in the absence of dispute, all suppliers are dealt with in accordance with its standard payment practice whereby all outstanding trade accounts are settled within the term agreed with the supplier at the time of supplying or otherwise 30 days from the month end of receipt of the relevant invoice.

## **Financial risk management**

The Company's operations expose it to a variety of financial risks that includes liquidity risk – see note 21 to the accounts.

## DIRECTORS' REPORT CONTINUED

### Dividends

No dividend is proposed for the year.

### Directors and their interests

The following Directors served during the year:

BM Moritz (Chairman)

DA Manolis (Chief Executive)

I Visagie (Chief Financial Officer)

J Woolgar (Non-Executive Director)

The Directors' interests in the share capital of the Company at 30 June 2008 were as follows;

	Number of ordinary shares of 1p each	Percentage of issued share capital
BM Moritz	1,400,000	1.24
J Woolgar	450,000	0.40

No other Director had a beneficial interest in the share capital of the Company.

There have been no changes in these interests since 30 June 2008.

### Substantial shareholdings

The Company had been notified of the following substantial interests as at 31 August 2008.

	Number of ordinary shares of 1p each	Percentage of issued share capital
Fitel Nominees Limited	68,320,000	60.94
HSBC Global Custody Nominee (UK) Limited	13,775,000	12.29
Artemis Nominees Limited	4,540,000	4.05
Apple Tree Nominees Limited	4,250,000	3.79

Since 31 August 2008 the Company has been notified that Lionheart Investments Limited is interested in 4,416,667 ordinary shares, representing 3.94% of the issued share capital.

### Political and charitable donations

There were no political donations for the year under review.

There were no political donations during the year.

The Group's South African subsidiary made charitable donations of £10,117 to selected individuals and organisations.

The Group's Ghanaian subsidiary assisted the Kpone Clinic in the District of Tema, Ghana, with the installation of a generator power plant and a water tank structure at an estimated cost of £4,000. The Company's board has further agreed to assist the Kpone Clinic with the refurbishment of the clinic's roof in the amount of £10,000 in the 2009 financial year.

### Corporate governance statement

The Board has established an audit committee and a remuneration committee with formally delegated duties and responsibilities.

The audit committee consists of BM Moritz and J Woolgar and is chaired by J Woolgar. The audit committee has responsibility for ensuring that the financial performance, position and prospects of the Company are properly monitored and reported on, for meeting with the auditor and discussing their reports on the accounts and the Company's financial controls and for recommending the appointment of auditors.

The remuneration committee consists of BM Moritz and J Woolgar and is chaired by J Woolgar. The remuneration committee has responsibility for reviewing the performance of the executive directors, setting their remuneration and determining the payment of any bonuses.

The remuneration and terms and conditions of appointment of the non-executive directors are set by the Board. No director may participate in any discussions or decisions regarding his own remuneration. The Board meets on a quarterly basis.

#### **Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Statement of disclosure to auditor**

Each Director of the Company at the date this report was approved has confirmed that;

- they have taken all the necessary steps in order to make themselves aware of any information relevant to the audit and to establish that the auditor is aware of that information; and
- so far as they are aware, there is no relevant audit information of which the auditor has not been made aware.

#### **Re-appointment of Auditor**

A resolution re-appointing Chantrey Vellacott DFK LLP as auditor will be proposed at the Annual General Meeting.

By order of the Board:

John Woolgar

Director

12 September 2008

# REPORT OF THE INDEPENDENT AUDITOR

to the shareholders of Goldplat plc

We have audited the consolidated and parent company financial statements (the "financial statements") of Goldplat plc for the year ended 30 June 2008 which comprise the group income statement, group and company balance sheets, group and company cash flow statements, group and company statements of changes in equity, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditor**

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Reporting Standards as adopted by the European Union are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985.

We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit 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 statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- The consolidated financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union, of the state of the group's affairs as at 30 June 2008 and of its profit for the period then ended.
- The parent company financial statements give a true and fair view, in accordance with International Financial Reporting standards as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 1985 of the state of the parent company's affairs as at 30 June 2008.
- The financial statements have been properly prepared in accordance with the Companies Act 1985.
- The information given in the Directors' report is consistent with the financial statements.

