

GOLDEN PROSPECT PRECIOUS METALS LIMITED

**Annual Report and Audited Financial Statements
for the year ended 31 December 2013**

GOLDEN PROSPECT PRECIOUS METALS LIMITED

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GOLDEN PROSPECT PRECIOUS METALS LIMITED

Chairman's Statement

Dear Shareholder

Few gold investors will look back on 2013 with fond memories as the sharp fall in the spot price weighed heavily on the equities. The gold price lost 28% over the year, while the senior gold equities, as measured by the XAU Index lost 53%, the junior golds, GDXJ, lost 59% and the Company's audited NAV fell by 55%. However, the fundamental reasons for owning gold remain firmly in place and I am greatly encouraged by the recent performance of both the gold price, and the equities, particularly since the turn of the year. That the gold price has recovered from 2013 lows in the face of QE3 tapering in the US also provides a heartening signal that the worst has passed.

The redemption of funds from physically backed gold ETFs accelerated in the first quarter of 2013, as improving economic data from the US encouraged rotation away from such safe haven investments into more risky equities and gathered almost self-fulfilling momentum to develop into a full-scale rout in Q2 as speculative investors exited the market.

It is worth noting that ETF liquidation, the prime cause of the 2013 melt-down, ceased as we moved into 2014. That the gold price found support at US\$1,200/oz, approximately the level of the industries average all-in unit cost of production may be more than coincidental and an indication that fundamentals may have asserted some influence, at least from commodity price perspective.

It is perhaps disappointing that such rational behaviour was not evident in gold equities, which continued to sell-off through the second half of the year in so doing compressing valuations to extreme levels. However, whilst painful in performance terms, the leverage available in equities is commensurately greater as they emerge from a cycle of fear in late 2013. It is pleasing to note that the Investment Manager was able to capitalise on certain investment opportunities that arose at this time and that fund gearing has increased post year end.

At a corporate level the extent of previous unchecked growth has been laid bare by the cumulative scale of balance sheet write-downs incurred by acquisitive majors during 2013. This simple fact, together with the introduction of standardised, common sense cost metrics such as the World Gold Council's all-in-sustaining cash cost, should refocus attention on shareholder returns, improve transparency and thus help to recover investor confidence in the year ahead.

With corporate management's attention now focused on profitable near-term production, exploration has been hard hit and relegated to the periphery of budget discussions. This will increase their future reliance on M&A in the small and mid-cap sector, an area in which the Company specialises, as they seek to replace reserves.

Reduced supply, as new management teams curtail expansion plans and lessening motivation for individuals to recycle old jewellery should also provide support to bullion prices.

In the long-term your Board and the Investment Manager believe that the fundamental reasons for investors to hold gold exposure remain undiminished. Sovereign indebtedness remains unresolved while currency debasement continues with negative real interest rates.

The Board have undertaken a detailed review of the operating costs of the Company and have identified several cost savings. The Company's negotiations with its major service providers have been positive in assisting the reduction of the ongoing cost base. It is anticipated that cost savings based on the 31 December 2013 NAV would be approximately £160,000 per annum as a result of this review.

Malcolm Burne
Chairman

GOLDEN PROSPECT PRECIOUS METALS LIMITED

Board Members

The Directors have overall responsibility for the Company's activities including the review of its activities and performance.

The Directors of the Company at the date of signing the accounts, all of whom are non-executive, are listed below:

Malcolm Burne, is a former stockbroker and financial journalist with The Financial Times. He has controlled and managed fund management, venture capital and investment banking companies in London, Australia, Hong Kong and North America. He has been a director of more than 20 companies, many of which have been in the mineral resource and gold exploration fields. In 1997, he founded Golden Prospect plc and was executive chairman until 2007 when the company changed its name to Ambrian Capital plc. In addition, he was executive chairman of the Australian Bullion Company (Pty) Limited, which at the time was Australia's leading gold dealer and member of the Sydney Futures Exchange. He is currently a director of several other resources companies in Australia and the UK.

Kaare Foy, was an executive director of Great Panther Silver Limited, a silver exploration and mining company based in Vancouver, from 1994 until the beginning of 2012 and was its Executive Chairman when it reached a market capitalisation of more than US\$600 million in 2011. He is currently chairman of Viscount Mining Limited and Polar Star Mining Corporation, and has been heavily involved with silver and gold projects in North America. He also serves as executive chairman for Canadian exploration company Cangold Limited, and worked with Malcolm Burne at the Australian Bullion Company (Pty) Ltd during the 1980s.

Robert King, is a non-executive director for a number of open and closed ended investment funds and companies. He was a Director of Cannon Asset Management Limited and their associated companies, from October 2007 to February 2011. Prior to this he was a Director of Northern Trust International Fund Administration Services (Guernsey) Limited (formerly Guernsey International Fund Managers Limited) where he had worked from 1990 to 2007. He has been in the offshore finance industry since 1986 specialising in administration and structuring of offshore open and closed ended investment funds. Rob is British and resident in Guernsey.

Paul Craig, is a Director of Multi-Manager at Henderson Global Investors. He has over 20 years of investment experience, including 10 years at Exeter Investment Group and 6 years at New Star Asset Management, where he was a Director of the asset management subsidiary. During the past 19 years, his focus has been multi-manager products with an emphasis on closed-end funds. He is an Associate of the UK Society for Investment Professionals.

John Bowles. For over 40 years Dr. Bowles has been active as an economic geologist and mineralogist specialising in gold and platinum resources. He has worked in University, Government Survey and Industry and is currently Honorary Visitor at the University of Manchester and Director of Mineral Science Ltd, a consultancy specialising in mineral assessment. He has recently published a definitive reference work on the oxide minerals in the DHZ Rock-Forming Minerals series.

GOLDEN PROSPECT PRECIOUS METALS LIMITED

DIRECTORS' REPORT

The Directors present their Report and the Audited Financial Statements of Golden Prospect Precious Metals Limited (the "Company") for the year ended 31 December 2013.

The Company

The Company was registered in Guernsey on 16 October 2006 and is an authorised closed-ended investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended. The Company's shares and warrants were admitted to the Alternative Investment Market of the London Stock Exchange on 28 November 2006. On 5 June 2009, a special resolution was passed authorising the cancellation of the admission to trading on AIM. On 16 June 2009, the Company was simultaneously admitted to trading on the International Bulletin Board of the London Stock Exchange ("ITBB") and cancelled from trading on AIM. Effective 21 September 2009, the shares trade on the London Stock Exchange Electronic Trading Service SETS QX rather than the International Bulletin Board of the London Stock Exchange. The Company's ordinary shares and warrants were admitted to the Official List of the Channel Islands Stock Exchange ("CISX") on 24 June 2008. The subscription rights conferred by the warrants lapsed without exercise on 16 November 2009 and the warrants were delisted on 25 November 2011. All Subscription shares issued were admitted to trading on SETS QX and CISX on their issue date.

On 20 December 2013 the Royal Court of Guernsey approved the scheme of arrangement ("the scheme") between CISX and The Channel Islands Securities Exchange Limited ("CISEL") and The Channel Islands Securities Exchange Authority Limited ("CISEAL"). In accordance with the scheme, the business of CISX has been acquired by CISEAL. All securities that were listed on the Official List of CISX have been transferred in accordance with Listing Rule 2.6A of the CISX Listing Rules and are now listed on the Official List of CISEAL.

Investment policy

The Company's investment objective is to generate above average returns for Shareholders primarily through the capital appreciation of its investments. The Directors believe that such returns can be obtained by investing in a selective portfolio of securities and other instruments in the precious metals, diamond and uranium sectors.

Shareholder information

Up to date information regarding the Company, including a weekly announcement of Net Asset Value, can be found on the Company's website, which is www.ncim.co.uk/gppm_top.php

Results and dividends

The Company's performance during the year is discussed in the Investment Manager's Report on page 10. The results for the year are set out in the Statement of Comprehensive Income on page 13. The Directors do not recommend the payment of a dividend for the year ended 31 December 2013 (2012: £nil).

Directors' responsibilities

The Directors are required by the Companies (Guernsey) Law, 2008 to prepare Financial Statements for each financial period which give a true and fair view of the state of affairs of the Company and of the surplus or deficit of the Company for that period. In preparing those Financial Statements the Directors are required to:

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

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

GOLDEN PROSPECT PRECIOUS METALS LIMITED

DIRECTORS' REPORT (continued)

Directors' responsibilities (continued)

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies (Guernsey) Law, 2008. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, having taken all the steps the Directors ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors

The Directors of the Company who served during the year and to date are set out on page 3.

As part of an ongoing review of the operating efficiency, and cost rationalisation, of the Company the Board of Directors will shortly revise the composition of the Board whereby a new Guernsey based Director, Toby Birch will be appointed and his biography is below. John Bowles and Paul Craig will retire. These changes will result in the Board consisting of four Directors, a level which is now felt to be more appropriate for the Company in its current operating position and its size.

Toby Birch, is a non-executive director on a number of investment funds and companies, including BullionRock which merged with Guernsey Gold during 2014. Previously he was managing director of Oppenheim & Co Limited in Guernsey and Blackfish Capital Holdings, the private investment arm of a single family office. He was also investment manager of the Blackfish Capital Exodus Fund trading in commodities, precious metals and real asset themes and was a director of the Blackfish-Investec Resources Special Situations Fund, investing in mining companies. He is a Chartered Fellow, and committee member, of the Chartered Institute for Securities and Investments, who have appointed him a Chartered Wealth Manager. He is a regular public speaker on the conference circuit and in the media, covering financial megatrends, precious metals, agricultural investment and monetary reform.

Directors' interests

The Directors held the following interests in the share capital of the Company either directly or beneficially as at 31 December 2013, and as at the date of signing these Financial Statements:

	Ordinary Shares	Subscription shares
Robert King	20,000	10,000
Malcolm Burne - Chairman	387,500	193,750
Kaare Foy	25,000	12,500
Dr John Bowles	4,124	2,107
Paul Craig *	-	-

* - Paul Craig is a director of Henderson Global Investors, which in total hold 5,687,500 ordinary shares and 2,843,750 subscription shares.

