

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended immediately to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other appropriately qualified independent financial adviser authorised under the UK's Financial Services and Markets Act 2000 or, if you are in a country outside the United Kingdom, another appropriately authorised independent financial adviser.**

If you were a Shareholder and have sold or otherwise transferred all your Ordinary Shares, please send this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. The distribution of this document and/or the Form of Proxy in jurisdictions other than Guernsey or the UK, including the United States, Australia, Canada, Japan, New Zealand, the Republic of South Africa or any EEA State (other than the UK), may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

This listing document has been prepared in accordance with the Authorised Closed-Ended Investment Schemes Rules 2008 issued by the Guernsey Financial Services Commission pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. The GFSC does not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

This document constitutes a listing document for the purposes of seeking admission of the Subscription Shares to listing on The International Stock Exchange. This document includes particulars given in compliance with the TISE Listing Rules for the purpose of giving information with regard to the Company. This document does not constitute a prospectus for the purpose of section 84(2) of the UK's Financial Services and Markets Act 2000 or otherwise.

Applications will be made for up to 28,501,013 Subscription Shares to be admitted to listing on the TISE and to trading on the London Stock Exchange's SETSqx platform. It is expected that Admission will become effective and that dealings in the Subscription Shares will commence on Friday, 22 December 2017.

Neither the approval of this document pursuant to the listing requirements of the TISEA nor the admission of the Subscription Shares to listing on the TISE shall constitute a warranty or representation by the TISE as to the competence of the service providers to or any other party connected with the Company, the adequacy and accuracy of the information contained in this document, the suitability of the Company for investment or for any other purpose.

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## **GOLDEN PROSPECT PRECIOUS METALS LIMITED**

*(A closed-ended investment company incorporated with limited liability under the laws of Guernsey  
with registered number 45676)*

### **PROPOSED BONUS ISSUE OF UP TO 28,501,013 SUBSCRIPTION SHARES AND NOTICE OF GENERAL MEETING**

**Investment Manager  
New City Investment Managers**

**Financial Adviser & Corporate Broker  
Cantor Fitzgerald Europe**

**TISE Sponsor  
Ogier Corporate Finance Limited**

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**Shareholders are strongly recommended to read and consider the whole of this document (including Part 8 of this document which describes certain important risks, uncertainties and other factors that may affect the Company and its Shares) before determining what action they should take.**

Notice of a general meeting of the Company to be held at 12 noon on Wednesday, 20 December 2017 at the offices of Maitland Administration (Guernsey) Limited at 3rd Floor, 1 Le Truchot, St. Peter Port, Guernsey GY1 1WD, is set out in Part 11 of this document. The Bonus Issue is conditional on the special resolution to be proposed at the General Meeting being passed.

To be valid for use at the General Meeting, the accompanying Form of Proxy should be completed, signed and returned in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by not later than 12 noon on Monday, 18 December 2017.

The Ordinary Shares are not, and the Subscription Shares will not be, registered under the US Securities Act or under the relevant laws of any state of the United States or any state, province or territory of Australia, Canada, Japan, New Zealand, the Republic of South Africa or any EEA State (other than the UK). Subject to certain exceptions, the Subscription Shares issued pursuant to the Bonus Issue may not, directly or indirectly, be offered, sold, taken up, delivered or transferred in or into the United States, Australia, Canada, Japan, New Zealand, the Republic of South Africa, any EEA State (other than the UK) or to, or for the account or benefit of, US Persons. The Subscription Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Bonus Issue or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States. **The attention of Restricted Shareholders and other recipients of this document who are residents or citizens of any country outside the UK is drawn to the section entitled "Restricted Shareholders" in Part 1 of this document.**

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## **IMPORTANT INFORMATION**

No person has been authorised to issue any advertisement, give any information or make any representation in connection with the Company or the Bonus Issue other than the information contained in this document and, if issued, given or made, any such advertisement, information or representation must not be relied on as having been authorised by or on behalf of the Company, the Manager, the Investment Manager, Cantor Fitzgerald or Ogier Corporate Finance Limited. Neither the delivery of this document nor the exercise of Subscription Share Rights shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this document or that the information contained in this document, including any forward-looking statement, is correct as of any time subsequent to the date of this document.

This document should be read in its entirety before deciding how to vote on the GM Resolutions or whether to exercise any Subscription Share Rights and Shareholders should rely only on the information contained in this document when deciding what action to take. However, Shareholders should not treat the information in this document as advice relating to legal, tax, investment or any other matters. Shareholders should inform themselves as to:

- (i) the legal requirements within their own countries for the subscription, purchase, holding, transfer or other disposal of Shares;
- (ii) any foreign exchange restrictions applicable to the subscription, purchase, holding, transfer or other disposal of Shares which they might encounter; and
- (iii) the income and other tax consequences that may apply in their own countries as a result of the subscription, purchase, holding, transfer or other disposal of Shares.

Accordingly, Shareholders must rely on their own advisers as to legal, tax, investment or any other matters concerning the Company and an investment in the Shares.

Information in this document is based on the law and practice in force in the United Kingdom and Guernsey at the date of this document and is subject to changes therein.

It should be remembered that the price of Shares and any income from the Ordinary Shares can go down as well as up and that Shareholders may not receive, on sale of their Shares, the amount that they invested.

Cantor Fitzgerald, which is authorised and regulated in the United Kingdom by the FCA, is acting solely for the Company and for no one else in connection with the Bonus Issue and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Cantor Fitzgerald or for providing advice in relation to the Bonus Issue or any other matter referred to in this document. Nothing in this paragraph shall serve to exclude or limit any responsibilities that Cantor Fitzgerald may have under FSMA or the regulatory regime established under FSMA.

Ogier Corporate Finance Limited, which is a member of the TISE, is the sponsor to the listing of the Subscription Shares on the TISE and is acting solely for the Company in relation to Admission and for no one else and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Ogier Corporate Finance Limited or for providing advice in relation to any matter referred to in this document.

### **Responsibility for Information Contained in this Document**

This document includes particulars given in accordance with the TISE Listing Rules for the purpose of giving information with regard to the Company. The Directors, whose names appear on page 6 of this document, accept full responsibility for the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this document misleading.

Neither the admission of the Subscription Shares (and the Ordinary Shares resulting from any exercise of Subscription Share Rights) to the TISE Official List nor the approval of this document pursuant to the listing requirements of the TISEA shall constitute a warranty or representation by the TISEA as to the competence of the service providers to or any other party connected with the Company, the adequacy and accuracy of the information contained in this document or the suitability of the Company for investment or for any other purpose.

### **Forward-looking Statements**

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including, without limitation, the terms "believes", "expects", "intends", "anticipates", "aims", "estimates", "may", "will", "would", "could" or "should" or other variations or comparable terminology or, in each case, their negative. Forward-looking statements appear in a number of places throughout this document and include, without limitation, statements regarding the current beliefs, expectations or intentions of the Company, the Directors, the Manager and/or the Investment Manager concerning, among other things, the performance and prospects of the Company and the Shares.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and, accordingly, forward-looking statements may, and often do, differ materially from actual results. Given these risks and uncertainties, Shareholders are cautioned not to place any undue reliance on such forward-looking statements.

Forward-looking statements in this document apply only as at the date of this document. Subject to its legal and regulatory obligations (including under the TISE Listing Rules), the Company undertakes no obligation publicly to update or revise any forward-looking statement contained in this document to reflect any change in expectations with regard to any such statement, or any change in events, conditions or circumstances on which any such statement is based, after the date of this document.

For the avoidance of doubt, nothing in this section "Forward-looking Statements" constitutes a qualification of the working capital statement contained in paragraph 5 of Part 5 of this document.

### **The Data Protection (Bailiwick of Guernsey) Law, 2001**

Pursuant to The Data Protection (Bailiwick of Guernsey) Law, 2001 (the "**DP Law**") the Company and/or its Registrar may hold personal data (as defined in the DP Law) relating to past and present Shareholders. Such personal data held is used by the Registrar to maintain the Company's register of Shareholders and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned below when:

- (i) effecting the payment of dividends and other moneys to Shareholders; and
- (ii) filing returns of Shareholders and their respective transactions in Shares with statutory bodies and regulatory authorities.

Personal data may be retained on record for a period exceeding six years after it is no longer used. The countries referred to above include, but need not be limited to, those in the EEA or the EU and any of their respective dependent territories overseas, Andorra, Argentina, Canada, Faroe Islands, State of Israel, New Zealand, Switzerland and the Eastern Republic of Uruguay. By becoming registered as a holder of Ordinary Shares a person becomes a data subject (as defined in the DP Law) and is deemed to have consented to the processing by the Company or its Registrar of any personal data relating to them in the manner described above.

## **EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Latest time and date for receipt of Forms of Proxy for use at General Meeting	12 noon on Monday, 18 December 2017
General Meeting	12 noon on Wednesday, 20 December 2017
Record date for Bonus Issue	5.00 p.m. on Wednesday, 20 December 2017
Subscription Price calculated	As at close of business on Wednesday, 20 December 2017
Announcement of Subscription Price	Thursday, 21 December 2017
Admission of Subscription Shares to listing on TISE and to trading on London Stock Exchange's SETSxq platform effective	Friday, 22 December 2017
Crediting of CREST stock accounts in respect of Subscription Shares issued in uncertificated form	Friday, 22 December 2017
Certificates despatched in respect of Subscription Shares issued in certificated form	Week commencing Monday, 25 December 2017
First date on which Subscription Share Rights can be exercised	Last Business Day in November 2018
Second date on which Subscription Share Rights can be exercised	Last Business Day in November 2019
Final date on which Subscription Share Rights can be exercised	Last Business Day in November 2020

*Notes:*

1. *The times and dates set out in the Expected Timetable of Principal Events above and mentioned throughout this document (save for the time and date of the General Meeting) may be adjusted by the Company, in which event details of the new times and dates will be notified by an announcement concurrently via the TISE website ([www.tisegroup.com](http://www.tisegroup.com)) and a Regulatory Information Service.*
2. *All references to time in this document are references to the time in London.*