Chantrey Vellacott DFK LLP  
Chartered Accountants  
Registered Auditor  
London  
Date: 12 September 2008

*Chantrey Vellacott DFK LLP*

The maintenance and integrity of the Goldplat plc website is the responsibility of the Directors, the work carried out by the auditor does not involve consideration of these matters, and, accordingly, the auditor accepts no responsibility for any changes that may occur to the accounts after they are initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

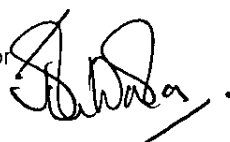
# GROUP AND COMPANY BALANCE SHEETS

as at 30 June 2008

	Notes	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	1,885	1,660	-	-
Pre-production expenditure	11	233	-	-	-
Goodwill	28	5,018	5,018	-	-
Investments	26	-	-	6,425	6,425
Loans to subsidiary companies	27	-	-	116	377
		<b>7,136</b>	6,678	<b>6,541</b>	6,802
<b>Current assets</b>					
Inventories	12	1,138	418	-	-
Trade and other receivables	13	1,437	885	27	8
Cash and cash equivalents	14	1,486	1,303	1,024	698
		<b>4,061</b>	2,606	<b>1,051</b>	706
<b>Total assets</b>		<b>11,197</b>	9,284	<b>7,592</b>	7,508
<b>Equity and liabilities</b>					
<b>Equity attributable to equity holders of the Company</b>					
Issued capital	15	1,121	1,090	1,121	1,090
Share premium		6,772	6,556	6,772	6,556
Retained earnings/Accumulated losses		1,823	569	(356)	(163)
Exchange reserves		(482)	(155)	-	-
<b>Total equity</b>		<b>9,034</b>	8,060	<b>7,537</b>	7,483
<b>Minority interest</b>		-	-	-	-
<b>Non-current liabilities</b>					
Provisions	20	109	31	-	-
Obligations under finance leases	19	-	22	-	-
Deferred tax liabilities	16	241	292	-	-
Loans and borrowings	17	301	-	-	-
		<b>651</b>	345	-	-
<b>Current liabilities</b>					
Trade and other payables	18	1,145	545	55	25
Obligations under finance leases	19	30	67	-	-
Taxation		337	186	-	-
Bank overdraft	14	-	81	-	-
		<b>1,512</b>	879	<b>55</b>	25
<b>Total equity and liabilities</b>		<b>11,197</b>	9,284	<b>7,592</b>	7,508

The financial statements were approved by the Board of Directors and authorised for issue on 12 September 2008.

They were signed on its behalf by: John Woolgar, Director



# GROUP INCOME STATEMENT

for the year ended 30 June 2008

	Notes	Group 2008 £'000	Group 2007 £'000
<b>Revenue from precious metals</b>		<b>7,713</b>	4,962
Cost of sales		<b>(5,259)</b>	(3,660)
<b>Gross profit</b>		<b>2,454</b>	1,302
Administrative expenses		<b>(715)</b>	(533)
<b>Operating profit before finance costs</b>	4	<b>1,739</b>	769
Finance income	6	<b>82</b>	30
Finance expense	6	<b>(197)</b>	(48)
<b>Profit before tax</b>		<b>1,624</b>	751
Taxation	7	<b>(570)</b>	(182)
<b>Profit for the year</b>		<b>1,054</b>	569
<b>Earnings per share</b>	8		
Basic		<b>0.95p</b>	0.58p
Diluted		<b>0.94p</b>	0.57p

The Company has taken advantage of the exemption contained in S.230, Companies Act 1985, and has not presented its own income statement. The Company's loss for the year ended 30 June 2008 was £193,000 (2007: loss £145,000).