All Directors received remuneration for their services of £16,000 per annum (2012: £16,000). None of the Directors have a contract of service with the Company. At a meeting of the Remuneration Committee on 16 December 2013 it was proposed that with effect from 1 January 2014 all Directors reduce their remuneration entitlement to £12,000 per annum as part of the overall cost review being undertaken by the Board. This was approved at the Board meeting on the same date.

Directors' authority to buy back shares

As agreed at the Company AGM on 2 May 2013, and in accordance with the Articles of Association of the Company and the Companies (Guernsey) Law, 2008, as amended (the "Law"), the Company is authorised to make market purchases of up to a maximum of 14.99 per cent. of its issued Share Capital. This authority is renewable annually. At the Annual General Meeting to take place on 8 May 2014 the Company will seek to renew such authority and will seek to renew such authorities at annual general meetings thereafter.

GOLDEN PROSPECT PRECIOUS METALS LIMITED

DIRECTORS' REPORT (continued)

Directors' authority to buy back shares (continued)

Any buy back of shares will be made subject to Guernsey law and within any guidelines established from time to time by the Board and the making and timing of any buy backs will be at the absolute discretion of the Board and not at the option of the Shareholders.

Purchases of shares will only be made through the market for cash. The minimum price (exclusive of expenses) which may be paid for the shares is £0.01 per share. The maximum price (exclusive of expenses) payable by the Company for the shares will be no more than 5% above the average of the middle market quotations taken from the London Stock Exchange Daily Official List on each of the five business days before the purchase is made.

During the year no shares were acquired by the Company under the above authority.

Board responsibilities and corporate governance

The Board of Directors is responsible for the corporate governance of the Company. The Board will ensure that the organisation's operations are conducted reasonably and within the framework of all applicable laws, regulations, rules, guidelines and codes as well as established policies and procedures. The Directors will regularly assess and document whether the Board's approach to corporate governance achieves its objectives and, consequently, whether the Board itself is fulfilling its own responsibilities. The Board will review the effectiveness of its overall approach to governance and make changes where that effectiveness needs to be enhanced.

The Board meets at least four times a year. Between these formal meetings there is regular contact with the Investment Manager and the Secretary. The Directors are kept fully informed of investment and financial controls, and other matters that are relevant to the business of the Company and which should be brought to the attention of the Directors. The Directors also have access to the Administrator and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company. The Board is responsible for the appointment and monitoring of all service providers to the Company and at the current time is in the process of a thorough review of all such providers.

As an investment company, most of the Company's day to day responsibilities are delegated to third parties and all of the Directors are non-executive. As a Guernsey incorporated Company, the Company is required to comply with the Finance Sector Code of Corporate Governance issued by the Guernsey Financial Services Commission ("the Code") introduced on 1 January 2012. The Directors have taken the action that they consider appropriate to ensure that the appropriate level of corporate governance, for an investment company incorporated in Guernsey whose securities are listed on the Channel Islands Securities Exchange, is attained and maintained. The Company does not, nor intends to, adopt the UK Code of Corporate Governance.

For the purposes of assessing compliance with the Code, the Board considers all of the Directors as independent of the Investment Manager.

As part of the process of reviewing its compliance with the Code, the Board had concluded it appropriate to establish formal Nomination, Audit and Remuneration Committees. These committees commenced their duties with effect from 1 January 2013.

The Directors appointed to each committee, and a summary of their main duties, are as follows:

Audit Committee : K Foy (Chairman), R King and J Bowles

The Audit Committee met on 13 March 2013 and 26 September 2013.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of the Company's internal control policies and procedures. This included ensuring that the identification, assessment and reporting of risks were adequate.

The Audit Committee is also responsible for overseeing the Company's relationship with the external auditor, including reviewing the findings of the audit and the approval of its remuneration, whether fees for audit or non-audit services, approval of the terms of engagement and assessing annually the auditor's independence and objectivity.

GOLDEN PROSPECT PRECIOUS METALS LIMITED

DIRECTORS' REPORT (continued)

Board responsibilities and corporate governance (continued)

Audit Committee (continued)

The Committee Chairman met formally with the Board during the year to discuss the annual report, the relationship with the external auditor and their audit findings.

Ultimate responsibility for reviewing and approving the annual report and Financial Statements will remain with the Board.

The Committee also monitored and reviewed the effectiveness of the Company's other third party service providers. These reviews contributed to the cost rationalisation process undertaken by the Board.

Nomination Committee : All Directors with R King as Chairman.

The Nomination Committee met once during the year, on 26 September 2013. With effect from April 2014, as part of the structural review of the Board and its reduction in size, it has been decided to dispose of the formal Nomination Committee. A final meeting of the Nomination Committee took place on 3 April 2014 to recommend to the Board the changes in its structure.

Regarding management engagement, the Committee provided a formal mechanism for the review of the performance of the Company's advisors, including the time required from a non-executive Director and whether each non-executive Director was spending enough time to fulfil their duties.

The Committee also instigated an annual formal evaluation of the Directors.

Regarding nomination, the Committee's remit was to regularly review the structure, size and composition of the Board; to give full consideration to succession planning for Directors; to keep under review the leadership needs of the Company; and be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arose. The Committee was also required to ensure that, on appointment to the Board, non-executive Directors received a clear message as to what was expected of them in terms of time commitments, Committee service and involvement outside Board meetings.

Remuneration Committee : All Directors with R King as Chairman.

The Remuneration Committee met twice during the year, on 26 September 2013 and on 16 December 2013. With effect from April 2014, as part of the structural review of the Board and its reduction in size, it has been decided to dispose of the formal Remuneration Committee. Accordingly no meetings have taken place from 1 January 2014 onward.

Significant functions that the Committee performed included determining and agreeing with the Board the broad policy for the remuneration of the Company's non-executive Directors and such other members of the Board as it is designed to consider from time to time, review the ongoing appropriateness and relevance of the remuneration policy against the fees paid to Directors of other companies of a similar nature and size to the Company and ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, such that failure is not rewarded.

In order to perform these functions the Committee was responsible for obtaining reliable, up-to-date information about remuneration in other companies.

The Committee Chairman formally reported to the Board on its proceedings.

The Directors consider that the functions previously undertaken by the Nomination and Remuneration Committees can be incorporated into their future board meeting agendas and that those Board meetings will provide adequate governance for a company of its size.

GOLDEN PROSPECT PRECIOUS METALS LIMITED

DIRECTORS' REPORT (continued)

Anti Bribery and Corruption

The Board acknowledges that the Company's international operations may give rise to possible claims of bribery and corruption. In consideration of the UK Bribery Act the Board reviews the perceived risks to the Company arising from bribery and corruption to identify aspects of the business which may be improved to mitigate such risks. The Board has adopted a zero tolerance policy towards bribery and has reiterated its commitment to carry out business fairly, honestly and openly.

Internal Control and Financial Reporting

The Board is responsible for establishing and maintaining the Company's system of internal controls. Internal control systems are designed to meet the specific needs of the Company and the risks to which it is exposed, and, by their very nature, provide reasonable, but not absolute, assurance against material misstatement or loss. The key procedures which have been established to provide effective internal controls include:

- Legis Fund Services Limited is responsible for the provision of administration and company secretarial duties;
- The duties of investment management, accounting and the custody of assets are segregated. The procedures are designed to complement one another;
- The Board clearly defines the duties and responsibilities of the Company's agents and advisers in the terms of their contracts;
- The Board reviews financial information and compliance reports produced by the Administrator on a regular basis.

The Board and Audit Committee have reviewed the Company's risk management and internal control systems and believe that the controls are satisfactory, given the size and nature of the Company.

Environment

The Company seeks to conduct its affairs responsibly and environmental factors are, where appropriate, taken into consideration with regard to investment decisions taken on behalf of the Company. The Investment Manager considers socially responsible investment and actively engages with investee companies.

Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements since the assets of the Company consist mainly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Relations with shareholders

The Investment Manager will maintain regular dialogue with shareholders, the feedback from which is reported to the Board. In addition, Board members will be available to respond to shareholders' questions at the Annual General Meeting.

Shareholders significant interests

The following shareholders had a substantial interest of 5% or more of the Company's issued share capital as at the year end:

	% of issued share capital
Clients of HSBC Global Custody Nominee (UK)	16.71%
Clients of the Bank of New York (Nominees) Limited	10.50%
Clients of Harewood Nominees Limited *	9.98%
City of Bradford Metropolitan District Council	9.82%

* - The Clients of Harewood Nominees Limited are the Nominee holders of all shares held by Henderson Global Investors, of which Paul Craig is a Director as disclosed on page 5.

GOLDEN PROSPECT PRECIOUS METALS LIMITED

DIRECTORS' REPORT (continued)

Material Contracts

The Company's material contracts are with New City Investment Managers, to provide investment management services, Legis Fund Services Limited, which acts as Administrator for the Company, and Credit Suisse Securities (Europe) Limited, which acts as Custodian.

Details of the fees payable under these contracts are as detailed in note 5 to the financial statements.

Auditor

The auditor, BDO Limited, has indicated its willingness to continue in office. Accordingly, a resolution for its reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 3 April 2014 and signed on behalf of the Board by:

Robert King

John Bowles

GOLDEN PROSPECT PRECIOUS METALS LIMITED

INVESTMENT MANAGER'S REPORT

2013 proved a torrid year for the gold price and equities, one we are happy to see the back of. In anticipation of improving US economic data and prospects for the region's huge monetary stimulus to be scaled-back, the gold price came under seemingly relentless pressure as investors withdrew funds from Exchange Traded Funds. Consequent fund liquidation of underlying physical gold holdings commenced in February and was sustained at an average rate of 2.5M oz per month for the remainder of 2013. The impact of this disinvestment was most keenly felt during the first half of the year as the gold price declined sharply from US\$1,675/oz at the start of the year to US\$1,200/oz, equivalent to the estimated all-in cost of production for the gold mining industry, towards the end of June. The negative mood was compounded by tighter gold import restrictions imposed by the Indian government, as an attempt to reduce the detrimental effect of the nation's precious metal appetite on its balance of trade.