## **DEALING CODES**

### **Subscription Shares**

ISIN	GG00BD05Z551
SEDOL	BD05ZC2
Ticker	GPSS

### **Ordinary Shares**

ISIN	GG00B1G9T992
SEDOL	B1G9T99
Ticker	GPM

# **DIRECTORS, INVESTMENT MANAGER, ADVISERS AND SERVICE PROVIDERS**

## **Directors**

Malcolm Alec Burne (*Chairman*)  
Hugo Toby Birch  
Kaare Glenne Foy  
Robert Paul King  
all non-executive and of 3<sup>rd</sup> Floor, 1 Le Truchot, St. Peter Port,  
Guernsey GY1 1WD

## **Manager**

CQS Cayman Limited Partnership  
PO Box 242  
53 Market Street  
Gardenia Court  
Camana Bay  
Grand Cayman KY1-1104  
Cayman Islands

## **Investment Manager (and AIFM)**

CQS (UK) LLP  
(trading as New City Investment Managers)  
4<sup>th</sup> Floor  
One Strand  
London WC2N 5HR

## **Company Secretary & Administrator**

Maitland Administration (Guernsey) Limited  
3<sup>rd</sup> Floor, 1 Le Truchot  
St. Peter Port  
Guernsey GY1 1WD

## **Depository**

INDOS Financial Limited  
27 Clements Lane  
London EC4N 7AE

## **Financial Adviser & Corporate Broker**

Cantor Fitzgerald Europe  
One Churchill Place  
Canary Wharf  
London E14 5RB

## **TISE Sponsor**

Ogier Corporate Finance Limited  
44 Esplanade  
St. Helier  
Jersey JE4 9WG

## **Legal Adviser to the Company (As to Guernsey Law)**

Babbé LLP  
La Vieille Cour  
La Plaiderie  
St. Peter Port  
Guernsey GY1 4BL

## **Auditor**

BDO Limited  
PO Box 180  
Place du Pré  
Rue du Pré  
St. Peter Port  
Guernsey GY1 3LL

## **Registrar & CREST Agent**

Computershare Investor Services  
(Guernsey) Limited  
C/o Queensway House  
Hilgrove Street  
St. Helier  
Jersey JE1 1ES

## **Custodian & Prime Broker**

Credit Suisse AG, Dublin Branch  
Kilmore House  
Park Lane  
Spencer Dock  
Dublin 1  
Ireland

**PART 1**  
**LETTER FROM THE CHAIRMAN**

**Golden Prospect Precious Metals Limited**

*(A closed-ended investment company incorporated with limited liability under the laws of Guernsey  
with registered number 45676)*

*Directors*

Malcolm Burne (*Chairman*)

Toby Birch

Kaare Foy

Robert King

*Registered Office*

3<sup>rd</sup> Floor

1 Le Truchot

St. Peter Port

Guernsey GY1 1WD

28 November 2017

***To Shareholders***

Dear Shareholder

**Introduction**

On 2 May 2017, the Company announced that the Board was reviewing, with its advisers, a potential bonus issue of Subscription Shares to existing Shareholders. The Board has concluded that the Bonus Issue is in the best interests of Shareholders as a whole and, accordingly, subject to Shareholder approval, has decided to proceed with the Bonus Issue.

The purpose of this document is to provide you with details of the Bonus Issue and to explain the benefits of the Bonus Issue. The Board is recommending that you vote in favour of the resolutions to be proposed at the general meeting of the Company to be held at 12 noon on Wednesday, 20 December 2017.

**Details of the Bonus Issue**

**The Bonus Issue**

The Company is proposing to issue Subscription Shares, by way of a bonus issue and free of consideration, to Qualifying Shareholders on the register of members at 5.00 p.m. on Wednesday, 20 December 2017 on the basis of one Subscription Share for every two Ordinary Shares then held, subject to GM Resolution 1 being passed and Admission becoming effective. Fractions of Subscription Shares will not be issued and entitlements will be rounded down to the nearest whole number of Subscription Shares.

**Terms of the Subscription Shares**

Each Subscription Share will confer the right (but not the obligation) on any Subscription Date to subscribe for one Ordinary Share on exercise of the Subscription Share Rights and on payment of the Subscription Price.

The Subscription Share Rights may be exercised on the last Business Day in November in any of the years 2018, 2019 or 2020 and, if not exercised on the last Business Day in November 2020, will lapse. The Ordinary Shares arising on exercise of the Subscription Share Rights will be allotted within 10 Business Days of the relevant Subscription Date.

The Subscription Price will be equal to the published unaudited NAV per Ordinary Share as at the close of business on Wednesday, 20 December 2017 plus a premium depending on the year in which they are exercised (with the resulting Subscription Price being rounded to two decimal places). The premiums (and the resulting Subscription Price), which reflect the Board's confidence in the Company's medium to long term prospects and its hope that Subscription Shareholders will be able to exercise their

Subscription Share Rights and acquire Ordinary Shares on favourable terms in the future, will be as set out in the following table.

<i>Subscription Date</i>	<i>Premium - Percentage of Relevant NAV</i>
Last Business Day in November 2018	5%
Last Business Day in November 2019	10%
Last Business Day in November 2020	20%

The Subscription Price payable on each Subscription Date is expected to be announced on Thursday, 21 December 2017 by means of an announcement concurrently via the TISE website ([www.tisegroup.com](http://www.tisegroup.com)) and a Regulatory Information Service.

The Subscription Price will be subject to adjustment on the occurrence of certain corporate events affecting the Company before the final Subscription Date (being the last Business Day in November 2020). The relevant corporate events include consolidations or sub-divisions of share capital, pre-emptive offers of securities to Ordinary Shareholders, takeover offers and the liquidation of the Company. Such adjustments serve to protect either the intrinsic value or the time value of the Subscription Shares, or both.

Subscription Shares will rank *pari passu* with each other and will not carry the right to receive any dividends from the Company or to attend and/or vote at general meetings of the Company (although the holders of the Subscription Shares have the right to vote in certain circumstances where there is a variation of the rights attached to the Subscription Shares).

The full rights attaching to the Subscription Shares are set out in Part 6 of this document.

#### **Settlement, Admission and Dealings**

The Subscription Shares (and the Ordinary Shares resulting from the exercise of Subscription Share Rights) will be in registered form and may be issued in uncertificated form (in which case they will be eligible for clearing through CREST) or certificated form. No temporary documents of title will be issued. Pending despatch of definitive certificates (which will be sent through the post at the risk of the Shareholders entitled to them), transfers of Shares in certificated form will be certified against the Company's share register.

Applications will be made for up to 28,501,013 Subscription Shares to be admitted to listing on the TISE and to trading on the London Stock Exchange's SETSqx platform. It is expected that Admission will become effective and that dealings in the Subscription Shares will commence on Friday, 22 December 2017. On Admission, the Subscription Shares will confer rights to subscribe for new Ordinary Shares representing, in aggregate, up to 50 per cent. of the Ordinary Shares then in issue.

Applications will also be made for Ordinary Shares resulting from the exercise of Subscription Share Rights to be admitted to listing on the TISE and to trading on SETSqx. It is expected that such admissions will become effective within 14 days of the relevant Subscription Date.

The Ordinary Shares resulting from the exercise of Subscription Share Rights will rank *pari passu* with the Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the relevant Subscription Date in respect of which the relevant Subscription Share Rights were exercised).

#### **Restricted Shareholders**

The issue of the Subscription Shares to persons who have a registered or mailing address in Restricted Territories may be affected by the law or regulatory requirements of the relevant jurisdiction. Accordingly, the Subscription Shares to be issued pursuant to the Bonus Issue will not be issued to Restricted Shareholders. Instead, the Board will issue any Subscription Shares due under the Bonus Issue to Restricted Shareholders to a market maker who will sell such Subscription Shares promptly at the best price obtainable. The net proceeds of sale will be paid to the Restricted Shareholders entitled to them save that entitlements of less than £5.00 per Restricted Shareholder will be retained by the Company for its own account.

Notwithstanding any other provision of this document the Company reserves the right to permit any Shareholder to receive Subscription Shares pursuant to the Bonus Issue if the Company, in its sole and absolute discretion, is satisfied at any time prior to the General Meeting that the issue of Subscription Shares to such Shareholder is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question. **Any Restricted Shareholder who is in any doubt as to their position should consult an appropriate independent professional adviser without delay.**

### **Taxation**

The attention of Shareholders is drawn to the summary of tax matters set out in Part 7 of this document.

### **Costs of the Bonus Issue**

The costs and expenses incurred in connection with the Bonus Issue and Admission are estimated to amount to approximately £93,000. These costs and expenses will be borne by the Company and will be taken into account in calculating the Company's net assets and the NAV per Ordinary Share with effect from the date of this document.

### **Proceeds Resulting from the Exercise of Subscription Share Rights**

Although there can be no certainty as to whether any or all of the Subscription Share Rights will be exercised, if the Bonus Issue proceeds and all of the Subscription Share Rights were exercised in full, the maximum net proceeds that could arise on such exercise would be approximately £11.5 million (if all exercised on the first Subscription Date) or £13.2 million (if all exercised on the last Subscription Date), based on the unaudited NAV per Ordinary Share of 38.59 pence as at 23 November 2017 and assuming that 28,501,013 Subscription Shares are issued pursuant to the Bonus Issue.

### **Implementation of the Bonus Issue**

Implementation of the Bonus Issue is conditional on GM Resolution 1 being passed as the New Articles will give the Directors a general power to allot and issue shares with no par value, including the Subscription Shares, on such terms as they determine.

Implementation of the Bonus Issue is also conditional on Admission becoming effective.

### **Benefits of the Bonus Issue**

The Directors believe that the Bonus Issue will have the following advantages:

- Subscription Shares should represent an attractive way for investors to participate in any future NAV growth of the Company through conversion into Ordinary Shares at a predetermined price;
- Qualifying Shareholders will receive securities:
  - with a monetary value;
  - which may be traded in a similar fashion to their existing Ordinary Shares or, in due course, converted into Ordinary Shares; and
  - which are qualifying investments for the purposes of an ISA and permitted investments for the purposes of a SIPP;
- on any exercise of the Subscription Share Rights, the capital base of the Company will increase, allowing operating costs to be spread across a larger number of Ordinary Shares, and this may cause the ongoing charges as a percentage of the NAV per Ordinary Share to fall;
- following the exercise of any Subscription Share Rights, the Company will have an increased number of Ordinary Shares in issue which may improve the liquidity in the market for the Ordinary Shares; and
- the Bonus Issue may broaden the Ordinary Shareholder base as the Subscription Shares are dispersed in the market, attracting new investors and improving liquidity for Ordinary Shareholders.