# GROUP AND COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2008

	Share capital £'000	Share premium £'000	Retained income £'000	Exchange reserves £'000	Total £'000
<b>Group</b>					
Profit for the year	-	-	569	-	569
Issue of share capital	1,090	6,885	-	-	7,975
Costs associated with the issue of share capital	-	(329)	-	-	(329)
Exchange translation loss	-	-	-	(155)	(155)
<b>Balance at 30 June 2007</b>	<b>1,090</b>	<b>6,556</b>	<b>569</b>	<b>(155)</b>	<b>8,060</b>
Profit for the year	-	-	1,054	-	1,054
Issue of share capital	31	216	-	-	247
Exchange translation loss	-	-	-	(327)	(327)
<b>Balance at 30 June 2008</b>	<b>1,121</b>	<b>6,772</b>	<b>1,623</b>	<b>(482)</b>	<b>9,034</b>
<b>Company</b>					
Balance at 30 June 2006	50	-	(18)	-	32
Loss for the year	-	-	(145)	-	(145)
Issue of share capital	1,040	6,885	-	-	7,925
Costs associated with the issue of share capital	-	(329)	-	-	(329)
<b>Balance at 30 June 2007</b>	<b>1,090</b>	<b>6,556</b>	<b>(163)</b>	<b>-</b>	<b>7,483</b>
Loss for the year	-	-	(193)	-	(193)
Issue of share capital	31	216	-	-	247
<b>Balance at 30 June 2008</b>	<b>1,121</b>	<b>6,772</b>	<b>(356)</b>	<b>-</b>	<b>7,537</b>

# GROUP AND COMPANY CASH FLOW STATEMENTS

for the year ended 30 June 2008

	Notes	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
<b>Cash flows from operating activities</b>	24.1				
Cash generated from operations		<b>1,320</b>	584	<b>(214)</b>	(134)
Financing income		<b>82</b>	30	<b>32</b>	21
Financing costs	24.2	<b>(188)</b>	(48)	-	-
Taxation paid	24.3	<b>(439)</b>	(21)	-	-
<b>Net cash from operating activities</b>		<b>775</b>	545	<b>(182)</b>	(113)
<b>Cash flows from investing activities</b>					
Proceeds from sale of property, plant and equipment		<b>35</b>	38	-	-
Acquisition of property, plant and equipment					
- Additions to expand operations	24.4	<b>(626)</b>	(573)	-	-
- Pre production expenditure		<b>(233)</b>	-	-	-
<b>Net cash flows from investing activities</b>		<b>(824)</b>	(535)	-	-
<b>Cash flows from financing activities</b>					
Net proceeds on issues of share capital		<b>247</b>	1,671	<b>247</b>	1,671
Acquisition of subsidiary		-	(500)	-	(500)
Net cash acquired from subsidiary		-	14	<b>261</b>	-
Loans to subsidiary		-	-	-	(377)
Loans raised		<b>301</b>	-	-	-
Capital part of finance lease payments		<b>(60)</b>	(71)	-	-
<b>Net cash flows from financing activities</b>		<b>488</b>	1,114	<b>508</b>	794
Net increase in cash and cash equivalents		<b>439</b>	1,124	<b>326</b>	681
Cash and cash equivalents at beginning of year		<b>1,222</b>	(39)	<b>698</b>	17
Effect of exchange rate changes on monetary assets		<b>(175)</b>	137	-	-
<b>Cash and cash equivalents at end of year</b>		<b>1,486</b>	1,222	<b>1,024</b>	<b>698</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2008

## **1. Accounting policies**

### **a) Presentation of financial information**

Goldplat plc is incorporated in the United Kingdom under the Companies Act 1985.

The consolidated financial statements are presented in pounds sterling, which is considered by the Directors to be the most appropriate presentation currency for the consolidated financial statements.

### **b) Basis of preparation of the financial statements**

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

The preparation of the financial statements requires the Directors 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 the Directors' 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.

### **c) New Standards and Interpretation**

At the date of authorisation of these financial statements, there were International Financial Reporting Standards and Interpretations that were in issue but not yet effective, which have not been applied in preparing these financial statements.

The Directors anticipate that the adoption of these Standards and Interpretations in future years will have no impact on the financial statements except for additional disclosures when the relevant Standards and Interpretations come into effect.

### **d) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of a subsidiary. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

### **e) Goodwill**

The purchase method of accounting is used to account for the acquisition of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination, irrespective of the extent of minority interests, are measured initially at their fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is accounted for directly in the income statement. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

**f) Revenue recognition**

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, (1) the recovery of the consideration due, (2) associated costs, (3) the possible return of goods or (4) the continuing management involvement with goods.