Crucially, however, mid-year price lows were met by a strong Asian demand, as buyers took advantage of the precipitous first half price declines which absorbed ETF physical sales which provided robust price support. Notably, China sustained net imports at over 100t a month during the latter half of the year and the resultant west-to-east transference of physical gold, the largest in history by value, was unquestionably the most important feature of the gold market in 2013. Indeed during the year net import demand from mainland China increased 41% to 1,158t and with the addition of over 400t of domestic production, the country surpassed India as the world's largest consumer of the metal. A significant proportion of the gold transferred eastward is believed to have been broken down into smaller bars.

Gold equity valuations plumbed new depths towards the year-end as investors continued to fret ahead of the eventual December decision by the US Federal Reserve Bank Committee to reduce its stimulus programme and exacerbated by tax loss selling, especially in North American markets. Indeed resource valuations, based on ounces-in-the-ground, fell well below finding cost and in some extreme instances stocks with advanced development projects neared cash-backed levels, illustrating the extent of investor capitulation.

This marked a low point both for the gold price, which has subsequently shrugged off the FED decision to reduce stimulus, and for company valuations with a return of bolt-on scale M&A breathing some welcome life back into equities. The fund was able to capitalise during this period, investing in the likes of PMI which was subsequently acquired by its neighbour, Asanko.

We have started 2014 with a much improved outlook. Fund gearing was increased appreciably in the final two months of 2013 and continued into January 2014, including purchases of some operationally geared equities. It is pleasing to note that gold ETF disinvestment has since ceased to be a feature of the market, which will reduce the market's reliance on Asian demand to support the gold price. A decline in recycled scrap and slower primary mine output growth, both a corollary of the lower price environment, may also prove supportive to the gold price. Potential for India's government to relax import restrictions may also improve sentiment.

We believe the fund is well placed to benefit as investor confidence returns and equities continue to respond in kind. The fund's equity exposure remains focussed on midcap equities with organic growth potential and located in secure jurisdictions, factors which are likely to appeal most to consolidators should M&A activity continue. Elsewhere, we remain favourably disposed to platinum group metals, primarily due to structural supply risks within the dominant South African production base, with exposure obtained via relevant ETFs.

New City Investment Managers
(a trading name of CQS Asset Management Limited)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLDEN PROSPECT PRECIOUS METALS LIMITED

We have audited the financial statements of Golden Prospect Precious Metals Limited for the year ended 31 December 2013 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work is 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 the directors and auditor

As explained more fully in the Directors' Responsibilities Statement within the Directors' Report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing our audit. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
GOLDEN PROSPECT PRECIOUS METALS LIMITED (continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

BDO Limited

CHARTERED ACCOUNTANTS

Place du Pré

Rue du Pré

St Peter Port

Guernsey

3 April 2014

GOLDEN PROSPECT PRECIOUS METALS LIMITED

Statement of Comprehensive Income For the year ended 31 December 2013

	Notes	Revenue £	Capital £	2013 Total £	2012 Total £
Income					
Income from investments designated at fair value through profit or loss	7	429,642	-	429,642	392,860
Net capital losses on investments at fair value through profit or loss	7	-	(26,476,481)	(26,476,481)	(5,466,955)
Net investment gains/(losses)		<u>429,642</u>	<u>(26,476,481)</u>	<u>(26,046,839)</u>	<u>(5,074,095)</u>
Expenses					
Investment management fees	5	(482,438)	-	(482,438)	(801,067)
Administration fees	5	(55,000)	-	(55,000)	(55,000)
Custodian fees	5	(17,025)	-	(17,025)	(14,788)
Directors' fees	5	(80,000)	-	(80,000)	(78,810)
Audit fees		(16,849)	-	(16,849)	(14,802)
Brokerage fees		-	-	-	(3,493)
Directors' insurance costs		(6,676)	-	(6,676)	(7,608)
Registrar's fees		(17,393)	-	(17,393)	(22,600)
Sponsor fees		(18,219)	-	(18,219)	(15,982)
Legal fees		(17,630)	-	(17,630)	(9,500)
Printing		(16,426)	-	(16,426)	(19,219)
Other expenses		(60,431)	-	(60,431)	(60,807)
Total operating expenses		<u>(788,087)</u>	<u>-</u>	<u>(788,087)</u>	<u>(1,103,676)</u>
Operating loss		(358,445)	(26,476,481)	(26,834,926)	(6,177,771)
Finance cost					
Finance income		1,183	-	1,183	2,624
Overdraft interest	8	(45,695)	-	(45,695)	(114,935)
Loss for the year before tax		<u>(402,957)</u>	<u>(26,476,481)</u>	<u>(26,879,438)</u>	<u>(6,290,082)</u>
Withholding tax		(46,612)	-	(46,612)	-
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		<u>(£449,569)</u>	<u>(£26,476,481)</u>	<u>(£26,926,050)</u>	<u>(£6,290,082)</u>
Basic and diluted loss per Ordinary Share (pence)	6			<u>(47.24p)</u>	<u>(11.04p)</u>

The 'Total' column of this statement represents the Company's Income Statement, prepared in accordance with IFRS as endorsed by the European Union. The supplementary 'Revenue' and 'Capital' columns are both prepared for information purposes only.

All the items in the above statement derive from continuing operations.

The notes on pages 17 to 31 form part of these Financial Statements.

GOLDEN PROSPECT PRECIOUS METALS LIMITED

Statement of Changes in Equity For the year ended 31 December 2013

	Notes	Share Capital £	Share Premium £	Realised Capital Reserve £	Unrealised Capital Reserve £	Revenue Reserve £	Distributable Reserve £	Total Equity £
Balance as at 1 January 2013		57,002	-	1,762,305	5,681,476	(2,615,378)	43,995,733	48,881,138
Total comprehensive loss for the year		-	-	(7,736,037)	(18,740,444)	(449,569)	-	(26,926,050)
Transactions with owners								
Issue of ordinary shares	11	-	96	-	-	-	-	96
Transfer to Distributable Reserve		-	(96)	-	-	-	96	-
Total transactions with owners		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96</u>	<u>96</u>
Balance as at 31 December 2013		<u>£57,002</u>	<u>£-</u>	<u>(£5,973,732)</u>	<u>(£13,058,968)</u>	<u>(£3,064,947)</u>	<u>£43,995,829</u>	<u>£21,955,184</u>

For the year ended 31 December 2012

Balance as at 1 January 2012		57,000	-	5,581,638	7,329,098	(1,792,251)	43,993,327	55,168,812
Total comprehensive loss for the year		-	-	(3,819,333)	(1,647,622)	(823,127)	-	(6,290,082)
Transactions with owners								
Issue of ordinary shares	11	2	2,406	-	-	-	-	2,408
Transfer to Distributable Reserve		-	(2,406)	-	-	-	2,406	-
Total transactions with owners		<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,406</u>	<u>2,408</u>
Balance as at 31 December 2012		<u>£57,002</u>	<u>£-</u>	<u>£1,762,305</u>	<u>£5,681,476</u>	<u>(£2,615,378)</u>	<u>£43,995,733</u>	<u>£48,881,138</u>

The notes on pages 17 to 31 form part of these Financial Statements.

GOLDEN PROSPECT PRECIOUS METALS LIMITED

Statement of Financial Position

As at 31 December 2013

	Notes	2013 £	2012 £
Current Assets			
Investments at fair value through profit or loss	7	23,824,367	51,005,844
Cash and cash equivalents	8	84,487	5,502,763
Receivables	9	13,638	88,192
Total Assets		<u>23,922,492</u>	<u>56,596,799</u>
Current Liabilities			
Payables and accruals	10	(74,759)	(119,837)
Bank overdraft	8	(1,892,549)	(7,595,824)
Total Liabilities		<u>(1,967,308)</u>	<u>(7,715,661)</u>
Net Assets		<u>£21,955,184</u>	<u>£48,881,138</u>
Equity			
Share capital	11	57,002	57,002
Revenue reserve	12	(3,064,947)	(2,615,378)
Distributable reserve	12	43,995,829	43,995,733
Other reserves	12	(19,032,700)	7,443,781
Total Equity		<u>£21,955,184</u>	<u>£48,881,138</u>
Number of Ordinary Shares in issue	11	<u>57,001,926</u>	<u>57,001,852</u>
Net Asset Value per Ordinary Share (pence)	17	<u>38.52p</u>	<u>85.75p</u>

The Financial Statements on pages 13 to 31 were approved by the Board of Directors and authorised for issue and signed on 3 April 2014 on its behalf by:

Robert King

John Bowles

The notes on pages 17 to 31 form part of these Financial Statements.

GOLDEN PROSPECT PRECIOUS METALS LIMITED

Statement of Cash Flows

For the year ended 31 December 2013

	Notes	2013 £	2012 £
Cash flows from operating activities			
Loss for the year		(26,926,050)	(6,290,082)
Adjustment for:			
Capital loss on investments at fair value through profit or loss		26,476,481	5,466,955
Operating cash flows before movements in working capital		<u>(449,569)</u>	<u>(823,127)</u>
Decrease in receivables		74,554	19,230
(Decrease)/increase in payable and accruals		(45,078)	34,272
Purchase of investments		(22,058,919)	(27,750,413)
Proceeds from sale of investments		22,763,915	26,192,242
Net cash generated from/(used in) operating activities		<u>284,903</u>	<u>(2,327,796)</u>
Cash flows from financing activities			
Proceeds from issue of Ordinary Shares	11	96	2,408
Net cash generated from financing activities		<u>96</u>	<u>2,408</u>
Net increase/(decrease) in cash and cash equivalents		284,999	(2,325,388)
Net cash and cash equivalents at beginning of year		<u>(2,093,061)</u>	<u>232,327</u>
Cash and cash equivalents at year end	8	<u>(1,808,062)</u>	<u>(2,093,061)</u>

Supplementary cash flow information

	£	£
Net cash generated from/(used in) operating activities include:		
Interest received on cash balances	1,183	2,624
Interest paid on cash balances	(45,695)	(114,935)
Income received from investments	<u>447,664</u>	<u>415,237</u>

The notes on pages 17 to 31 form part of these Financial Statements.