## **New Articles of Incorporation**

If GM Resolution 1 is passed, the New Articles will be adopted in place of the Existing Articles. The New Articles give the Board general authority to issue the Subscription Shares. Certain provisions relating to the incorporation of the Company which are now redundant and obsolete have been removed from the New Articles. In addition, the New Articles have been updated to reflect changes in law, regulation and practice since the Existing Articles were adopted on 2 May 2013, all of which changes are of a minor nature and which address the following:

- revisions to Guernsey Companies Law (including updated references to Guernsey Companies Law);
- updated references to The International Stock Exchange Authority Limited;
- the addition of an entrenched power to allot and issue shares with no par value; and
- substitution of “no dividend shall be paid otherwise than in accordance with the Laws” for “no dividend shall be paid otherwise than out of the profits of the business of the Company” to reflect changes in Guernsey Companies Law.

## **General Meeting**

A general meeting of the Company has been convened for 12 noon on Wednesday, 20 December 2017, which will be held at the offices of Maitland Administration (Guernsey) Limited at 3rd Floor, 1 Le Truchot, St. Peter Port, Guernsey GY1 1WD. The notice convening the General Meeting is set out in Part 11 of this document.

The following resolutions will be proposed at the General Meeting:

- **GM Resolution 1:** a special resolution to adopt the New Articles in place of the Existing Articles; and
- **GM Resolution 2:** an ordinary resolution to authorise the Company to buy-back up to 14.99 per cent. of the Subscription Shares issued pursuant to the Bonus Issue through the market on the terms summarised in paragraph 9 of Part 2 of this document.

As GM Resolution 1 will be proposed as a special resolution, at least three-quarters of the votes cast must be in favour of it. GM Resolution 2 will be proposed as an ordinary resolution and, accordingly, will be passed if a simple majority of the votes cast are in favour of it. The Board is recommending Shareholders to vote in favour of the GM Resolutions.

All Shareholders are entitled to attend and vote at the General Meeting. In accordance with the Articles, all Shareholders present in person or by proxy shall have, on a show of hands, one vote and, on a poll, one vote in respect of every Ordinary Share held.

In order to ensure that a quorum is present at the General Meeting, it is necessary for two Shareholders entitled to vote to be present, whether in person or by proxy (or, if a corporation, by a representative).

## **Action to be Taken**

The only action you need to take is to complete the accompanying Form of Proxy and return it by post to Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgewater Road, Bristol BS99 6ZY as soon as possible and, in any event, so as to be received by not later than 12 noon on Monday, 18 December 2017.

The completion and return of a Form of Proxy will not prevent you from attending the General Meeting and voting in person if you wish to do so.

## **Recommendation**

The Board, which has received financial advice from Cantor Fitzgerald, considers that the Bonus Issue and the passing of the GM Resolutions are in the best interests of the Company and its Shareholders as

a whole. In providing its financial advice, Cantor Fitzgerald has taken into account the Board's commercial assessment of the effects of the Bonus Issue.

The Board unanimously recommends Shareholders to vote in favour of the GM Resolutions. The Directors intend, where voting rights are exercisable, to vote in favour of the GM Resolutions in respect of their own beneficial holdings of Ordinary Shares, which amount to 532,500 Ordinary Shares in aggregate (representing approximately 0.93 per cent. of the Ordinary Shares in issue as at 23 November 2017).

Yours faithfully

Malcolm Burne (*Chairman*)

## **PART 2**

### **INFORMATION ON THE COMPANY**

#### **1. Introduction**

Golden Prospect Precious Metals Limited is a closed-ended investment company incorporated with limited liability in Guernsey on 16 October 2006, which was established to provide a listed entity for investors to gain exposure to the Company's investment strategy within the gold and precious metals sector. The Company is an authorised closed-ended investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law 1987 and regulated by the Guernsey Financial Services Commission.

The Company currently has only Ordinary Shares in issue. The Ordinary Shares are currently admitted to listing on the TISE and to trading on the London Stock Exchange's SETSqx platform. The Company's market capitalisation was £18.0 million as at 23 November 2017.

The Company has appointed CQS Cayman Limited Partnership as its investment manager and, under the Investment Management Agreement and Investment Advisory Agreement, CQS has delegated, with the agreement of the Board, that function to CQS (UK) LLP (trading as New City Investment Managers). The Company has appointed New City Investment Managers as its AIFM.

As at 23 November 2017:

- (i) the Company had total assets of £27.5 million and borrowings, in the form of short-term bank debt, of £5.5 million;
- (ii) the NAV per Ordinary Share was 38.59 pence; and
- (iii) the closing middle market price per Ordinary Share was 31.5 pence, representing a discount of 18.4 per cent. to the NAV per Ordinary Share.

#### **2. Investment Objective**

The Company's investment objective is to provide Shareholders with capital growth from a portfolio of companies involved in the precious metals sector.

#### **3. Investment Opportunity**

The Company offers investors a risk diversifier for geopolitical risks, but, by investing in small and mid-capitalisation precious metal equities, also offers the prospect of capital growth. The precious metals sector is suffering from a sustained period of under investment, which has led to declining production by the largest producers. It is anticipated that production by the seven largest producers will fall by approximately 13 per cent. by 2021. The Investment Manager believes this will lead to an increase in acquisitions over the next couple of years, supporting higher equity valuations for potential targets. The Company remains weighted to smaller, single asset companies which typically trade at a significant discount to their larger peers and this allows them to be acquired by larger producers on an accretive basis.

Gold has recently seen pressure from increasing US interest rates, as the market views this as a shift in the risk free rate, although the Investment Manager believes this is actually suggestive of improving market conditions. The Investment Manager anticipates that US interest rates should remain at historically low levels whilst an improving US economy will begin to feed through to higher inflation. Such environments where inflation exceeds interest rates have historically been supportive for precious metal pricing. The Company is predominantly invested in non-sterling companies, so, as such, also offers protection against weaker sterling, although remains at risk against a stronger currency on a currency translation basis.

#### **4. Investment Policy and Approach**

The Investment Portfolio primarily comprises securities listed on the Australian, Toronto and London stock exchanges.

The Directors intend that in excess of 70 per cent., of the Company's gross assets will continue to be directly invested in quoted equities spread throughout the Target Commodities at the time of investment. The Company may also from time to time invest in other investment and hedging instruments as the Directors and Investment Manager consider appropriate.

The Company may diversify up to 20 per cent. of its gross assets into investments in other metals, minerals and commodities, such as diamonds and uranium, from time to time as market opportunities arise. In the event that non-Target Commodity investments increase in value to a point where they represent over 30 per cent., of the Company's gross assets, the Investment Manager, with approval from the Directors, reserves the right to maintain the positions if, in its opinion, it is in the best interests of the Company.

The Company intends to concentrate its investments in companies which typically have or are anticipated to have a market capitalisation of over £30 million and with defined projects in development or production phases. The Directors believe this strategy will provide sufficient liquidity when changing market conditions dictate that immediate adjustments are required to the Investment Portfolio.

The Investment Manager invests in companies which, in its opinion, are undervalued or offer above average growth prospects and where the rewards outweigh the risks identified. The Investment Manager actively monitors and reassess each investment while it is held. Investments which are considered to have met their potential for growth may be sold. Investments which are considered to have potential for further growth are likely to be retained. Investments may be considered for sale where the Investment Manager identifies alternative investments which it considers have greater potential for growth or where the Investment Manager considers that the risks relating to an investment outweigh its expected potential for growth. The Investment Manager will also take advantage of day-to-day market variations to make small additions or reductions to its investment levels.

Investments are chosen through a careful selection process which appraise both fundamental factors specific to the opportunity and wider economic considerations, including:

- (i) strength of management;
- (ii) quality of assets/projects;
- (iii) growth potential;
- (iv) commodity price outlook;
- (v) geopolitical/country risks;
- (vi) financial strength and future working capital requirements;
- (vii) liquidity; and
- (viii) potential exit routes.

In particular, the Company will be mindful of investing in companies with operations located in politically unstable jurisdictions.

Outside the core quoted equities portfolio, the Company may, subject to appropriate tax and regulatory advice, invest in a range of asset classes including without limitation, quoted and unlisted equities (including joint venture companies), units in unit trusts, common stock, convertible securities, warrants, debt instruments and ETFs.

The Investment Manager may seek to manage portfolio risk, including hedging against currency risk, as it is expected that most of the Company's investments will be made in overseas equities.

The Directors review the Company's investment policy and approach on an annual basis. Changes to the investment policy may be prompted, amongst other things, by changes in government policies or economic conditions which alter or introduce additional investment opportunities or risks.

In the event of a breach of any investment restriction referred to in this paragraph 4, the Investment Manager will inform the Company upon becoming aware of the same and, if the Board considers the breach to be material, Shareholders will be notified via by announcement concurrently via the TISE website ([www.tisegroup.com](http://www.tisegroup.com)) and a Regulatory Information Service.

## 5. Borrowing Powers

Under its memorandum of incorporation, the Company has the power to borrow money in any manner and there are no restrictions on borrowing contained in the Articles. However, the Board sets borrowing limits from time to time to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. As at 23 November 2017, the Board had set a limit on the maximum amount that the Company may borrow of 20 per cent. of its Net Asset Value.