Interest income is accrued on a time basis, by reference to the principal outstanding and the applicable effective interest rate.

**g) Foreign currency**

All assets and liabilities of foreign subsidiaries are translated at the closing rate existing at the balance sheet date. Income and expense items are translated at an average rate for the year. Equity items other than the net profit or loss for the year that is included in the balance of accumulated profit or loss are translated at the closing rate existing at the balance sheet date.

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings are taken directly to equity. Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and translated at closing rates at balance sheet date.

**h) Financial instruments**

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in the income statement.

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

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 year of the borrowings on an effective interest basis.

**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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2008

## 1. Accounting policies continued

### i) Property, plant and equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. 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.

#### Pre production expenditure

Pre production expenditure, including evaluation costs, incurred to establish or expand productive capacity, to support and maintain that productive capacity incurred on mines are capitalised to property, plant and equipment. The recognition of cost in the carrying amount of an asset ceases when the item is in a location and condition necessary to operate as intended by management. Any net income earned while the item is not yet capable of operating as intended, reduces the capitalised amount.

#### Subsequent costs

The Group 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 Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

#### 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. Owned land is not depreciated.

● Leasehold land	Lease period
● Buildings	20 years
● Plant and equipment	10 years
● Motor vehicles	5 years
● Office equipment	6 years
● Insurance spares	10 years
● Environmental assets	Life of mine
● Pre production expenditure	10 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

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.

### j) Leases

Leases under the terms of which the Group 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 and impairment losses.

### **k) Inventories**

Inventories are valued at the lower of cost and net realisable value on the weighted average basis, and include costs incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Work-in-progress comprises materials in the process of being converted from raw materials to finished goods. Work-in-progress is valued at the lower of cost and net realisable value on the weighted average basis.

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 CIL and 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 year, including amortisation and depreciation.

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

### **l) Impairment**

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, 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.

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.

Goodwill is assessed annually for possible impairments. An asset is impaired if its carrying amount, which is the higher of its fair value less cost to sell or its value in use. Carrying amount of subsidiaries are reviewed annually and written down for impairment if necessary. Impairment losses relating to goodwill are not reversed.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2008

## **1. Accounting policies continued**

### **m) Share-based payments**

Equity settled share-based payments are measured at fair value (excluding the impact of any non-market vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercised restrictions and behavioural considerations.

### **n) Provisions**

A provision is recognised in the balance sheet when the Group 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.

### **o) Site restoration**

In accordance with the Group's environmental policy and applicable legal requirements, a provision for 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 Group's environmental management plans in compliance with current environmental and regulatory requirements. The amounts disclosed in the financial statements as environmental assets and obligations include rehabilitation.

The net present value of expected rehabilitation cost estimates are 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 programs to prevent and control future liabilities are charged to the income statement as incurred.

### **p) 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.

The interest expense component of finance lease payment is recognised in the income statement using the effective interest rate method.

#### **q) Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. 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.

#### **2. Business and geographical segments**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

The group is primarily a producer of precious metals on the African continent. The African continent is considered as one geographical segment.

The business segments are:

- Processing and Mining segment – Producers of precious metals
- Management segment – Companies that manage the producers.

A further analysis is provided in Note 25.

#### **3. Financial risk management**

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

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2008

## 4. Operating profit before finance costs

is arrived at after taking into account:

	Group 2008 £'000	Group 2007 £'000
Auditors' remuneration		
– audit 2007	6	20
– audit 2008	31	–
Depreciation of property, plant and equipment	244	226
Loss on disposal of property, plant and equipment	10	9

Auditor's remuneration in respect of the Company amounted to £22,000 (2007 : £20,000)

## 5. Personnel expenses

Wages and salaries	921	789
National Insurance and unemployment fund	10	5
Skills development levy	8	8
Medical aid contributions	3	4
Group life contributions	13	10
	<b>955</b>	<b>816</b>

## Average number of employees

	Number of employees	
Administrative personnel	15	11
Production personnel	164	145
Subtotal	<b>179</b>	<b>156</b>

The above average number of employees includes all executive Directors and key management personnel.