GOLDEN PROSPECT PRECIOUS METALS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2013

1 COMPANY INFORMATION

Golden Prospect Precious Metals Limited ("the Company") was incorporated in Guernsey on 16 October 2006 as an authorised closed-ended investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended. The Company's registered office is as shown on page 34.

The Company's Ordinary shares are traded on London Stock Exchange SETS QX with the code GPM.

The Company's ordinary shares were admitted to the Official List of the Channel Islands Stock Exchange ("CISX") on 24 June 2008. On 20 December 2013 the Royal Court of Guernsey approved the scheme of arrangement ("the scheme") between The Channel Islands Stock Exchange, LBG ("CISX"), The Channel Islands Securities Exchange Limited ("CISEL") and The Channel Islands Securities Exchange Authority Limited ("CISEAL"). In accordance with the scheme, the business of CISX has been acquired by CISEAL. All securities that were listed on the Official List of CISX have been transferred in accordance with Listing Rule 2.6A of the CISX Listing Rules and are now listed on the Official List of CISEAL.

The Company's investment objective is to generate above average returns for Shareholders primarily through the capital appreciation of its investments. The Directors believe that such returns can be obtained by investing in a selective portfolio of securities and other instruments in the precious metals, diamond and uranium sectors.

2 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the Company's Financial Statements:

Basis of preparation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") which comprise standards and interpretations as issued and approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards Interpretations Committee's interpretations approved by the International Accounting Standards Committee ("IASC") that remain in effect, and to the extent that they have been adopted by the European Union, and reflect the following policies, which have been adopted and applied consistently.

Items included in the Company's Financial Statements are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The currency in which the Company's shares are denominated, and in which its operating expenses are incurred, is Sterling. The Company's investments are denominated in many different currencies. Accordingly, the Directors regard Sterling as the functional currency. The Company has also adopted Sterling as its presentational currency.

The Financial Statements have been prepared on a historical cost basis except for the measurement of financial assets and financial liabilities at fair value through profit or loss.

Accounting judgements and estimates

The preparation of Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the 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 judgements 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. Revisions 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 revision and future periods if the revision affects both current and future periods.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting judgements and estimates (continued)

The most significant accounting judgements made by management are deemed to be the fair value estimation of non listed investments and consideration of the functional and presentational currency of the Company.

Adoption of new and revised standards

The accounting policies adopted in the year are consistent with those of the previous financial period, with the exception of new standards that have become effective during the year. Although there were a number of new standards and interpretations that apply for the first time in 2013, the only one to impact the Company's financial statements was IFRS 13 - Fair Value Measurement ("IFRS 13").

IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not impacted the fair value measurements carried out by the Company but has resulted in increased disclosure as reflected in note 7.

The list below shows the IFRSs, IFRICs and amendments that are mandatory for the first time in this financial reporting period and but which have had no significant impact on these financial statements.

IAS 1 Presentation of Financial Statements

IAS 27 Separate Financial Instruments (revised)

IAS 28 Investments in Associates and Joint Ventures (revised)

Standards and Interpretations in issue and not yet effective

At the date of authorisation of these Financial Statements, the following standards and interpretations, which will become relevant to the Company but have not been applied in these Financial Statements, were in issue but not yet effective:

IAS 32 (amended), "Offsetting Financial Assets and Financial Liabilities" (effective for periods commencing on or after 1 January 2014);

IFRS 9, "Financial Instruments - Classification and Measurement" (for accounting periods currently no sooner than 1 January 2017, though no effective date has been set by the IASB)

These standards and interpretations will be adopted by the Company when they become effective. The Directors anticipate that, with the exception of IFRS 9, the adoption of these standards and interpretations in future periods will not have a material impact on the financial statements of the Company. The Directors are considering, but have not yet concluded, on what the impact of IFRS 9 will be on the Company's Statement of Financial Position but do not anticipate adopting the standard until the year ending December 2017.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the Statement of Financial Position and Statement of Comprehensive Income when there is a currently enforceable legal right to offset the recognised amounts and the Company intends to settle on a net basis or realise the asset and liability simultaneously.

Financial assets

The classification of financial assets at initial recognition depends on the purpose for which the financial asset was acquired and its characteristics. All financial assets are initially recognised at fair value. All purchases of financial assets are recorded at trade date, being the date on which the Company became party to the contractual requirements of the financial asset. The Company has not classified any of its financial assets as Held to Maturity or as Available for Sale. The Company's financial assets fall within the loans and receivables and financial assets at fair value categories.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They principally comprise of other receivables and cash and cash equivalents. These are subsequently measured at amortised cost using the effective interest rate method, less any impairment. The effect of discounting is immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial assets at fair value

Classification

All investments are classified as “financial assets at fair value”. These financial assets are designated by the Board of Directors at fair value through profit or loss at inception.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company’s documented investment strategy. The Company’s policy is for the Investment Manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Recognition

Purchases and sales of investments are recognised on the trade date, the date on which the Company commits to purchase or sell the investment.

Derecognition of financial assets

A financial asset (in whole or in part) is derecognised either (i) when the Company has transferred substantially all the risks and rewards of ownership, or (ii) when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the asset or a proportion of the asset, or (iii) when the contractual right to receive cash flows has expired. Any gain or loss on derecognition is taken to the Statement of Comprehensive Income as appropriate.

Sales of investments awaiting settlement are sales of securities transacted before the year end with a post year end settlement date.

Measurement

Financial assets at fair value are initially recognised at fair value. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the ‘financial assets at fair value’ category are presented in the Statement of Comprehensive Income in the period in which they arise.

Fair value estimation

The fair value of financial assets traded in active markets is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for the financial assets held by the Company is the bid price at the close of the respective market at the Statement of Financial Position date. Debt securities are carried at fair value using discounted cashflow. Warrants are carried at fair value using standard Black Scholes valuation models. Further details are disclosed in note 7.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets at fair value (continued)

Fair value measurement hierarchy

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into one of the three levels.

For financial instruments that are recognised at fair value on a recurring basis, the Board determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial liabilities

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. All financial liabilities are initially recognised at fair value net of transaction costs incurred. The Company's financial liabilities only consist of financial liabilities measured at amortised cost.

Financial liabilities measured at amortised cost

These include payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Bank borrowings are initially recognised at fair value net of attributable transactions costs incurred. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the Statement of Comprehensive Income.

Interest income and expense

Interest income and interest expense are recognised within the Statement of Comprehensive Income using the effective interest rate method.

Income

All other income is accounted for on an accruals basis and is recognised in the Statement of Comprehensive Income.

Expenses

All other expenses are accounted for on an accruals basis.

Share issue expenses

Any share issue expenses will be treated as a deduction from equity in the Statement of Changes in Equity, and written off against Share Premium. During the year there were no such expenses incurred (2012: £Nil).

Capital reserves

Gains and losses recorded on the realisation of investments are accounted for in the Realised Capital Reserve. Unrealised gains and losses recorded on the revaluation of investments held at the year end and unrealised exchange differences on investments are accounted for in the Unrealised Capital Reserve.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Translation of foreign currency

Transactions in currencies other than the functional currency are recorded using the exchange rate prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and those from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board. The chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

For management purposes, the Company is organised into one main operating segment, which invests in precious metals securities which are principally listed on the stock exchanges of London, Toronto and Sydney. All of the Company's activities are interrelated, and each activity is based upon analysis of the Company as one segment. On a day to day basis investment decisions have been delegated to the Investment Manager, New City Investment Managers.

The Company does not hold any non-current assets which require disclosure under IFRS 8. The Company also does not have any external customers and therefore the disclosure of customers geographically required under IFRS 8 is not applicable. However, for additional information, the fair value of each geographical base and the respective percentages of the total value of the Company can be found in the Portfolio Statement beginning on page 32.

3 TAXATION

The Company is exempt from taxation in Guernsey under the provisions of The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and has paid an annual exemption fee of £600.

4 DISTRIBUTION TO SHAREHOLDERS

The Directors do not expect income (net of expenses) to be significant and do not currently expect to declare any cash dividends. In the event that net income is significant, the Directors may consider the distribution of net income in the form of cash dividends. To the extent that any cash dividends are paid, they will be paid in accordance with any applicable laws and the regulations of the CISEAL.

5 RELATED PARTY TRANSACTIONS AND OTHER SIGNIFICANT AGREEMENTS

Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Directors' Fees

The Directors are responsible for the determination of the investment policy of the Company and have overall responsibility for the Company's activities. All Directors are entitled to remuneration for their services of £16,000 per annum (2012: £16,000). During the year Directors' fees of £80,000 were charged to the Company (2012: £78,810) and £20,000 was payable at the year end (2012: £20,588). All Directors are non-executive.

With effect from 1 January 2014 all Directors have agreed to reduce their remuneration entitlement to £12,000 per annum as part of the overall cost review being undertaken by the Company. Furthermore, with effect from April 2014 the Company will operate with four Directors.

5 RELATED PARTY TRANSACTIONS AND OTHER SIGNIFICANT AGREEMENTS (continued)

Related party transactions

Investment Manager

The Investment Manager, New City Investment Managers (a trading name of CQS Asset Management Limited), is entitled to an annual management fee, payable monthly in arrears, of 1.5% of the Company's Net Asset Value.