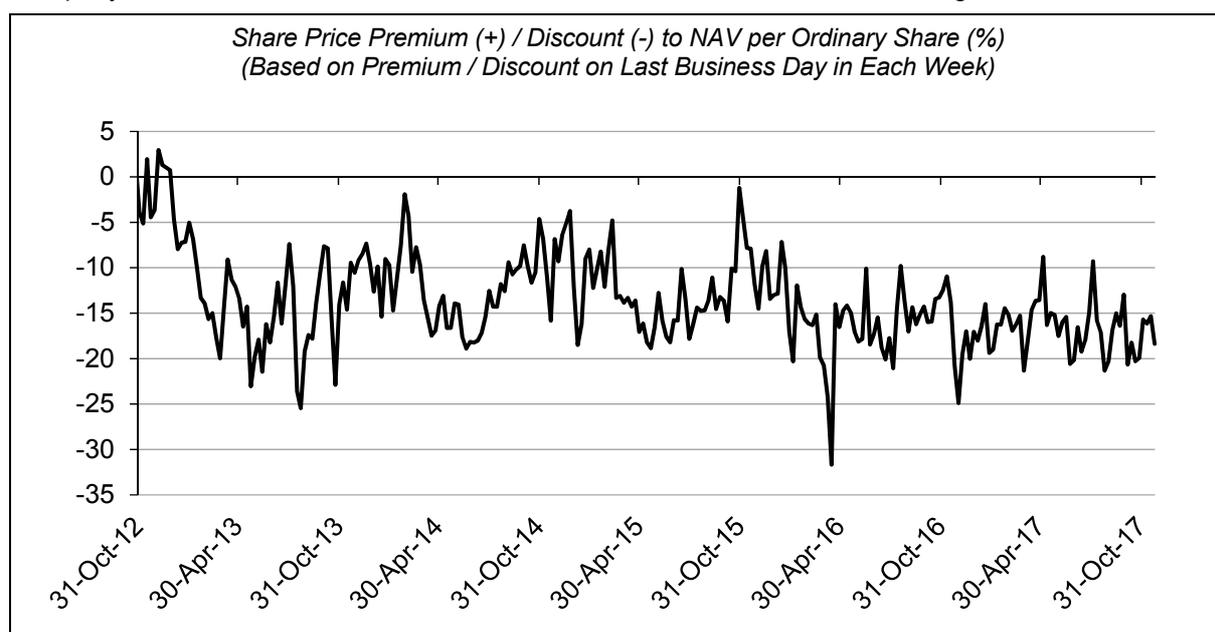
The Company has in place a prime brokerage facility with Credit Suisse AG, Dublin Branch, under which Credit Suisse may, in its sole discretion, make advances to the Company, as and when requested by the Company, which enables the Company to deploy financial gearing. As at 23 November 2017, had outstanding indebtedness of £5.5 million under such facility, which is used primarily to facilitate the short-term cash management of the Company (for example, to settle investment transactions) or to take advantage of particularly attractive investment opportunities while funds are realised from the Investment Portfolio.

## 6. Historical Performance

The Ordinary Share NAV and price total returns over various periods ended 23 November 2017 are shown in the following table. For comparative purposes, the total returns (in sterling) of the GDXJ Index, a market-cap-weighted index of global gold and silver mining companies focusing on small-caps, over the same periods are shown in the table below.

<i>Ordinary Shares - Total Returns to 23 November 2017 (%)</i>					
	<i>6 Months</i>	<i>1 Year</i>	<i>3 Years</i>	<i>5 Years</i>	<i>10 Years</i>
NAV	-10.0	-17.2	15.5	-60.4	-61.4
Share Price	-13.7	-18.2	12.0	-66.1	-70.8
GDXJ Index (in £)	-1.3	-5.6	41.9	-51.5	N/a

The price at which the Ordinary Shares have traded relative to their NAV over the period from the Company's launch in October 2006 to 23 November 2017 is shown in the following chart.



## **7. Dividend Policy**

It is not envisaged that any income derived from the Company's investments will be distributed by way of dividend. This does not preclude the Directors from declaring a dividend on the Ordinary Shares at any time in the future if they consider it appropriate to do so. To the extent that a dividend is declared, it will be paid in compliance with any applicable laws.

## **8. Further Issues of Ordinary Shares**

The Company intends to issue further Ordinary Shares pursuant to any exercise of the Subscription Share Rights and otherwise as and when it is considered by the Board appropriate to do so.

There are no provisions in Guernsey Companies Law equivalent to sections 561 to 576 (inclusive) of the UK's Companies Act 2006, which confer pre-emption rights on existing shareholders in connection with the allotment or issue of equity securities for cash. However, pursuant to the TISE Listing Rules, other than pursuant to the exercise of the Subscription Share Rights, Ordinary Shares may not be issued at a price which represents a discount of more than 10 per cent. to the middle market price (or, if higher, a price less than the NAV per Ordinary Share) unless authorised by a majority of the holders of the Ordinary Shares or offered first on a *pro rata* basis to those holders.

The proceeds from any issue of Ordinary Shares will be invested in accordance with the Company's investment objective, policy and approach.

## **9. Buy-backs of Shares**

The Directors believe that the most effective means of minimising any discount to NAV at which the Ordinary Shares may trade is to deliver strong, consistent performance from the Investment Portfolio in both absolute and relative terms. However, the Board recognises that wider market conditions and other considerations affect the rating of the Ordinary Shares and, subject to the requirements of Guernsey Companies Law, the Articles and other applicable legislation, the Board may seek to limit the level and volatility of any discount to NAV at which the Ordinary Shares may trade by the Company buying back Ordinary Shares in the market in order to address any imbalance between the supply of and demand for Ordinary Shares or to enhance the NAV per Ordinary Share.

An ordinary resolution was passed at the Company's annual general meeting on 23 May 2017 granting the Company general authority to buy-back in the market up to 15 per cent. of the Ordinary Shares in issue at a price not exceeding 5 per cent. above the average of the closing middle market quotations (as derived from Bloomberg) of an Ordinary Share for the five consecutive dealing days preceding the date on which the buy-back is made. That authority expires on 22 August 2018 or, if earlier, at the conclusion of the annual general meeting of the Company held in 2018. If GM Resolution 2 is passed at the General Meeting, the Company will be granted a general authority to buy-back in the market up to 14.99 per cent. of the Subscription Shares issued pursuant to the Bonus Issue at a price not exceeding 5 per cent. above the average of the closing middle market quotations (as derived from Bloomberg) of a Subscription Share for the five consecutive dealing days preceding the date on which the buy-back is made. That authority will expire at the conclusion of the annual general meeting of the Company held in 2018 or, if earlier, the date being 15 months from the date on which GM Resolution 2 is passed. The Directors intend to seek annual renewal of the authorities to buy-back Ordinary Shares and Subscription Shares at each annual general meeting of the Company.

In deciding whether to buy-back Shares in the market, the Directors will have regard to what they believe to be in the best interests of Shareholders as a whole and to the applicable Guernsey legal requirements which require the Directors to be satisfied on reasonable grounds that the Company will, immediately after any such buy-back, satisfy a solvency test prescribed by Guernsey Companies Law and any other requirements in its memorandum and articles of incorporation. The making and timing of any buy-backs of Shares in the market will be at the sole and absolute discretion of the Board and, accordingly, no expectation or reliance should be placed on the Directors exercising such discretion on any one or more

occasions. Any buy-backs of Ordinary Shares will only be made for cash at a discount to the NAV per Ordinary Share. Any buy-backs of Subscription Shares will only be made for cash at prices which do not adversely affect the diluted NAV per Ordinary Share.

Any Ordinary Shares bought back by the Company may be cancelled or held as treasury shares. Ordinary Shares held in treasury may be subsequently cancelled or sold for cash. The Directors do not intend to sell any Ordinary Shares held in treasury at a discount to the NAV per Ordinary Share. Any Subscription Shares bought back by the Company will be cancelled.

The Company may borrow and/or realise investments in order to finance buy-backs of Ordinary Shares.

## **10. Life**

The Company has an indefinite life.

## PART 3

### DIRECTORS, MANAGEMENT AND ADMINISTRATION

#### 1. The Directors

##### 1.1 Introduction

The Directors have overall responsibility for the Company's activities, including its investment objective, policy, strategies and performance and risk profile. However, the Company has delegated:

- (i) day-to-day investment management of its Investment Portfolio to the Manager which, with the agreement of the Board, has delegated its responsibilities to the Investment Manager; and
- (ii) its administration (including accounting and associated services) and company secretarial arrangements to the Administrator.

The Board is responsible for monitoring and reviewing the performance of the Company's key service providers, including the Manager, the Investment Manager and the Administrator.

The Board meets at least four times a year to review, in particular, the Company's activities and the performance of the Manager, the Investment Manager and the Administrator. Between formal Board meetings there is regular contact between the Directors and the Investment Manager and the Administrator.

##### 1.2 Current Directors

At the date of this document, the Company has four Directors, all of whom are non-executive and fully independent of the Manager and the Investment Manager.

**Malcolm Burne (Chairman):** Mr 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, Mr Burne 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. Mr Burne was appointed as a Director on 16 October 2006.

**Toby Birch:** Mr Birch is a non-executive director of a number of investment funds and companies, and was managing director of Guernsey Gold which merged with BullionRock in 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. Mr Birch 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 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. Mr Birch was appointed as a Director on 3 April 2014.

**Kaare Foy (Audit Committee Chairman):** Mr 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 has been heavily involved with silver and gold projects in North America, and worked with Mr Burne at the Australian Bullion Company (Pty) Limited during the 1980s. Mr Foy was appointed as a Director on 16 October 2006.

**Robert King:** Mr King is a non-executive director of a number of open- and closed-ended investment funds and companies, including Weiss Korea Opportunity Fund Limited. He was a director of Cannon Asset Management Limited and its associated companies from October 2007 to February 2011. Prior to this, Mr King 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 the structuring and administration of offshore open- and closed-ended investment funds. Mr King was appointed as a Director on 16 October 2006.

### 1.3 **Audit Committee**

The Board has appointed an audit committee, which operates within clearly defined terms of reference. The audit committee comprises all of the Directors and is currently chaired by Mr Foy. In summary, the audit committee's main functions are:

- (i) to review and monitor the effectiveness of the internal control systems and risk management systems on which the Company is reliant;
- (ii) to review and monitor the effectiveness of the Company's other third party service providers;
- (iii) overseeing the Company's relationship with the Company's external auditor and to review their proposed audit programme of work and their findings;
- (iv) approval of the remuneration and terms of engagement of the external auditor;
- (v) to develop and implement policy on the engagement of the external auditor to supply non-audit services; and
- (vi) to monitor and review annually the external auditor's independence, objectivity, effectiveness, resources and qualification.