## 6. Finance (expenses)/income

	Group 2008 £'000	Group 2007 £'000
Interest income on cash balances held	82	30
Finance income	<b>82</b>	<b>30</b>
Interest expense on utilisation of overdraft facility	(12)	(14)
Interest on environmental liability	(9)	(2)
Net foreign exchange loss	(176)	(32)
Finance expense	<b>(197)</b>	<b>(48)</b>

## 7. Taxation

	Group 2008 £'000	Group 2007 £'000
<b>Current tax year expense</b>		
Current year	500	205
Secondary tax on Companies	92	–
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(55)	25
Change in tax rate	33	(48)
Total income tax expense in income statement	570	182
<b>Reconciliation of effective tax rate</b>		
The difference between the total tax shown above and the amount calculated by applying the standard rate of United Kingdom corporation tax to the profit before tax is as follows:		
Profit before tax	1,624	751
Tax on profit from operations at standard United Kingdom corporation tax rate of 29.5% (2007: 30%)	479	225
Effects of:		
Expenses not deductible for tax purposes	16	7
Movement in unrecognised deferred tax	(21)	(6)
Effect of change in tax charge levied on subsidiaries	(29)	(40)
Adjustments to tax charge in respect of previous periods	33	(4)
Secondary tax paid on dividends declared	92	–
Total tax charged for the period	570	182

## 8. Earnings per share

The calculation of earnings per ordinary share is based on the following:

Earnings for the purpose of basic and diluted earnings per share	1,054	569
<b>Number of Shares</b>		
Weighted average number of ordinary shares in issue during the year	110,406,147	98,016,438
Effect of dilutive options	1,576,229	964,332
Weighted average number of ordinary shares in issue during the year for the purpose of diluted earnings per share	111,982,376	98,980,770

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2008

## 9. Share based payments

	Number of options 2008	Number of options 2007
<b>Share options</b>		
Outstanding at 1 July	<b>3,870,000</b>	–
Granted during year	<b>1,200,000</b>	3,870,000
Exercised during year	<b>(3,120,000)</b>	–
Outstanding at 30 June	<b>1,950,000</b>	3,870,000

During the year under review 1,200,000 share options were granted at an exercise price of 10p per share.

The Directors consider that the effect of the valuation of options is immaterial for the purpose of the financial statements.

The fair value of share options is calculated using the Black Scholes Option Pricing Model.

The average inputs into this model are as follows:

Weighted average option value	139
Weighted average share price on valuation date	9p
Weighted average exercise price	9p
Volatility	50%
Risk free interest rate	5%

## 10. Property, plant and equipment

	Freehold/ Leasehold land £'000	Buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Office equipment £'000	Insurance spares £'000	Environ- mental asset £'000	Total £'000
<b>Group</b>								
<b>Cost</b>								
Acquisition of subsidiary	25	255	1,157	307	13	50	20	1,827
Additions	103	80	255	130	5	–	5	578
Disposals	–	–	(51)	(19)	–	(3)	–	(73)
<b>Balance at 30 June 2007</b>	<b>128</b>	<b>335</b>	<b>1,361</b>	<b>418</b>	<b>18</b>	<b>47</b>	<b>25</b>	<b>2,332</b>
Balance at 1 July 2007	128	335	1,361	418	18	47	25	2,332
Additions	–	37	426	155	8	–	74	700
Disposals	–	–	(24)	(78)	–	–	–	(102)
Transfers	–	–	42	–	–	(42)	–	–
Foreign exchange translation	(17)	(38)	(150)	(45)	(2)	(5)	(3)	(260)
<b>Balance at 30 June 2008</b>	<b>111</b>	<b>334</b>	<b>1,655</b>	<b>450</b>	<b>24</b>	<b>–</b>	<b>96</b>	<b>2,670</b>