The Investment Manager is also entitled to reimbursement of certain expenses incurred by it in connection with its duties. During the year investment management fees of £482,438 were charged to the Company (2012: £801,067) and £29,149 was payable at the year end (2012: £62,741).

The Investment Manager is also entitled to receive an annual performance fee equal to 20% of the increase in the Company's Net Asset Value on the last Trading Day of each calendar period, above an annual hurdle for growth of 8% and subject to a high water mark. During the year no performance fees had accrued to the Investment Manager (2012: £Nil).

As part of the overall cost review being undertaken by the Directors, the Investment Manager has agreed to reduce its entitlement to management fees from 1.5% to 1.25% of the Company's Net Asset Value with effect from 1 January 2014.

Other significant agreements

Administrator

The Company's administrator is Legis Fund Services Limited (the "Administrator"). In consideration for the services provided by the Administrator under the Administration and Secretarial Agreement, the Administrator is entitled to receive from the Company an annual fee of £55,000 per annum payable monthly in arrears. During the year administration fees of £55,000 were charged to the Company (2012: £55,000) and £4,822 was payable at the year end (2012: £5,097).

Custodian Fees

The Company's Custodian is Credit Suisse Securities (Europe) Limited. Custodian fees are charged monthly at 5 basis points based on the Company's assets under management. During the year custodian fees of £17,025 were charged to the Company (2012: £14,788) and £1,100 was payable at the year end (2012: £2,440).

6 BASIC AND DILUTED LOSS PER ORDINARY SHARE

Basic loss per Ordinary Share is calculated by dividing the comprehensive loss for the year of £26,926,050 (2012: £6,290,082) by the weighted average number of Ordinary Shares outstanding during the year. The weighted average number of Ordinary Shares for the year is 57,001,895 (2012: 57,000,506). The Company's subscription shares are non-dilutive.

GOLDEN PROSPECT PRECIOUS METALS LIMITED**Notes to the Financial Statements (continued)****For the year ended 31 December 2013****7 INVESTMENTS AT FAIR VALUE**

Details of the significant accounting policies and methods adopted by the Company, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of its financial assets and liabilities are disclosed in Note 2. The following table analyses the fair value of the Company's financial assets and liabilities by category as defined in IFRS 13.

	Fair Value Level 1 £	Fair Value Level 2 £	Fair Value Total £
Opening fair value at 1 January 2013	50,410,594	595,250	51,005,844
Purchases	22,058,919	-	22,058,919
Sales	(22,664,757)	(99,158)	(22,763,915)
Gain / (loss)			
- realised	(7,739,962)	3,925	(7,736,037)
- unrealised	(18,723,758)	(16,686)	(18,740,444)
Closing fair value at 31 December 2013	<u>23,341,036</u>	<u>483,331</u>	<u>23,824,367</u>
Split by:			
Listed equities	23,341,036	-	23,341,036
Bonds	-	452,707	452,707
Warrants	-	30,624	30,624
	<u>23,341,036</u>	<u>483,331</u>	<u>23,824,367</u>

During the year there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Please refer to pages 32 - 33 for an analysis of financial assets at fair value through profit or loss which are disclosed above.

	Fair Value Level 1 £	Fair Value Level 2 £	Fair Value Total £
Opening fair value at 1 January 2012	52,550,873	2,420,150	54,971,023
Purchases	27,284,213	466,200	27,750,413
Sales	(26,169,684)	(78,953)	(26,248,637)
Gain / (loss)			
- realised	(3,822,099)	2,766	(3,819,333)
- unrealised	567,291	(2,214,913)	(1,647,622)
Closing fair value at 31 December 2012	<u>50,410,594</u>	<u>595,250</u>	<u>51,005,844</u>
Split by:			
Listed equities	50,410,594	-	50,410,594
Bonds	-	557,898	557,898
Warrants	-	37,352	37,352
	<u>50,410,594</u>	<u>595,250</u>	<u>51,005,844</u>

GOLDEN PROSPECT PRECIOUS METALS LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 December 2013

7 INVESTMENTS AT FAIR VALUE (continued)

Net losses on financial assets at fair value through profit or loss:

	2013	2012
	£	£
Realised loss on financial assets		
designated as at fair value through profit or loss	(7,736,037)	(3,819,333)
Net unrealised loss on financial assets		
designated as at fair value through profit or loss	(18,740,444)	(1,647,622)
Net capital losses on financial assets	<u>(£26,476,481)</u>	<u>(£5,466,955)</u>
Dividend income and interest on bonds	429,642	392,860
Total net losses on financial assets	<u>(£26,046,839)</u>	<u>(£5,074,095)</u>

Valuation techniques used in the determination of fair values, including the key inputs used, are as follows:

<u>Item</u>	<u>Fair value hierarchy level</u>	<u>Valuation techniques</u>
Financial assets at fair value through profit or loss - Listed equity securities	Level 1	Fair value is the quoted bid price.
Financial assets at fair value through profit or loss - Debt securities	Level 2	The fair value of Debt Securities is calculated as the present value of the estimated future cash flows based on observable gold price, time value and discount rates.
Financial assets at fair value through profit or loss - Warrants	Level 2	The fair value of Warrants has been calculated using the underlying listed prices, expiry dates and observable future volatility.

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	2013	2012
	£	£
Cash at bank	84,487	5,502,763
Bank overdraft	(1,892,549)	(7,595,824)
	<u>(£1,808,062)</u>	<u>(£2,093,061)</u>

Credit Suisse Securities (Europe) Limited ("CSSEL") may determine from time to time the overdraft limit it will provide to the Company and may provide reasonable notice in writing of such an amount.

Overdraft interest is calculated on a daily basis using the one month Libor rate plus 175 basis points and is charged to the Company on a monthly basis. In order to satisfy CSSEL of liquidity, a margin requirement is calculated to establish a net equity and cash position that must be maintained as collateral. If the Company falls into deficit then more funds are called. If the margin calls are not met then CSSEL can call in all outstanding funds. At no point during the year did the Company fall into deficit and at the year end the Company held an excess over the margin requirement of £12,359,280 (2012 : £35,481,064).

The overdraft interest during the year of £45,695 (2012: £114,935) represents the only gain or loss on financial liabilities measured at amortised cost.

GOLDEN PROSPECT PRECIOUS METALS LIMITED
Notes to the Financial Statements (continued)
For the year ended 31 December 2013

9 RECEIVABLES

	2013	2012
	£	£
Dividend income receivable	5,704	19,805
Bond interest receivable	5,723	3,921
Sales of investments awaiting settlement	-	56,395
General expenses prepaid	2,211	8,071
	<u>£13,638</u>	<u>£88,192</u>

The Directors consider that the carrying amount of receivables approximates their fair value due to their short term nature.

10 PAYABLES AND ACCRUALS

	2013	2012
	£	£
Administration fee payable	4,822	5,097
Directors' fees payable	20,000	20,588
Investment management fee payable	29,149	62,741
Bank overdraft interest	3,704	15,470
Audit fee	15,000	13,501
Custodian fee payable	1,100	2,440
Sundry creditor	984	-
	<u>£74,759</u>	<u>£119,837</u>

The Directors consider that the carrying amount of payables and accruals approximates their fair value due to their short term nature.

11 SHARE CAPITAL

Authorised Share Capital as at 31 December 2013 and 2012	No. of shares	£
Ordinary Shares of £0.001 par value	<u>200,000,000</u>	<u>£200,000</u>

During the year Shareholders have elected to exercise 74 subscription shares (2012: 1,852).

	No. of Shares		Share Capital	
	2013	2012	2013	2012
			£	£
Issued and Fully Paid Share Capital				
Equity Shares				
<i>Ordinary Shares of £0.001 each at inception</i>				
As at 1 January	57,001,852	57,000,000	57,002	57,000
Issued during the year	74	1,852	-	2
As at 31 December	<u>57,001,926</u>	<u>57,001,852</u>	<u>57,002</u>	<u>57,002</u>
<i>Subscription shares of no par value each</i>				
As at 1 January	28,498,122	28,499,974	-	-
Exercised during the year	(74)	(1,852)	-	-
As at 31 December	<u>28,498,048</u>	<u>28,498,122</u>	<u>-</u>	<u>-</u>

Ordinary Shareholders are entitled to one vote for each Ordinary Share held and are entitled to receive any distributions declared by the Company. On a winding up, the Ordinary Shareholders shall be entitled, pro rata to their holdings, to all the assets of the Company available for distribution to Shareholders.

11 SHARE CAPITAL (continued)

Each Subscription share confers the right (but not the obligation) to subscribe for one Ordinary Share at a Subscription price of 130p per Ordinary Share. The Subscription Rights may be exercised quarterly on the last business day in August, November, February or May from May 2012 to November 2014, after which time the Subscription rights will lapse.

12 RESERVES

Distributable Reserve

The Distributable Reserve can be used for all purposes permitted under Guernsey Company law, including the buy-back of shares and payment of dividends.

Realised Capital Reserve and Unrealised Capital Reserve

The Realised Capital Reserve contains gains and losses on the disposal of investments. The Unrealised Capital Reserve contains increases and decreases in the fair value of the Company's investment portfolio, together with any expenses allocated to capital.

Revenue Reserve

Any surplus/(deficit) arising from total comprehensive income is taken to this reserve, which may be utilised for the buy-back of shares and payment of dividends.

13 FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks as a result of its activities. These risks include credit risk, liquidity risk and market risk (including currency risk, fair value interest rate risk and price risk). The Company's risk management policies, approved by the Board of Directors, seek to minimise the potential adverse effects of these risks on the Company's financial performance.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

As at the date of the Statement of Financial Position, financial assets exposed to credit risk comprise debt securities as disclosed in Note 7 as well as bank balances and receivables. It is in the opinion of the Board of Directors that the carrying amount of these financial assets represents the maximum credit risk exposure as at the date of the Statement of Financial Position.