### 1.4 **Corporate Governance**

As a Guernsey incorporated company, the Company is required to comply with the Finance Sector Code of Corporate Governance issued by the GFSC and effective from 1 January 2012 (the "**Code**").

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 TISE, is attained and maintained. The Company does not, and does not intend to, adopt the UK Corporate Governance Code.

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

### 1.5 **General**

Further information on the Directors is set out in paragraph 4 of Part 9 of this document.

## **2. Investment Management**

### 2.1 **The Manager and the Investment Manager**

CQS Cayman Limited Partnership was appointed, with effect from 15 September 2008, as the Company's investment manager to manage and invest the assets of the Company in accordance with the investment approach and strategies described in this document. CQS is part of the CQS Group, a global diversified asset manager running multiple strategies, with US\$13.9 billion assets under management (including mandates with discretionary management, sub-investment discretionary management, investment advice, collateral management and intermediation) as at 31 October 2017.

CQS has delegated its investment management and advisory functions, powers, authorities, duties and discretions to CQS (UK) LLP, trading as New City Investment Managers, but has retained overall responsibility for all acts or omissions of NCIM carried out as a consequence of such delegation. NCIM also acts as the Company's AIFM. As at 31 October 2017, NCIM had

assets under management of £415.9 million on behalf of four closed-ended investment companies, three of which (including the Company) focus on natural resources whilst the fourth focuses on the high yield sector. NCIM's investment team of three fund management professionals have a wealth of experience across the natural resources and high yield sectors and is supported by the broader CQS Group. NCIM is authorised and regulated in the UK by the FCA.

## 2.2 Co-fund Managers

The Investment Portfolio is jointly managed by Keith Watson and Robert Crayford, who also co-manage NCIM's two other natural resources investment company clients.

**Keith Watson:** Keith Watson joined NCIM in July 2013 from Mirabaud Securities where he was a senior natural resource analyst. Prior to Mirabaud, he was director of mining research at Evolution Securities. Previous to this, he was a top-ranked business services analyst at Dresdner Kleinwort Wasserstein, Commerzbank and Credit Suisse/BZW. He began his career in 1992 as a portfolio manager and research analyst at Scottish Amicable Investment Managers. Mr Watson holds a BSc (Hons) in Applied Physics from Durham University.

**Robert Crayford:** Prior to joining CQS in 2011, Rob Crayford was an analyst at the Universities Superannuation Scheme and HSBC Global Asset Management where he focussed on the resources sector. Mr Crayford is a CFA charter holder and holds a BSc in Geological Sciences from the University of Leeds.

## 2.3 Investment Management Agreement

Under the Investment Management Agreement, CQS (and NCIM, as its delegate appointed in accordance with, and as permitted by, the Investment Management Agreement and Investment Advisory Agreement) has agreed, *inter alia*, to manage, invest, realise and reinvest the Company's investments and cash in accordance with its investment policy.

CQS is entitled to an annual investment management fee, payable by the Company monthly in arrears, of 1.25 per cent. of the Company's Net Asset Value (before deduction of the month's investment management fee and after adding back any accrued performance fee). CQS is also entitled to an annual performance fee equal to 20 per cent. of the increase in the Company's Net Asset Value on the last business day in Guernsey of each calendar year above an annual hurdle for growth of 8 per cent. and subject to a "high watermark". The investment management fee and performance fee (if any) are calculated by the Administrator. CQS is responsible for any fees payable to NCIM, including in its capacity as the Company's AIFM.

The Investment Management Agreement may be terminated, without cause, by either the Company or CQS giving to the other not less than 12 months' notice.

## 2.4 Potential Conflicts of Interest

The CQS Group may be involved in investment, financial or other professional activities for its own account, for the accounts of its employees and for other the managed accounts of other clients (including investment companies) in which the Company has no interest and, on occasion, such activities may give rise to conflicts of interest with the Company. In particular, NCIM may provide investment management, investment advice or other services in relation to other clients (including investment companies) which may have a similar investment strategy to that of the Company. The CQS Group may give advice and recommend securities to other managed accounts or investment funds which may differ from advice given to, or securities recommended or bought for, the Company, even though their investment strategies may be the same or similar. In addition, but subject applicable laws and regulations and any confidentiality obligations, in providing services to clients (including investment companies), the CQS Group may use information obtained by the CQS Group which is used in managing the Company's investments. CQS and NCIM have regard to their obligations under the Investment Management Agreement to act in the best interests of the Company, so far as is practicable having regard to their obligations to other clients, when potential conflicts of interest arise. In the event of such a conflict

of interest arising, NCIM will seek to resolve it fairly. In particular, NCIM will use its reasonable efforts to ensure that the Company has the opportunity to participate in potential investments identified by NCIM which fall within the Company's investment objective and policy on the best terms reasonably obtainable at the relevant time with the aim of ensuring that the principle of best execution is attained.

Certain inherent conflicts of interest arise from the fact that NCIM carries on other investment activities in which the Company has no interest. The Investment Management Agreement does not impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunity by NCIM to the Company. NCIM's team will devote as much of their time to the activities of the Company as they deem necessary and appropriate. Neither NCIM nor any other member of the CQS Group are restricted from forming additional investment funds, from entering into other investment management or advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Company and/or may involve substantial time and resources of NCIM. These activities could be viewed as creating a conflict of interest in that the time and effort of NCIM's team will not be devoted exclusively to the business of the Company, but will be allocated between the business of the Company and the management of the monies of other clients of the Investment Manager.

The Company may, whether for the account of the Company or otherwise to the extent permitted by applicable law, engage in transactions with the Investment Manager or its affiliates.

The Investment Manager may allocate a portion of the Company's assets to portfolio investments managed by the Investment Manager or its affiliates to the extent that the Investment Manager determines, in its sole discretion, that such portfolio investments represent an appropriate investment strategy for the Company.

## 2.5 **General**

Further information on the Manager and the Investment Manager and details of the Investment Management Agreement are set out in paragraph 6.1 of Part 9 of this document.

## **3. Administration**

### 3.1 **Administrator and Company Secretary**

The Company has appointed Maitland Administration (Guernsey) Limited to provide administrative, compliance oversight and company secretarial services to the Company, including accounting and associated services. The principal business of the Administrator is the provision of fund administration services, including the provision of company secretarial, accounting and associated services.

### 3.2 **Administration Agreement**

Under the Administration Agreement, the Administrator is entitled to a fixed fee of £65,000 per annum. The Administration Agreement may be terminated by either party giving to the other not less than three months' notice.

### 3.3 **General**

Further information on the Administrator and details of the Administration Agreement are set out in paragraph 6.2 of Part 9 of this document.

## **4. Prime Brokerage (Including Custody) Arrangements**

### 4.1 **Custodian and Prime Broker**

The Company has appointed Credit Suisse AG, Dublin Branch, as custodian of its assets and, in that capacity, the Prime Broker is responsible for ensuring safe custody and dealing with settlement arrangements on behalf of the Company.

#### **4.2 Prime Brokerage Agreement**

Under the Prime Brokerage Agreement, the Prime Broker receives a monthly fee at the rate of 0.05 per cent. per annum of the Company's total assets. The Prime Broker's appointment is terminable, without cause, on 30 business days' notice given by either party.

#### **4.3 General**

Further information on the Prime Broker and details of the Prime Brokerage Agreement are set out in paragraph 6.3 of Part 9 of this document.

### **5. Depository Arrangements**

#### **5.1 Depository**

The Company has appointed INDOS Financial Limited as its depository and, in that capacity, the Depository is responsible for cash flow monitoring, safe-keeping of the Company's non-custody assets and certain oversight services in accordance with the AIFMD.

#### **5.2 Depository Agreement**

Under the Depository Agreement, the Depository receives an annual fee of 0.02% of the Company's NAV up to £150 million, 0.015% of the Company's NAV in excess of £150 million and up to £300 million and 0.015% of the Company's NAV in excess of £300 million, subject to a minimum fee of £1,400 per month. The Depository's appointment is terminable on three months' notice given by either party.

#### **5.3 General**

Further information on the Depository and details of the Depository Agreement are set out in paragraph 6.4 of Part 9 of this document.

## PART 4

### INVESTMENT PORTFOLIO

#### 1. Introduction

A statement of the Investment Portfolio as at 31 December 2016 is included in the annual report and financial statements of the Company for the year ended 31 December 2016, a copy of which can be downloaded at <http://ncim.co.uk/golden-prospect-precious-metals-ltd/>.

The information in this Part 4 is based on the unaudited valuation of the Company's assets as at 23 November 2017.

#### 2. Overview of the Investment Portfolio

As at 23 November 2017, the Investment Portfolio comprised 49 investments with an aggregate value of £26.2 million. In addition, the Company had cash balances of £1.3 million.

The following tables analyse the Investment Portfolio as at 23 November 2017 by asset class, quotation, geographical location, sector and activity.

<i>Asset Class</i>	<i>Value (£'000)</i>	<i>% of Company's Total Investments</i>
Equities	25,464	97.1
Warrants	765	2.9
<b>Total</b>	<b>26.229</b>	<b>100.0</b>

<i>Quotation</i>	<i>Value (£'000)</i>	<i>% of Company's Total Investments</i>
Listed/quoted on recognised investment exchange	25,725	98.1
Unquoted	504	2.0
<b>Total</b>	<b>26.229</b>	<b>100.0</b>

<i>Geographical Location</i>	<i>Value (£'000)</i>	<i>% of Company's Total Investments</i>
Canada	8,950	34.1
Australia	5,543	21.1
Africa	3,437	13.1
United States	1,187	4.5
Other	7,112	27.1
<b>Total</b>	<b>26.229</b>	<b>100.0</b>

<i>Sector</i>	<i>Value (£'000)</i>	<i>% of Company's Total Investments</i>
Gold	16,438	62.7
Silver	5,705	21.8
Platinum Group Metals	1,492	5.7
Other Base Metals	2,594	9.9
<b>Total</b>	<b>26.229</b>	<b>100.0</b>

<i>Activity</i>	<i>Value (£'000)</i>	<i>% of Company's Total Investments</i>
Gold / Silver		
Producers	13,212	50.4
Developers	4,784	18.2
Explorers	4,147	15.8
Platinum Group Metals	1,492	5.7
Other Base Metals	2,594	9.9
Total	26,229	100.0

### 3. Five Largest Investments

As at 23 November 2017, the Company's five largest investments by value were as set out in the following table.