## 10. Property, plant and equipment (continued)

	Freehold/ Leasehold land £'000	Buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Office equipment £'000	Insurance spares £'000	Environ- mental asset £'000	Total £'000
<b>Depreciation</b>								
Acquisition of subsidiary	-	30	290	131	5	13	5	474
Depreciation charge for the year	-	14	126	77	2	5	2	226
Disposals	-	-	(19)	(8)	-	(1)	-	(28)
<b>Balance at 30 June 2007</b>	<b>-</b>	<b>44</b>	<b>397</b>	<b>200</b>	<b>7</b>	<b>17</b>	<b>7</b>	<b>672</b>
Balance at 1 July 2007	-	44	397	200	7	17	7	672
Depreciation charge for the year	2	16	138	72	4	-	12	244
Disposals	-	-	(9)	(49)	-	-	-	(58)
Transfers	-	-	16	-	-	(16)	-	-
Foreign exchange translation	-	(5)	(43)	(22)	(1)	(1)	(1)	(73)
<b>Balance at 30 June 2008</b>	<b>2</b>	<b>55</b>	<b>499</b>	<b>201</b>	<b>10</b>	<b>-</b>	<b>18</b>	<b>785</b>
<b>Carrying amounts</b>								
<b>Balance at 30 June 2008</b>	<b>109</b>	<b>279</b>	<b>1,156</b>	<b>249</b>	<b>14</b>	<b>-</b>	<b>78</b>	<b>1,885</b>
Balance at 30 June 2007	128	291	964	218	11	30	18	1,660

Plant and equipment with a net book value of £87,337 (2007 : £131,445) is subject to finance leases as disclosed in note 19.

## 11. Pre-production expenditure

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
During the year under review the Company capitalised all expenditures incurred for Kilimapesa Gold (Pty) Limited whilst the mine is in the development phase. It is expected that the plant will be commissioned in the fourth quarter of 2008.				
Expenditure incurred	<b>233</b>	-	-	-

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2008

## 12. Inventories

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Consumable stores	261	208	-	-
Raw materials	471	87	-	-
Precious metal on hand and in process	406	123	-	-
	<b>1,138</b>	418	-	-

## 13. Trade and other receivables

Trade receivables	1,319	784	27	-
Other receivables	118	94	-	-
Prepayments	-	7	-	8
	<b>1,437</b>	885	<b>27</b>	8

## 14. Cash and cash equivalents

Bank balances	487	378	52	44
Short term bank deposits	999	925	972	654
Cash and cash equivalents	<b>1,486</b>	1,303	<b>1,024</b>	698
Bank overdraft	-	(81)	-	-
Cash and cash equivalents in the cash flow statement	<b>1,486</b>	1,222	<b>1,024</b>	698

### Bank overdraft

The South African subsidiary utilises a bank overdraft facility from time to time which is secured through a cession of the ABSA Money Market account of that company disclosed in cash and cash equivalents on the balance sheet as well as a cession of trade debtors in favour of ABSA Group Limited a member of the Barclays Group.

## 15. Share capital

	2008 £'000	2008 No. of shares	2007 £'000	2007 No. of shares
<b>Authorised</b>				
Ordinary shares of 1p	10,000	1,000,000,000	10,000	1,000,000,000
<b>Issued and fully paid</b>				
Ordinary shares of 1p	1,090	112,120,000	1,090	109,000,000

During the year 3,120,000 options at 7.5p were exercised for cash.

**16. Deferred taxation**

	<b>Group 2008 £'000</b>	Group 2007 £'000	<b>Company 2008 £'000</b>	Company 2007 £'000
Balance at 1 July	<b>292</b>	314	-	-
Current charge				
- temporary differences	<b>(50)</b>	25	-	-
- change in tax rate	<b>30</b>	(47)	-	-
Foreign exchange translation	<b>(31)</b>	-	-	-
<b>Balance at 30 June</b>	<b>241</b>	292	-	-
Comprising:				
Capital allowances	<b>(283)</b>	(311)	-	-
Prepayments	<b>42</b>	19	-	-
<b>Provision</b>	<b>241</b>	292	-	-

**17. Loans and borrowings**

Advances during the year	<b>301</b>	-	-	-
<b>Total</b>	<b>301</b>	-	-	-

The loan represents advances made by International Gold Exploration (AB) under the terms of the agreement with Kilimapesa Gold (Pty) Limited. The loan is interest free and fixed terms of repayment of the loan have not been set.