As at 31 December 2013 there were no financial assets which were past due or impaired (31 December 2012: None).

The Board of Directors are satisfied that the Company's transactions are concluded with a suitably approved counterparty with an appropriate credit quality, CSSEL currently has a Standard and Poor's credit rating of A-1 / A. The Investment Manager carefully selects debt securities with counterparties displaying the necessary experience and financial stability. The Company's exposure to these counterparties, and their credit rating or financial results, are monitored by management. The following table illustrates the credit concentration by category:

	31.12.13	31.12.12
	£	£
Debt securities	452,707	557,898
Cash and cash equivalents:		
Credit Suisse Securities (Europe) Limited	84,487	5,502,763
Receivables	11,427	80,121
Total assets at credit risk	<u>£548,621</u>	<u>£6,140,782</u>

13 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter in realising assets or otherwise raising funds to meet financial commitments.

Whilst most of the Company's financial assets are listed securities which are considered readily realisable as they are listed on major recognised stock exchanges, some of the financial assets held by the Company may not be listed on recognised stock exchanges and so will not be readily realisable and their marketability may be restricted. The Company might only be able to liquidate these positions at disadvantageous prices, should the Investment Manager determine, or it become necessary, to do so.

The following table details the Company's liquidity analysis for its financial liabilities. The table has been drawn up based on the undiscounted net cash flows on the financial liabilities that settle on a net basis and the undiscounted gross cash flows on those financial liabilities that require gross settlement.

	Less than 1 month £	1-3 months £	3 months to 1 year £	1 year to 5 years £	31.12.13 Total £
Gross settled:					
Bank overdraft	-	1,892,549		-	1,892,549
Bank overdraft interest	3,704	-	-	-	3,704
Investment management fee payable	29,149	-	-	-	29,149
Administration fee payable	4,822	-	-	-	4,822
Directors' fees payable	20,000	-	-	-	20,000
Audit fee	-	-	15,000	-	15,000
Custodian fee payable	1,100	-	-	-	1,100
Sundry creditor	984	-	-	-	984
	<u>£59,759</u>	<u>£1,892,549</u>	<u>£15,000</u>	<u>£-</u>	<u>£1,967,308</u>

	Less than 1 month £	1-3 months £	3 months to 1 year £	1 year to 5 years £	31.12.12 Total £
Gross settled:					
Bank overdraft	-	7,595,824		-	7,595,824
Bank overdraft interest	15,470	-	-	-	15,470
Investment management fee payable	62,741	-	-	-	62,741
Administration fee payable	5,097	-	-	-	5,097
Directors' fees payable	20,588	-	-	-	20,588
Audit fee	-	-	13,501	-	13,501
Custodian fee payable	2,440	-	-	-	2,440
	<u>£106,336</u>	<u>£7,595,824</u>	<u>£13,501</u>	<u>£-</u>	<u>£7,715,661</u>

CSSEL as Custodian has a fixed charge on all cash held by Credit Suisse, and all assets, in return for services provided including execution of transactions, custody of investments and cash and financing. As per note 8 CSSEL also calculates a margin requirement to establish a net cash and equity position that must be maintained as collateral. As at the year end the Company had a significant excess over this margin requirement. Should there be a deficit at any point CSSEL is entitled to call in all outstanding funds.

13 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

The Investment Manager manages liquidity on a daily basis. The Company's overall exposure to liquidity risk is monitored by the Board of Directors on a quarterly basis.

The Company expects to meet its other obligations for operating cash flows at the Statement of Financial Position date. The Company expects to maintain current debt to equity security ratio of 30%.

Market risk

The Company's activities expose it primarily to the market risks of changes in market prices, interest rates and foreign currency exchange rates.

Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will adversely fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The Company is exposed to market price risk arising from its financial assets designated as at fair value through profit or loss. The performance of these financial assets will be affected by the performance of the investee companies. The exploration, development and production of metal and mineral deposits involves significant uncertainties and the investee companies will be subject to all the hazards and risks normally encountered in such activities. Many of these are difficult to predict and are outside the control of the investee companies. They include, amongst others, issues relating to the environment, the climate, the geopolitical environment, local and international regulatory requirements, licensing terms, planning permission, unexpected geological formations, rock falls, flooding, pollution, legal liabilities, the availability and reliability of plant and equipment, the scaling-up of operations, the reliance on key individuals, local finance and tax regimes, foreign currency repatriation, capital and budget constraints, contractors and suppliers, local employment regulations and practices, employment unions and the availability of suitable labour. In addition, there is often no guarantee that the estimates of quantities and grades of metals and minerals disclosed by investee companies will be available for extraction.

The Company's financial assets are exposed to market price fluctuations which are monitored by the Investment Manager in pursuance of the Company's investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers set out in the Placing and Offer for Subscription document mitigates the risk of excessive exposure to any particular type of security or issuer. However, with respect to the investment strategy utilised by the Company there is always some, and occasionally some significant, degree of market risk.

Price sensitivity

The value of the Company's financial assets had a sensitivity of £4,764,873 (31 December 2012: £10,201,169) to a 20% increase or decrease in the market prices with other variables being held constant as at 31 December 2013. A 20% change is the sensitivity rate currently used when reporting price risk internally to key management personnel. This has increased from 5% used previously, which is as a result of the increased price volatility in the sectors in which the Company invests.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is directly exposed to interest rate risk as it has cash and cash equivalents which are invested at short term rates and debt securities which receive interest at a fixed rate. The Investment Manager manages the Company's exposure to interest rate risk on a daily basis in accordance with the Company's investment objectives and policies. The Company's overall exposure to interest rate risk is monitored on a quarterly basis by the Board of Directors.

13 FINANCIAL RISK MANAGEMENT (continued)**Interest rate risk (continued)**

Returns from debt securities are fixed at the time of purchase, as the fixed coupon payments are known, as are the final redemption proceeds. Consequentially, if such a debt security is held until its redemption date, the total return achieved is unaltered from its purchase date. However over its life the market price at any given time will depend on the market environment at that time. Therefore, a debt security sold before its redemption date is likely to have a different price from its purchase level and a profit or loss may be incurred. Interest rate risk on fixed interest debt securities is considered to be part of market price risk as disclosed above.

The following table analyses the Company's interest rate risk exposure. The Company's assets and liabilities are included at fair value and categorised by the earlier of contractual re-pricing or maturity dates.

As at 31 December 2013

	0-3 Months	1-5 Years	Total
	£	£	£
<i>Variable rate assets</i>			
Cash and cash equivalents	84,487	-	84,487
<i>Fixed rate assets</i>			
Debt securities	-	452,707	452,707
Total interest bearing assets	<u>84,487</u>	<u>452,707</u>	<u>537,194</u>
<i>Variable rate liabilities</i>			
Bank overdraft	1,892,549	-	1,892,549
Total interest bearing liabilities	<u>1,892,549</u>	<u>-</u>	<u>1,892,549</u>

As at 31 December 2012

	0-3 Months	1-5 Years	Total
	£	£	£
<i>Variable rate assets</i>			
Cash and cash equivalents	5,502,763	-	5,502,763
<i>Fixed rate assets</i>			
Debt securities	-	557,898	557,898
Total interest bearing assets	<u>5,502,763</u>	<u>557,898</u>	<u>6,060,661</u>
<i>Variable rate liabilities</i>			
Bank overdraft	7,595,824	-	7,595,824
Total interest bearing liabilities	<u>7,595,824</u>	<u>-</u>	<u>7,595,824</u>

All other assets and liabilities of the Company are non interest bearing.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the Company's exposure to interest rates for interest bearing assets and liabilities at the date of the Statement of Financial Position and the stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 25 basis points higher or lower and all other variables had been held constant, the Company's net assets attributable to holders of Ordinary Shares for the year would have been £4,930 (2012: £23,080) higher or lower due to the change in the interest payable on the bank loan and the interest receivable on cash and cash equivalents.

13 FINANCIAL RISK MANAGEMENT (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The presentation currency of the Company is Sterling. The majority of the Company's financial assets are currently denominated in various currencies other than Sterling and the Company may hold other financial instruments, the price of which may be determined with reference to currencies other than Sterling.

To the extent that these financial instruments are unhedged, or are not adequately hedged, the value of the Company's financial instruments may fluctuate with exchange rates as well as with price changes in various local markets and currencies. The value of the financial assets may therefore be affected unfavourably by fluctuations in currency rates and exchange control regulations. The Investment Manager has the power to manage exposure to currency movements by using hedging instruments. The Investment Manager's treatment of currency transactions is set out in Note 2 to the Financial Statements under "Translation of foreign currency".

There were no hedging instruments held at year end or used in the year (31 December 2012: None).

The carrying amount of the Company's foreign currency denominated financial assets and financial liabilities at the date of the Statement of Financial Position was as follows:

	2013		2012	
	Assets	Liabilities	Assets	Liabilities
	£	£	£	£
Australian Dollar (AUD)	3,835,283	(399)	12,454,890	-
Canadian Dollar (CAD)	12,443,751	-	34,132,071	-
United States Dollar (USD)	3,610,005	-	4,883,866	-
Swiss Franc (CHF)	195	-	-	-
	<u>19,889,234</u>	<u>(399)</u>	<u>51,470,827</u>	<u>-</u>

Foreign currency sensitivity

The Company is mainly exposed to AUD, CAD and USD.

The following table details the Company's sensitivity to a 10% increase or decrease in Sterling against the relevant foreign currencies. A 10% change is the sensitivity rate currently used when reporting foreign currency risk internally to key management personnel. This has increased from 5% previously used due to the increased volatility of the main currencies in which the Company's investments are denominated. The sensitivity analysis includes only outstanding foreign currency denominated financial assets and financial liabilities and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number indicates an increase in net assets attributable to holders of Ordinary Shares where Sterling weakens against the relevant currency and a negative number indicates a decrease in net assets where Sterling strengthens against the relevant currency.