<i>Investee Company</i>	<i>Country of Incorporation</i>	<i>Nature of Investment</i>	<i>Sector</i>	<i>Market Value (£'000)</i>	<i>% of Investment Portfolio</i>
West African Resources	Australia	Equity	Gold Explorer	2,632	10.0
Westgold Resources	Australia	Equity	Gold Producer	2,350	9.0
Americas Silver	Canada	Equity	Silver/Zinc Producer	2,071	7.9
Fortuna Silver Mines	Canada	Equity	Silver Producer	1,561	6.0
Independence Group	Australia	Equity	Gold Producer	1,501	5.7
Total				10,115	38.6

### 4. Exercise of Voting Rights in Respect of Investee Companies

The Board has delegated responsibility for actively monitoring the activities of Investee Companies to the Manager which has, in turn, delegated such responsibility to the Investment Manager. The Investment Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by each Investee Company, and for attending company meetings. The Investment Manager, in the absence of any explicit instruction from the Board, is empowered to use discretion in the exercise of the Company's voting rights in respect of Investee Companies. The Investment Manager's policy is to assess each voting opportunity individually and to vote only in cases where it is believed that the Company's best interests need to be protected, the underlying aim of exercising such voting rights being to protect the Company's return from its investment.

## **PART 5**

### **FINANCIAL INFORMATION**

#### **1. Introduction**

- 1.1 The Company's financial statements are prepared in accordance with IFRS (as adopted by the EU) and Guernsey Companies Law.
- 1.2 Audited annual financial statements of the Company are made up to 31 December in each year and unaudited interim financial statements are made up to 30 June in each year. The annual report and audited financial statements of the Company are sent to Shareholders as soon as practicable and in any event within six months of the relevant financial year end, and the unaudited interim financial statements of the Company are sent to Shareholders as soon as practicable and in any event within four months of the relevant half-year end.
- 1.3 Copies of the Company's annual reports and audited financial statements and interim financial statements are available on the section of NCIM's website dedicated to the Company (<http://ncim.co.uk/golden-prospect-precious-metals-ltd/>), which also contains a link to regulatory announcements (including NAV announcements) made via the TISE's website ([www.tisegroup.com/market/companies/2465?companyID=2465](http://www.tisegroup.com/market/companies/2465?companyID=2465)).
- 1.4 Save for the audited financial statements of the Company incorporated by reference into this document by paragraph 2.1 of this Part 5, none of the information in this document has been audited. Unless otherwise indicated, all unaudited financial information relating to the Company contained in this document has been extracted, without material adjustment, from the Company's internal accounting records, which are maintained by the Administrator on the Company's behalf on a basis consistent with the Company's accounting policies.

#### **2. Annual Report and Audited Financial Statements for Financial Years ended 31 December 2014, 31 December 2015 and 31 December 2016**

- 2.1 The annual report and audited financial statements of the Company for each of the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 are incorporated by reference into this document.
- 2.2 The Company's auditor for each of the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 was BDO Limited, chartered accountants and a member firm of the Institute of Chartered Accountants in England and Wales. In respect of the Company's audited financial statements for each of those years, BDO Limited gave unqualified opinions that such financial statements:
  - (i) gave a true and fair view of the state of the Company's affairs at the end of the relevant financial year and of its profit or loss for the financial year then ended;
  - (ii) had been properly prepared in accordance with IFRS (as adopted by the EU); and
  - (iii) had been properly prepared in accordance with the requirements of Guernsey Companies Law.
- 2.3 Copies of the published annual reports and audited financial statements of the Company for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 are available for inspection at:
  - (i) the address set out in paragraph 9 of Part 9 of this document; and
  - (ii) the section of NCIM's website dedicated to the Company (<http://ncim.co.uk/golden-prospect-precious-metals-ltd/>).
- 2.4 Investors should note that statements regarding current circumstances and forward-looking statements made in the Company's annual reports and audited financial statements incorporated

by reference into this document by paragraph 2.1 of this Part 5 speak as at the date of the relevant annual report and financial statements and, therefore:

- (i) such statements do not necessarily remain up-to-date at the date of this document; and
- (ii) information included in this document, to the extent applicable, automatically updates and supersedes information included in such annual reports and audited financial statements.

### **3. Unaudited Interim Accounts for the Six Months Ended 30 June 2017**

3.1 The unaudited interim accounts of the Company for the six months ended 30 June 2017 are incorporated by reference into this document.

3.2 Copies of the unaudited interim accounts of the Company for the six months ended 30 June 2017 are available for inspection at:

- (i) the address set out in paragraph 9 of Part 9 of this document; and
- (ii) the section of NCIM's website dedicated to the Company (<http://ncim.co.uk/golden-prospect-precious-metals-ltd/>).

3.3 Investors should note that statements regarding current circumstances and forward-looking statements made in the Company's unaudited interim accounts incorporated by reference into this document by paragraph 3.1 of this Part 5 speak as at the date such unaudited interim accounts and, therefore:

- (i) such statements do not necessarily remain up-to-date at the date of this document; and
- (ii) information included in this document, to the extent applicable, automatically updates and supersedes information included in such unaudited interim accounts.

### **4. No Significant or Material Adverse Changes**

As at 23 November 2017, the Company's net assets and the NAV per Ordinary Share were £22.0 million and 38.59 pence respectively, representing a decrease of 6.6 per cent. in the Company's net assets and the NAV per Ordinary Share respectively as at 30 June 2017 (being the end of the last financial period for which unaudited interim accounts of the Company have been prepared). Such decrease was primarily a result of the changes in the value of the Investment Portfolio. Save for such changes, as at 23 November 2017, there had been no significant or material adverse changes in the financial or trading position of the Company since 30 June 2017.

### **5. Indebtedness**

As at 23 November 2017, the Company had:

- (i) no debt securities of in issued or outstanding, or authorised or otherwise created but unissued;
- (ii) no term loans;
- (iii) had outstanding secured indebtedness of £5.5 million under the Prime Brokerage Agreement and, save for such indebtedness, no guaranteed or unguaranteed, secured or unsecured borrowings or debt;
- (v) had no mortgages or charges; and
- (vi) had no contingent liabilities or guarantees.

### **6. Working Capital**

The Directors are of the opinion that the Company has sufficient working capital for its present requirements (that is, for at least the 12 months from the date of this document).

## **7. Operating Costs**

In addition to the investment management and performance fees, administration fees, prime brokerage fees and depositary fees referred to in paragraphs 2.3, 3.2, 4.2 and 5.2 respectively in Part 3 of this document), the Company pays all other fees, charges and expenses incurred in the operation of its business, including, without limitation:

- (i) brokers' commissions (if any) and any issue or transfer taxes chargeable in connection with its investment transactions and any other transaction charges;
- (ii) all taxes and corporate fees payable to governments or agencies;
- (iii) all out-of-pocket expenses of the Manager, the Investment Manager, the Administrator and the Depositary;
- (iv) fees, commissions (if any) and expenses for prime brokerage, corporate broking, registrar, legal, audit, tax and other professional services;
- (v) the fees and out-of-pocket expenses of the Directors and the cost of Directors' insurance;
- (vi) any borrowing costs;
- (vii) the ongoing costs of maintaining the listing of the Ordinary Shares on the TISE and the trading of the Ordinary Shares on the London Stock Exchange's SETSqx platform and enabling the Shares to be held and traded in uncertificated form;
- (viii) all promotional and marketing fees and expenses;
- (ix) the costs of preparing, printing and distributing financial and other reports, circulars, forms of proxy, listing documents and similar documents; and
- (x) the costs of holding general meetings of the Company.

## **8. Calculation and Publication of Net Asset Value**

- 8.1 The unaudited NAV per Ordinary Share is calculated as at the close of business on each business day in Guernsey and announced by the Company as soon as practicable on the following business day via the TISE's website ([www.tisegroup.com/market/companies/2465?companyID=2465](http://www.tisegroup.com/market/companies/2465?companyID=2465)) and a Regulatory Information Service.
- 8.2 The Directors have delegated calculation of the Net Asset Value to the Administrator. The NAV of the Company is calculated by the Administrator by deducting the value of the liabilities of the Company (including any accrued management fee and any accrued performance fee) from the value of the Company's assets. The Company's assets and liabilities are valued on the same basis as the calculation of the NAV for the purpose of the Company's published financial statements and, accordingly, are valued in accordance with IFRS (as adopted by the EU) and Guernsey Companies Law. The Directors may, at their discretion, permit any other method of valuation to be used if they consider that such method of valuation better reflects the relevant value and is in accordance with good accounting practice.
- 8.3 The Directors believe that it is unlikely that there will be circumstances as a result of which the calculation of the Net Asset Value would be suspended. However, if any such circumstances arose, suspension of the calculation of the NAV will be communicated to Shareholders by means of an announcement via the TISE's website ([www.tisegroup.com](http://www.tisegroup.com)) and a Regulatory Information Service. Should the calculation of the NAV be suspended for any period of time, the listed status of the securities of the Company on the TISE will be suspended.

## PART 6

### DETAILS OF THE SUBSCRIPTION SHARES

Subject to GM Resolution 1 being passed and Admission becoming effective, the Subscription Shares will be created and issued by a resolution of the Board with effect from Friday, 22 December 2017. The Subscription Shares will carry the rights set out in this Part 6, which will be binding on all holders of Subscription Shares.

#### 1. Subscription Share Rights

- 1.1 A registered holder for the time being of a Subscription Share (a "**Subscription Shareholder**") shall have a right, exercisable on an annual basis by notice to the Company in the 28 days preceding the last Business Day in November in 2018, 2019 and 2020 (each such date being a "**Subscription Date**" and the last Business Day in November 2020 being the "**Final Subscription Date**"), to subscribe in cash for one Ordinary Share at the price per Ordinary Share to be determined by the Company as being equal to the published unaudited NAV per Ordinary Share as at the close of business on Wednesday, 20 December 2017 (the "**Relevant NAV**") plus a premium as set out in the following table (the "**Subscription Share Right**").