**18. Trade and other payables**

Trade creditors	<b>325</b>	237	<b>55</b>	25
Accruals	<b>820</b>	308	-	-
<b>Total</b>	<b>1,145</b>	545	<b>55</b>	25

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2008

## 19. Obligations under finance leases

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
<b>Group</b>				
Minimum instalment – less than one year	31	74	–	–
Interest	(1)	(7)	–	–
Principal	30	67	–	–
Minimum instalment– between one and five years	–	23	–	–
Interest	–	(1)	–	–
Principal	–	22	–	–
Balance at 30 June	30	89	–	–

The average lease term is 2 years. For the year ended 30 June 2008, the average effective borrowing rate was 13.5%. Interest rates are variable over the lease term and vary according to the South African prime interest rate.

The Group's obligations under finance leases are secured over the leased assets

## 20. Provisions

	Group 2008 £'000	Group 2007 £'000	Company 2008 £,000	Company 2007 £'000
<b>Environmental obligation</b>				
Balance at 1 July	31	23	–	–
Acquisition of subsidiary	73	6	–	–
Provisions made during the year	8	2	–	–
Unwinding of discount	(3)	–	–	–
Balance at 30 June	109	31	–	–

## 21. Financial instruments

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

### Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the GBP. The currencies giving rise to this risk are primarily US Dollars and South African Rands.

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

## **21. Financial Instruments (continued)**

### **Interest rate risk**

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

### **Credit risk**

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group primarily deals with reputable mining houses and is unlikely to suffer any losses from this risk.

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

### **Liquidity risk**

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

### **Fair values**

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

### **Market risk**

Due to the nature of the Company's operations, it is mainly exposed to the following risks:

- Fluctuations in the price of gold;
- Exchange rate risk at its operations.

During the year under review the following applied:

	<b>High</b>	<b>Low</b>	<b>Average</b>
Gold price – USD/oz	1017	625	821
Rand / US Dollar exchange rate	6.42	8.24	7.31
GBP / U S Dollar exchange rate	2.11	1.93	2.00

All gold production from the Company's Ghanaian subsidiary was delivered to the South African subsidiary and therefore the risk of exchange of the Ghanaian Cedi to United States Dollars has not been considered.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2008

## 21. Financial instruments (continued)

### Sensitivity Analysis

The Company has applied the following assumptions in its sensitivity analysis:

	High case scenario	Low case scenario
Gold price – USD/oz	921	721
Rand / US Dollar exchange rate	7,80	6,80
Equivalent Rand price per kilogram	230,964	157,628
Equivalent GBP price per kilogram	15,771	10,763

A strong correlation exists between the price of gold and the Rand whereby the Rand normally strengthens when the Gold price rises and vice versa.

*The Company's sensitivity to market risk*

The following table illustrates the Company's sensitivity to these risks based on the above assumptions:

	High case scenario	Low case scenario
Effect on profits based on these assumptions	1,513,035	(1,416,645)

## 22. Related parties

### Transactions with Group Companies

During the year under review Goldplat Recovery (Pty) Limited has purchased gold bearing material from Gold Recovery Ghana for further processing to the value of £2,012,000 (2007 : £123,000).

Goldplat Recovery (Pty) Limited has sourced, manufactured and supplied capital equipment to the value of £154,000 (2007 : £82,000) to Gold Recovery Ghana Limited.

Goldplat Recovery (Pty) Limited has sourced, manufactured and supplied capital equipment to the value of £157,000 (2007 : nil) to Kilimapesa Gold (Pty) Limited.

Loans provided by the Company to Group Companies are disclosed in note 27.

### Pricing policies

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

**23. Directors' emoluments**

	2007	2007	2007
	Executive	Non- executive	Total
	£'000	£'000	£'000
Salaries	155	–	155
Fees	–	26	26
Other benefits	11	–	11
<b>Total</b>	<b>166</b>	<b>26</b>	<b>192</b>
	<b>2008</b>	<b>2008</b>	<b>2008</b>
	<b>Executive</b>	<b>Non- executive</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Salaries	149	–	149
Fees	28	39	65
Other benefits	15	2	17
<b>Total</b>	<b>190</b>	<b>41</b>	<b>231</b>

**Key management**

Apart from the Directors the emoluments paid to key management and personnel amounted to £113,000 (2007 : £52,000).