	AUD	CAD	2013 USD
	£	£	£
Change in net assets in response to a 10% change in foreign currency rates	<u>426,098</u>	<u>1,382,639</u>	<u>401,111</u>
	<u>(348,626)</u>	<u>(1,131,250)</u>	<u>(328,182)</u>

	AUD	CAD	2012 USD
	£	£	£
Change in net assets in response to a 10% change in foreign currency rates	<u>1,383,877</u>	<u>3,792,452</u>	<u>542,652</u>
	<u>(1,132,262)</u>	<u>(3,102,916)</u>	<u>(443,988)</u>

13 FINANCIAL RISK MANAGEMENT (continued)**Capital Management**

The primary objective of the Company's capital management is to ensure that it maintains shareholder value and that it is able to continue as a going concern. The Company manages its capital structure and, where necessary, makes adjustments to it in light of changes in economic conditions. The Company's overall strategy remains unchanged from the prior period.

The capital structure of the Company consists of net debt, as disclosed in note 8 and equity as per note 11.

The Company is not exposed to any externally imposed capital requirements.

14 CONTINGENT LIABILITIES

There were no contingent liabilities at the Statement of Financial Position date.

15 EVENTS AFTER THE REPORTING DATE

As part of a cost rationalisation process currently being undertaken by the Board, a number of expenses of the Company are being carefully reviewed, and reduced, where possible and appropriate. As disclosed in note 5 the Investment Manager and the Directors have agreed to reduce their fees with effect from 1 January 2014. In conjunction with fee reductions from other service providers it is hoped that overall cost savings of approximately £160,000 per annum can be made.

16 CONTROLLING PARTY

The issued Ordinary Shares of the Company are owned by numerous parties and therefore, in the opinion of the Directors, there is no immediate or ultimate controlling party of the Company.

17 NAV RECONCILIATION

	2013	2012
Net Asset Value 31 December 2013 per financial statements	£21,955,184	£48,881,138
Number of shares in issue	57,001,926	57,001,852
Audited NAV per Ordinary Share	38.52p	85.75p
Issued NAV per Ordinary Share	38.83p	86.25p

The difference in NAV per Ordinary Share relates to the pricing of the Portfolio which is valued at mid price for valuation purposes and bid price for accounting purposes under IFRS.

GOLDEN PROSPECT PRECIOUS METALS LIMITED

Portfolio Statement

As at 31 December 2013

Description	Holding	Fair Value £	% of Total Net Assets
<u>Equities</u>			
Australia			
Ausgold Ltd	2,250,000	14,547	0.07%
Beadell Resources Ltd	2,500,000	1,050,630	4.79%
Gascoyne Resources	1,200,000	93,748	0.43%
Independence Group	430,000	715,883	3.26%
Lachlan Star Ltd	600,000	58,189	0.27%
Regis Resources Ltd	500,000	786,625	3.58%
Resolute Mining Ltd	3,750,000	1,111,243	5.06%
		3,830,865	17.46%
Canada			
Atico Mining Corp	350,000	117,278	0.53%
Brazil Resources Inc	500,000	140,564	0.64%
Castle Mountain Mining Corp	1,350,000	383,355	1.75%
Endeavour Mining Corp	1,835,000	500,236	2.28%
First Majestic Silver Corp	275,000	1,627,414	7.41%
Fortuna Silver Mines	200,000	340,760	1.55%
Kennady Diamonds Inc	102,631	283,278	1.29%
Mandalay Resources	250,000	109,327	0.50%
Mountain Province	325,000	959,808	4.37%
New Gold Inc	200,000	628,135	2.86%
Perseus Mining Ltd	1,210,000	154,620	0.70%
Pilot Gold Inc	275,000	132,754	0.60%
PMI Gold Corp	4,051,700	759,362	3.46%
Polar Star Mining Corp	2,347,500	179,985	0.82%
Rio Alto Mining Ltd	300,000	296,461	1.35%
Royal Canadian Mint	51,800	403,657	1.84%
Santacruz Silver Mining Ltd	500,000	275,448	1.25%
Silver Wheaton Corp	250,000	3,042,705	13.86%
Tahoe Resources Inc	100,000	995,588	4.53%
Timmins Gold Corp	900,000	572,477	2.61%
		11,903,212	54.20%
United Kingdom			
DB Physical Rhodium	1,620	97,687	0.44%
ETFS Physical Palladium	28,000	1,162,794	5.30%
ETFS Phys Platinum	20,000	1,586,890	7.23%
Fresnillo Plc	150,000	1,112,250	5.07%
Sovereign Mines of Africa	2,400,000	60,000	0.27%
Sovereign Bauxite of Guinea Limited	100,000	-	0.00%
		4,019,621	18.31%

GOLDEN PROSPECT PRECIOUS METALS LIMITED

Portfolio Statement (continued)

As at 31 December 2013

	Holding	Fair Value £	% of Total Net Assets
United States			
Continental Gold Ltd	500,000	954,129	4.35%
ETFS Palladium Trust	7,000	294,079	1.34%
Royal Gold Inc	45,000	1,250,558	5.70%
SPDR Gold Trust	15,000	1,052,906	4.80%
ZKB Gold	50	35,666	0.16%
		<hr/>	<hr/>
		3,587,338	16.35%
Total Equities		<hr/> 23,341,036 <hr/>	<hr/> 106.32% <hr/>
Warrants			
Aureus Mng Wts	187,500	4,106	0.02%
Gran Colombia Gold	7,500	85	0.00%
Gran Colombia Gold Corp	15,000	128	0.00%
Kinross Gold Corp	13,750	78	0.00%
Pan Am EQW 12 Jul 01	20,000	227	0.00%
African MI EQW 01 Jan 00	2,500,000	26,000	0.12%
		<hr/>	<hr/>
Total Warrants		<hr/> 30,624 <hr/>	<hr/> 0.14% <hr/>
Bonds			
Canada			
Gran Colombia Gold Corp 10% 31 Oct 2017	750,000	452,707	2.06%
		<hr/>	<hr/>
Total Bonds		<hr/> 452,707 <hr/>	<hr/> 2.06% <hr/>
Total investments		<hr/> 23,824,367 <hr/>	<hr/> 108.52% <hr/>
Other current assets less current liabilities		(1,869,183)	(8.52%)
		<hr/>	<hr/>
Total Net Assets		<hr/> £21,955,184 <hr/>	<hr/> 100.00% <hr/>

GOLDEN PROSPECT PRECIOUS METALS LIMITED

Management and Administration

Directors

Malcolm Alec Burne
Kaare Glenne Foy
Robert Paul King
John Bowles
Paul Craig

all of

Registered office

11 New Street
St Peter Port
Guernsey
GY1 2PF

Details available at - www.ncim.co.uk

Secretary, Administrator and CISEAL Sponsor

Legis Fund Services Limited
11 New Street
St Peter Port
Guernsey
GY1 2PF

Financial Adviser and Broker to the Company

Nplus 1 Singer Limited
One Bartholomew Lane
London
EC2N 2AX

Investment Manager

CQS Cayman Limited Partnership
P.O. Box 242
45 Market Street
Gardenia
Camana Bay
Grand Cayman KY1-1104
Cayman Islands

New City Investment Managers
(a trading name of CQS Asset Management Limited)
5th Floor
33 Chester Street
London
SW1X 7BL

Note: The Company has appointed CQS as its investment manager. However, CQS has, with the agreement of the Board, delegated that function to NCIM.

Auditor to the Company

BDO Limited
P O Box 180
Rue du Pré
St. Peter Port
Guernsey
GY1 3LL

Custodian and Principal Bankers

Credit Suisse Securities (Europe) Limited
One Cabot Square
London
E14 4QJ

Advocates to the Company as to Guernsey Law

Babbé
18-20 Smith Street
St Peter Port
Guernsey
GY1 4BL

Solicitors to the Company as to English Law

Lawrence Graham LLP
4 More London Riverside
London
SE1 2AU

Registrar and CREST Agent

Capita Registrars (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue
St Sampson
Guernsey
GY2 4LH

Market Makers

Nplus 1 Singer Limited
One Bartholomew Lane
London EC2N 2AX

KBC Peel Hunt
111 Old Broad Street
London EC2N 1PH

Winterflood Securities
25 Dowgate Hill
London EC4R 2GA

Cantor Fitzgerald Europe
17 Crosswall
London EC3N 2LB

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Members of Golden Prospect Precious Metals Limited (the "Company") will be held at Legis House, 11 New Street, St Peter Port, Guernsey on 8 May 2014 at 11:00 BST to transact the business set out in the Resolutions below.

ORDINARY RESOLUTIONS

1. To receive the Company's Annual Report and Audited Financial Statements for the year ended 31 December 2013.
2. To re-appoint BDO Limited as auditor to the Company until the conclusion of the next general meeting at which accounts are laid before the Company.
3. To authorise the Directors of the Company to determine the remuneration of the auditor.
4. To re-elect Mr Malcolm Burne as a Director of the Company who retires by rotation in accordance with Article 18.3 of the Articles of Association of the Company.
5. To re-elect Mr Toby Birch as a Director of the Company who retires by rotation in accordance with Article 18.3 of the Articles of Association of the Company.