<b>Subscription Date</b>	<b>Premium - Percentage of Relevant NAV</b>
Last Business Day in November 2018	5%
Last Business Day in November 2019	10%
Last Business Day in November 2020	20%

and rounded to two decimal places (the "**Subscription Price**"), provided that:

- (i) the Subscription Price (and/or the number of Subscription Shares outstanding) will be subject to adjustment as provided in paragraph 2 of this Part 6; and
- (ii) unless the context otherwise requires, references to the Subscription Price in this Part 6 shall be deemed to be to the Subscription Price which will be payable (subject to any adjustments pursuant to paragraph 2 of this Part 6) at the next Subscription Date.

The Relevant NAV will be calculated in accordance with the Company's accounting policies (including revenue items for the current financial year) less all prior charges and other creditors at their fair value (including the costs of the Bonus Issue). It is expected that the Subscription Price will be announced via the TISE's website ([www.tisegroup.com](http://www.tisegroup.com)) and a Regulatory Information Service on or around Thursday, 21 December 2017.

- 1.2 Subscription Shares will be issued in registered form and may be held in either uncertificated form ("**Uncertificated Subscription Shares**") or certificated form ("**Certificated Subscription Shares**"). In the case of:
- (i) Uncertificated Subscription Shares, a Subscription Shareholder's title to such Subscription Shares will be recorded in the Register as being held in such form as will by virtue of the relevant uncertificated securities rules enable the transfer of title to the Subscription Shares to be effected without a written instrument by means of a relevant electronic system (a "**Relevant Electronic System**"); and
  - (ii) Certificated Subscription Shares, a Subscription Shareholder will be entitled to a share certificate in respect of their holding of Subscription Shares.
- 1.3 Not earlier than 56 days nor later than 28 days before each Subscription Date, the Company shall give notice in writing to the holders of the outstanding Subscription Shares reminding them of their Subscription Share Rights and, in relation to any Uncertificated Subscription Shares, stating the form of Uncertificated Subscription Notice prescribed by the Directors. For the purposes of this Part 6, an "**Uncertificated Subscription Notice**" shall mean a properly authenticated dematerialised instruction and/or other instruction or notification received by the Company (or by such person as it may require for these purposes) in such form and subject to such terms and conditions as may from

time to time be prescribed by the Directors (subject always to the regulations, facilities, rules and requirements of the Relevant Electronic System).

- 1.4 The Subscription Share Rights which are conferred by any Uncertificated Subscription Shares on the relevant Subscription Date shall be exercisable, in whole or in part, and treated by the Company as exercised on the relevant Subscription Date if, during the period of 28 days ending on the relevant Subscription Date (and, in any case, not later than 5.00 p.m. on that date):
- (i) an Uncertificated Subscription Notice is received; and
  - (ii) a remittance for the aggregate Subscription Price for the Ordinary Shares in respect of which the Subscription Share Rights are being exercised is received by the Company (or by such person as it may require for these purposes).

The Directors may, in addition but subject to the regulations, facilities, rules and requirements of the Relevant Electronic System, determine when any such Uncertificated Subscription Notice and any such remittance is to be treated as received by the Company (or by such person as it may require for these purposes). Without prejudice to the generality of the foregoing, the effect of the Uncertificated Subscription Notice may be such as to divest the holder of the Subscription Shares concerned of the power to transfer such Subscription Shares to another person.

Once lodged, an Uncertificated Subscription Notice shall be irrevocable save with the consent of the Directors. For an Uncertificated Subscription Notice to be effective, compliance must also be made with any statutory and regulatory requirements for the time being applicable.

- 1.5 In order to exercise, in whole or in part, the Subscription Share Rights which are conferred by any Certificated Subscription Shares, the Subscription Shareholder must lodge the relevant Subscription Share certificate(s) (or such other document(s) as the Directors may, in their absolute discretion, accept) at the office of the Registrar during the period of 28 days ending on the relevant Subscription Date (and, in any case, not later than 5.00 p.m. on that date), having completed the notice of exercise of Subscription Share Rights thereon (or by giving such other notice of exercise of Subscription Share Rights as the Directors may, in their absolute discretion, accept) (a "**Certificated Subscription Notice**"), accompanied by a remittance for the aggregate Subscription Price for the Ordinary Shares in respect of which the Subscription Share Rights are being exercised. The Directors may accept as valid Certificated Subscription Notices which are received after the relevant Subscription Date provided they are accompanied by the correct remittance, as described above.

Once lodged, a Certificated Subscription Notice shall be irrevocable save with the consent of the Directors. For a Certificated Subscription Notice to be effective, compliance must also be made with any statutory and regulatory requirements for the time being applicable.

- 1.6 Each Uncertificated Subscription Notice and Certificated Subscription Notice will be deemed to contain a representation that, at the time of submission to the Company, the holder of the Subscription Shares concerned is not a US Person (as defined in sub-paragraph (ii) below) or a person in Australia, Canada, Japan, New Zealand, the Republic of South Africa or any EEA State (other than the UK) or, if they are such a person, their exercise of Subscription Share Rights is permitted by, and will not infringe, the securities laws of the relevant jurisdiction.

Without prejudice to the generality of the final sentences of paragraphs 1.4 or 1.5 of this Part 6, the exercise of Subscription Share Rights by any holder of Subscription Shares who is a US Person or a person in Australia, Canada, Japan, New Zealand, the Republic of South Africa or any EEA State (other than the UK) or the right of such a holder to receive the Ordinary Shares falling to be issued to them following the exercise of their Subscription Share Rights will be subject to such requirements, conditions, restrictions, limitations or prohibitions as the Company may at any time impose, in its sole discretion, for the purpose of complying with (or for avoiding any requirement which would otherwise arise to comply with) the securities laws of the United States (including, without limitation, the US Securities Act, the US Investment Company Act of 1940 and

any rules or regulations promulgated under such Acts) or the laws of Australia, Canada, Japan, New Zealand, the Republic of South Africa or any EEA State (other than the UK).

For the purpose of this paragraph 1.6:

- (i) references to **"holders"** of Subscription Shares will be deemed to include both the registered holder and any beneficial owner of such Subscription Shares;
- (ii) **"US Person"** means any person or entity defined as such in Rule 902(o) under the US Securities Act and, without limiting the generality of the foregoing, includes a natural person resident in the United States, a corporation, partnership or other entity created, organised or incorporated under the laws of the United States (including any State thereof) and an estate or trust if any executor, administrator or trustee is a US Person, but shall not include a branch or agency of a US Person located outside the United States if such agency or branch operates for valid business reasons and is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and
- (iii) **"United States"** means the United States of America (including the States thereof and the District of Columbia), its territories and possessions or other areas subject to its jurisdiction.

- 1.7 Unless the Directors otherwise determine or unless the regulations, facilities, rules or requirements of the Relevant Electronic System otherwise require, Ordinary Shares issued on the exercise of any Subscription Share Rights shall be issued in uncertificated form where such Subscription Share Rights were conferred by Uncertificated Subscription Shares and in certificated form where such Subscription Share Rights were conferred by Certificated Subscription Shares.
- 1.8 Ordinary Shares issued pursuant to the exercise of Subscription Share Rights which are conferred by any Uncertificated Subscription Shares will be allotted within 10 Business Days of the relevant Subscription Date. The Ordinary Shares resulting from the exercise of the Subscription Share Rights shall be allotted with effect from the date of their allotment (and not the date upon which the Uncertificated Subscription Notice is given in accordance with paragraph 1.4 of this Part 6). The Company shall procure that the appropriate instructions are given to enable such Ordinary Shares to be credited in uncertificated form to the relevant account within the Relevant Electronic System of the person(s) in whose name(s) the Subscription Shares in respect of which Subscription Share Rights have been exercised were registered as at the date of such exercise or (subject as provided by law, to the payment of stamp duty reserve tax or any other tax as may be applicable, to such terms and conditions as the Directors may from time to time prescribe for this purpose and to the regulations, facilities, rules and requirements of the Relevant Electronic System) to such other person(s) (not being more than four in number) as may be named in the properly authenticated dematerialised instruction and/or other instruction or notification in such form.
- 1.9 Ordinary Shares issued pursuant to the exercise of Subscription Share Rights which are conferred by any Certificated Subscription Shares will be allotted within 10 Business Days of the relevant Subscription Date. The Ordinary Shares resulting from the exercise of the Subscription Share Rights shall be allotted with effect from the date of their allotment (and not the date upon which the Certificated Subscription Notice is given in accordance with paragraph 1.5 of this Part 6). Certificates in respect of such Ordinary Shares, together, if applicable, with a new certificate for the balance of any Certificated Subscription Shares in respect of which the Subscription Share Rights have not been exercised, will be despatched (at the risk of the person(s) entitled thereto) not later than 28 days after the relevant allotment date to the person(s) in whose name(s) the Subscription Share is/are registered at the date of exercise (and, if more than one, to the first-named, which shall be sufficient despatch for all) or (subject as provided by law, to the payment of stamp duty reserve tax or any other tax as may be applicable and to such terms and conditions as the Directors may from time to time prescribe for this purpose) to such other person(s) (not being more than four in number) as may be named in the form of nomination available for the purpose from the Registrar (and, if more than one, to the first-named, which shall be sufficient despatch for all).