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2008

## 24. Notes to the cash flow statement

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
<b>24.1 Cash generated by operations</b>				
Operating income before interest and taxation	1,739	769	(225)	(166)
Adjustments for:				
Depreciation of property, plant and equipment	244	226	-	-
Loss on disposal of property, plant and equipment	9	9	-	-
Operating income before working capital changes	1,992	1,004	(225)	(166)
(Increase) in inventories	(720)	(149)	-	-
(Increase)/decrease in trade and other receivables	(552)	(492)	(19)	16
Increase in trade and other payables	600	221	30	16
	1,320	584	(214)	(134)

## 24.2 Financing cost

As per income statement	197	48	-	-
Less: Fair value adjustment on environmental liability	9	-	-	-
Total	188	48	-	-

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
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## 24.3 Taxation paid

Owing at the beginning of the year	184	-	-	-
As per income statement	500	205	-	-
Secondary tax on companies	92	-	-	-
Owing at the end of the year	(337)	(184)	-	-
Taxation paid	439	21	-	-

## 24.4 Acquisition of property, plant and equipment

Additions for the year	700	578	-	-
Less: Additions to environmental assets	(74)	(5)	-	-
Total	626	573	-	-

## 25. Segmental report

	Processing and Mining segment			Management segment	Total £'000
	Goldplat Recovery (Pty) Ltd £'000	Gold Recovery Ghana (Pty) Ltd £'000	Kilimapesa Gold (Pty) Ltd £'000	£'000	
<b>Revenue from precious metals</b>	7,713	2,012	–	–	9,725
Inter company adjustment	(2,012)	–	–	–	(2,012)
	5,701	2,012	–	–	7,713
Cost of sales	(5,665)	(1,606)	–	–	(7,271)
Inter company adjustment	2,012	–	–	–	2,012
	(3,653)	(1,606)	–	–	(5,259)
<b>Gross profit</b>	<b>2,048</b>	<b>406</b>	<b>–</b>	<b>–</b>	<b>2,454</b>
Administrative expenses	(364)	(123)	–	(228)	(715)
Operating profit/(loss) before finance cost	<b>1,684</b>	<b>283</b>	<b>–</b>	<b>(228)</b>	<b>1,739</b>
<b>Net finance (cost)/income</b>	(89)	(21)	–	(5)	(115)
<b>Profit/(loss) before tax</b>	<b>1,595</b>	<b>262</b>	<b>–</b>	<b>(233)</b>	<b>1,624</b>
Income tax expense	(570)	–	–	–	(570)
<b>Profit/(loss) for the year</b>	<b>1,025</b>	<b>262</b>	<b>–</b>	<b>(233)</b>	<b>1,054</b>
Segment Assets	3,236	1,213	678	6,070	11,197
Segment liabilities	(1,327)	(292)	(478)	(66)	(2,163)
<b>Other segment items</b>					
Capital expenditure	203	231	266	–	700
Depreciation	211	33	–	–	244

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2008

## 26. Investments

	<b>Company 2008 £'000</b>	Company 2007 £'000
<b>Company</b>		
Investment in Gold Mineral Resources Ltd	<b>6,425</b>	6,425

## Group

As at 30 June 2008 the Group had the following subsidiaries:

Name of Company	Country of incorporation	Interest	Activity
Gold Mineral Resources Ltd	Guernsey	100 %	Holding company
Goldplat Recovery (Pty) Ltd*	South Africa	100 %	Mining minerals
Gold Recovery Ghana Ltd*	Ghana	100 %	Mining minerals
Kilimapesa Gold (Pty) Ltd*	Kenya	50 %	Mining minerals

\* Held by Gold Mineral Resources Limited

## 27. Loans to subsidiary companies

	<b>Company 2008 £'000</b>	Company 2007 £'000
Funds advanced to Gold Mineral Resources Limited	<b>116</b>	346
Funds advanced to Gold Recovery Ghana Limited	-	31
	<b>116</b>	377

Interest is chargeable at 2% above LIBOR on the monthly outstanding balances. The interest was waived for the years ended 30 June 2008 and 2007.

## 28. Goodwill

	<b>Company 2008 £'000</b>	Company 2007 £'000
Goodwill at acquisition	<b>5,018</b>	5,018
<b>At 30 June</b>	<b>5,018</b>	5,018