SPECIAL BUSINESS

6. To authorise the Company, in accordance with Article 4.8 of the Articles of Association of the Company and The Companies (Guernsey) Law, 2008, as amended (the "**Law**"), to make market purchases of its own ordinary shares of £0.001 each ("**Ordinary Shares**"), such authorisation conditional upon the Ordinary Shares of the Company continuing to be admitted to listing on the Official List of the Channel Islands Securities Exchange Authority Limited ("**CISEAL**") and, with the exception of a tender offer or partial offer being made to all holders of Ordinary Shares on the same terms:-
 - 6.1 the maximum number of Ordinary Shares hereby authorised to be purchased shall be up to 15% of the Company's existing issued ordinary share capital;
 - 6.2 the minimum price (exclusive of expenses) which may be paid for the Ordinary Shares to be £0.001 per Ordinary Share;
 - 6.3 the maximum price (exclusive of expenses) payable by the Company for the Ordinary Shares to be 5% above the average of the closing middle market quotations (as derived from Bloomberg) of an Ordinary Share for the five (5) consecutive dealing days preceding the date on which the purchase is made;
 - 6.4 the authority (unless previously renewed or revoked) will expire at the end of the annual general meeting of the Company to be held in 2015 or, if earlier, the date being fifteen months from the date of passing of this resolution;

GOLDEN PROSPECT PRECIOUS METALS LIMITED
Registered Office Address: 11 New Street, St. Peter Port, Guernsey, GY1 2PF
Registration Number: 45676

- 6.5 the Company may make a contract to purchase its own Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed or wholly or partly executed after the expiry of such authority, and may make a purchase of its own Ordinary Shares in pursuance of any such contract; and
- 6.6 the purchase price for any Ordinary Shares may be paid by the Company out of distributable profits or out of capital and share premium or otherwise to the fullest extent permitted by The Companies (Financial Assistance for Acquisition of Own Shares) Ordinance, 1998.
7. To authorise the Company, in accordance with Article 4.8 of the Articles of Association of the Company and The Companies (Guernsey) Law, 2008, as amended (the "**Law**"), to make market purchases of its own subscription shares of no par value ("**Subscription Shares**"), such authorisation conditional upon the Subscription Shares of the Company continuing to be admitted to listing on the Official List of the Channel Islands Securities Exchange Authority Limited ("**CISEAL**") and, with the exception of a tender offer or partial offer being made to all holders of Subscription Shares on the same terms:-
- 7.1 the maximum number of Subscription Shares hereby authorised to be purchased shall be up to 15% of the Company's existing issued subscription share capital;
- 7.2 the minimum price (exclusive of expenses) which may be paid for the Subscription Shares to be £0.001 per Subscription Share;
- 7.3 the maximum price (exclusive of expenses) payable by the Company for the Subscription Shares to be 5% above the average of the closing middle market quotations (as derived from Bloomberg) of a Subscription Share for the five (5) consecutive dealing days preceding the date on which the purchase is made;
- 7.4 the authority (unless previously renewed or revoked) will expire at the end of the annual general meeting of the Company to be held in 2015 or, if earlier, the date being fifteen months from the date of passing of this resolution;
- 7.5 the Company may make a contract to purchase its own Subscription Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed or wholly or partly executed after the expiry of such authority, and may make a purchase of its own Subscription Shares in pursuance of any such contract; and
- 7.6 the purchase price for any Subscription Shares may be paid by the Company out of distributable profits or out of capital and share premium or otherwise to the fullest extent permitted by The Companies (Financial Assistance for Acquisition of Own Shares) Ordinance, 1998.

By order of the Board
Legis Fund Services Limited
11 New Street
St Peter Port
Guernsey
GY1 2PF

3 April 2014

GOLDEN PROSPECT PRECIOUS METALS LIMITED
Registered Office Address: 11 New Street, St. Peter Port, Guernsey, GY1 2PF
Registration Number: 45676

NOTES

1. Members entitled to attend and vote at the Meeting are entitled to appoint one or more proxies to attend, speak and vote instead of him or her, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such member. A proxy need not be a member of the Company. A form or proxy accompanies this notice. Completion and return of the form of proxy will not preclude members from attending or voting at the Meeting, if they so wish. The fact that members may have completed forms of proxy will not prevent them from attending and voting at the Meeting in person should they afterwards decide to do so.
2. To be valid, the form of proxy, together with the power of attorney or the authority, if any, under which it is executed (or a notarially certified copy of such power of attorney) must be deposited with Capita Registrars PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time for holding the Meeting or adjourned Meeting or the taking of a poll at which the person named in the instrument proposes to vote.
3. A member must first have his or her name entered on the register of members not later than 17:00 BST on 6 May 2014. If the Meeting is adjourned, members entered on the register not later than 48 hours before the time fixed for the adjourned Meeting shall be entitled to attend and vote at the Meeting. Changes to entries in the register after that time shall be disregarded in determining the rights of any holders to attend and vote at the Meeting.
4. If you do not intend to attend the meeting please complete and return the form of proxy as soon as possible.

FORM OF PROXY

**For use at the Annual General Meeting of Golden Prospect Precious Metals Limited (the
“Company”) to be held on 8 May 2014 at 11.00 BST**

I/We (block capitals please) _____

of (address) _____

_____ being (a) member(s) of the Company appoint the Chairman of the meeting or (see note 1)

_____ as my/our proxy and, on a poll, to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Legis House, 11 New Street, St Peter Port, Guernsey on 8 May 2014 at 11.00 BST and any adjournment thereof.

Please indicate with an ‘X’ in the spaces provided how you wish your votes to be cast on the resolutions specified.

ORDINARY RESOLUTIONS

	For	Against	Abstain
1. To receive the Company’s Annual Report and Audited Financial Statements for the year ended 31 December 2013.			
2. To re-appoint BDO Limited as auditor to the Company until the conclusion of the next general meeting at which accounts are laid before the Company.			
3. To authorise the Directors of the Company to determine the remuneration of the auditor.			
4. To re-elect Mr Malcolm Burne as a Director of the Company who retires by rotation in accordance with Article 18.3 of the Articles of Association of the Company.			
5. To re-elect Mr Toby Birch as a Director of the Company who retires by rotation in accordance with Article 18.3 of the Articles of Association of the Company.			
6. To authorise the Company, in accordance with Article 4.8 of the Articles of Association of the Company and The Companies (Guernsey) Law, 2008, as amended (the "Law"), to make market acquisitions of its own shares. Such authorisation is to be conditional upon the Ordinary Shares of the Company continuing to be traded, and with the exception of a tender offer being made to all holders of Ordinary Shares :-			

GOLDEN PROSPECT PRECIOUS METALS LIMITED
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<p>6.1. the maximum number of Shares hereby authorised to be purchased shall be less than 15% of the Company's issued share capital;</p> <p>6.2. the minimum price (exclusive of expenses) which may be paid for the Shares to be £0.01 per Share;</p> <p>6.3. the maximum price (exclusive of expenses) payable by the Company for the Shares to be 5% above the average of the middle market quotations taken from the London Stock Exchange Daily Official List on each of the five business days before the purchase is made;</p> <p>6.4. the authority (unless previously renewed or revoked) will expire at the end of the annual general meeting of the Company to be held in 2015, the latest date being fifteen months from the date of passing of these resolutions;</p> <p>6.5. the Company may make a contract to purchase its own shares under that authority hereby conferred prior to the expiry of such authority which will or may be executed or wholly or partly executed after the expiry of such authority, and may make a purchase of its own shares in pursuance of any such contract; and,</p> <p>6.6. the purchase price may be paid by the Company out of distributable profits or out of capital and share premium or otherwise to the fullest extent permitted by the The Companies (Financial Assistance for Acquisition of Own Shares) Ordinance, 1998</p>			
<p>7. To authorise the Company, in accordance with Article 4.8 of the Articles of Association of the Company and The Companies (Guernsey) Law, 2008, as amended (the "Law"), to make market purchases of its own subscription shares of no par value ("Subscription Shares"), such authorisation conditional upon the Subscription Shares of the Company continuing to be admitted to listing on the Official List of the Channel Islands Securities Exchange Authority Limited ("CISEAL") and, with the exception of a tender offer or partial offer being made to all holders of Subscription Shares on the same terms:-</p> <p>7.1 the maximum number of Subscription Shares hereby authorised to be purchased shall be up to 15% of the Company's existing issued subscription share capital;</p>			

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<p>7.2 the minimum price (exclusive of expenses) which may be paid for the Subscription Shares to be £0.001 per Subscription Share;</p> <p>7.3 the maximum price (exclusive of expenses) payable by the Company for the Subscription Shares to be 5% above the average of the closing middle market quotations (as derived from Bloomberg) of a Subscription Share for the five (5) consecutive dealing days preceding the date on which the purchase is made;</p> <p>7.4 the authority (unless previously renewed or revoked) will expire at the end of the annual general meeting of the Company to be held in 2015 or, if earlier, the date being fifteen months from the date of passing of this resolution;</p> <p>7.5 the Company may make a contract to purchase its own Subscription Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed or wholly or partly executed after the expiry of such authority, and may make a purchase of its own Subscription Shares in pursuance of any such contract; and</p> <p>7.6 the purchase price for any Subscription Shares may be paid by the Company out of distributable profits or out of capital and share premium or otherwise to the fullest extent permitted by The Companies (Financial Assistance for Acquisition of Own Shares) Ordinance, 1998.</p>			
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Subject to any voting instructions so given, the proxy will vote, or may abstain from voting, on any resolution as he/she may think fit.

Signature _____

Dated this _____ day of _____ 2014

PROXY NOTES

1. If you so desire you may delete the words "Chairman of the meeting" and insert the name of your own choice of proxy, who need not be a member of the Company. Please initial such alteration.
2. A corporation must execute the proxy under its common seal or under the hand of an officer or attorney duly authorised.

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3. In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated. Joint holders are not permitted to vote independently of each other and must vote as one.
4. To appoint more than one proxy to vote in relation to different shares within your holding, you may photocopy this form. Please indicate on each copy of the form the proxy's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the appointment of a proxy is one of multiple appointments being made. All such forms should be signed and returned together in the same envelope. Appointing a proxy shall not preclude a member from attending and voting in person at the meeting.
5. If this form is returned without indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.
6. To be valid, this form of proxy, duly executed together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must be deposited at Capita Registrars PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time for holding the meeting or adjourned meeting or the taking of a poll at which the person named in the instrument proposes to vote.
7. No member shall be entitled to be present or take part in any proceedings or vote either personally or by proxy at any meeting unless all calls due from him have been paid.