- 1.10 Ordinary Shares allotted pursuant to the exercise of Subscription Share Rights will not rank for any dividends or other distributions declared, paid or made on the Ordinary Shares by reference to a record date prior to the relevant Subscription Date but, subject thereto, will rank in full for all dividends and other distributions declared, paid or made on the Ordinary Shares and otherwise will rank *pari passu* in all other respects with the Ordinary Shares in issue at the relevant Subscription Date.
- 1.11 For so long as the Ordinary Shares are admitted to listing on the TISE and to trading on the London Stock Exchange's SETSqx platform, the Company will apply:
- (i) to the TISEA for the Ordinary Shares allotted pursuant to any exercise of Subscription Share Rights to be admitted to listing on the TISE; and
  - (ii) to the London Stock Exchange for such Ordinary Shares to be admitted to trading on SETSqx;
- and the allotment of Ordinary Shares resulting from any exercise of Subscription Share Rights will be subject to such admissions becoming effective.
- 1.12 If, immediately after any Subscription Date (other than the Final Subscription Date) and after giving effect to any Subscription Share Rights exercised on that date, Subscription Share Rights shall have been exercised or cancelled in respect of 75 per cent. or more of the Subscription Shares originally issued pursuant to the Bonus Issue (subject to the adjustment of the number of Subscription Shares in accordance with paragraph 2 of this Part 6), the Company shall be entitled within 14 days thereafter to serve notice in writing on the holders of the Subscription Shares then outstanding of its intention to appoint a trustee for the purposes of this paragraph 1.12 (the "**Early Subscription Trustee**") on the expiry of the period beginning on the date of such notice and expiring at 5.00 p.m. on the twenty-first day from such date (the "**Notice Period**"). Such notice shall in its terms give the holders of the Subscription Shares so outstanding a final opportunity to exercise their Subscription Share Rights in the manner set out at paragraphs 1.4 and 1.5 (as appropriate) of this Part 6 before the expiry of the Notice Period and will include all necessary details and instructions to enable such exercise. Forthwith after the expiry of the Notice Period, the Company shall appoint the Early Subscription Trustee who, provided that, in their opinion, the net proceeds of sale after deduction of all costs and expenses incurred by, and any fee payable to, them will exceed the costs of exercising the Subscription Share Rights, shall within the period of 14 days following the expiry of the Notice Period either:
- (i) exercise all (or such proportion as they may in their absolute discretion determine) of the Subscription Share Rights which shall not have been exercised on the terms on which the same could have been exercised immediately prior to the expiry of the Notice Period if they had been exercisable and had been exercised (having taken into account any adjustments previously made pursuant to paragraph 2 of this Part 6) and sell in the market the Ordinary Shares resulting from such exercise; or
  - (ii) if it appears to the Early Subscription Trustee that doing so is likely to realise greater net proceeds for Subscription Shareholders, accept any offer available to Subscription Shareholders for the purchase of:
    - (a) the outstanding Subscription Shares (or such proportion of such Subscription Shares as the Early Subscription Trustee may in their absolute discretion determine); and/or
    - (b) Ordinary Shares resulting from the exercise of the Subscription Share Rights in respect of the outstanding Subscription Shares (or such proportion of such Ordinary Shares as the Early Subscription Trustee may in their absolute discretion determine).

The Early Subscription Trustee shall distribute *pro rata* the net proceeds of any such sale or acceptance of any such offer less, in either case, such costs of exercising the Subscription Share Rights and such other fees, costs and expenses to the persons entitled thereto (being, regardless of whether the Early Subscription Trustee has exercised all or only a proportion of the unexercised Subscription Share Rights or has accepted any offer for purchase of all or only a proportion of the

outstanding Subscription Shares or Ordinary Shares resulting from the exercise of such Subscription Share Rights, all holders of the Subscription Shares outstanding immediately prior to such exercise or acceptance) at the risk of such persons as soon as practicable after such sale and in any event within 28 days after the expiry of the Notice Period, provided that entitlements of under £5.00 shall be retained for the benefit of the Company.

If the Early Subscription Trustee shall not exercise all of the Subscription Share Rights or sell all of the Subscription Shares within the period of 14 days following the expiry of the Notice Period (and their decision in respect thereof shall be final and binding on all holders of outstanding Subscription Shares), all remaining Subscription Share Rights shall lapse on the expiry of such period of 14 days and all outstanding Subscription Shares shall be converted into Deferred Shares.

- 1.13 Within seven days following the Final Subscription Date, the Company shall appoint a trustee (the "**Final Subscription Trustee**") who, provided that, in their opinion, the net proceeds of sale after deduction of all costs and expenses incurred by, and any fee payable to, them will exceed the costs of exercising the Subscription Share Rights, shall within the period of 14 days following such Final Subscription Date either:
- (i) exercise all (or such proportion as they may in their absolute discretion determine) of the Subscription Share Rights which shall not have been exercised on the terms on which the same could have been exercised on the Final Subscription Date (having taken into account any adjustments previously made pursuant to paragraph 2 of this Part 6) and sell in the market the Ordinary Shares resulting from such exercise; or
  - (ii) if it appears to the Final Subscription Trustee that doing so is likely to realise greater net proceeds for Subscription Shareholders, accept any offer available to Subscription Shareholders for the purchase of:
    - (a) the outstanding Subscription Shares (or such proportion of such Subscription Shares as the Final Subscription Trustee may in their absolute discretion determine); and/or
    - (b) Ordinary Shares resulting from the exercise of the Subscription Share Rights in respect of the outstanding Subscription Shares (or such proportion of such Ordinary Shares as the Final Subscription Trustee may in their absolute discretion determine).

The Final Subscription Trustee shall distribute *pro rata* the net proceeds of any such sale or acceptance of any such offer less, in either case, such costs of exercising the Subscription Share Rights and such other fees, costs and expenses to the persons entitled thereto (being, regardless of whether the Final Subscription Trustee has exercised all or only a proportion of the unexercised Subscription Share Rights or has accepted any offer for purchase of all or only a proportion of the outstanding Subscription Shares or Ordinary Shares resulting from the exercise of such Subscription Share Rights, all holders of the Subscription Shares outstanding immediately prior to such exercise or acceptance) at the risk of such persons as soon as practicable after such sale and in any event within 28 days after the expiry of the Final Subscription Date, provided that entitlements of under £5.00 shall be retained for the benefit of the Company.

If the Final Subscription Trustee shall not exercise all of the Subscription Share Rights or sell all of the Subscription Shares within the period of 14 days following the Final Subscription Date (and their decision in respect thereof shall be final and binding on all holders of outstanding Subscription Shares), all remaining Subscription Share Rights shall lapse on the expiry of such period of 14 days and all outstanding Subscription Shares shall be converted into Deferred Shares.

- 1.14 Neither any Compulsory Exercise Trustee nor any Final Subscription Trustee shall have any liability of any nature whatsoever where they have acted honestly and reasonably and shall have no responsibility for the safe custody of, or to earn any interest on, any unpaid or unclaimed money.

## **2. Adjustment of Subscription Share Rights**

The Subscription Price (and/or the number of Subscription Shares outstanding) shall be adjusted from time to time in accordance with the provisions of this paragraph 2:

2.1 If and whenever there shall be an alteration on a date (or by reference to a record date) on or before the Final Subscription Date in the nominal amount of the Ordinary Shares as a result of a consolidation or sub-division, the Subscription Price in force immediately prior to such alteration shall be adjusted by multiplying it by a fraction of which:

- (i) the numerator shall be the nominal amount of one such Ordinary Share immediately after such alteration; and
- (ii) the denominator shall be the nominal amount of one such Ordinary Share immediately prior to such alteration;

and such adjustment shall become effective on the date the alteration takes effect.

2.2 If and whenever the Company shall allot to holders of Ordinary Shares any Ordinary Shares credited as fully paid by way of capitalisation of reserves or profits (other than Ordinary Shares paid up out of distributable reserves and issued in lieu of a cash dividend) on a date (or by reference to a date) on or before the Final Subscription Date, the Subscription Price in force immediately prior to such allotment shall be adjusted by multiplying it by a fraction of which:

- (i) the numerator shall be the aggregate nominal amount of the Ordinary Shares in issue immediately before such allotment; and
- (ii) the denominator shall be the aggregate nominal amount of the Ordinary Shares in issue immediately after such allotment;

and such adjustment shall become effective as at the date of allotment of such Ordinary Shares (or, if later, the date, or last date, on which any conditions to which such allotment is subject, are satisfied or waived).

2.3 If on a date (or by reference to a record date) on or before the Final Subscription Date, the Company makes any offer or invitation (whether by way of rights issue, open offer or otherwise but not being an offer made in connection with scrip dividend arrangements) to the holders of the Ordinary Shares (subject to such exclusions as may be necessary to deal with legal, regulatory or practical problems in any jurisdiction) to subscribe for new Ordinary Shares or for securities convertible into or exchangeable for Ordinary Shares or conferring rights to subscribe for Ordinary Shares, or any offer or invitation (not being an offer to which paragraph 3.7 of this Part 6 applies) is made to such holders otherwise than by the Company, then the Company shall, so far as it is able, procure that at the same time the same offer or invitation is made to the then Subscription Shareholders as if their Subscription Share Rights had been exercisable and had been exercised on the date immediately preceding the record date for such offer or invitation on the terms (subject to any adjustment made previously pursuant to paragraphs 2.1 to 2.6 (inclusive) of this Part 2) on which the same could have been exercised if they had been exercisable on that date, provided that, if the Directors so resolve in the case of any such offer or invitation made by the Company, or if the Directors are unable to procure that such offer or invitation is made, the Company shall not be required to procure that the same offer or invitation is made to the then Subscription Shareholders but the Subscription Price shall be adjusted:

- (i) in the case of an offer of new Ordinary Shares for subscription by way of a rights issue or open offer at a price less than the market price at the date of announcement of the terms of the offer, by multiplying the Subscription Price by a fraction of which:
  - (a) the numerator is the number of Ordinary Shares in issue on the date of such announcement plus the number of Ordinary Shares which the aggregate amount payable for the total number of new Ordinary Shares comprised in such rights issue or open offer would purchase at such market price; and

- (b) the denominator is the number of Ordinary Shares in issue on the date of such announcement plus the aggregate number of Ordinary Shares offered for subscription;

and such adjustment shall be determined by the Directors, and the Financial Adviser shall report in writing to the Directors that, in its opinion, such adjustment has been determined in all material respects in accordance with this paragraph 2.3; and

- (ii) in any other case, in such manner as the Directors shall determine, and the Financial Adviser shall report in writing to the Directors that, in its opinion, such adjustment as so determined in accordance with this paragraph 2.3 is fair and reasonable.

Any such adjustments shall become effective, in the case of sub-paragraph (i) above, as at the date of allotment of the new Ordinary Shares which are the subject of the offer or invitation and, in the case of sub-paragraph (ii) above, as at the date determined by the Directors. For the purposes of this paragraph 2.3, "market price" shall mean the average of the middle market quotations (as derived from Bloomberg) for one Ordinary Share for the five consecutive dealing days ending on the dealing day immediately preceding the day on which the market price is to be ascertained (but making an appropriate adjustment if the Ordinary Shares to be issued pursuant to the offer or invitation do not rank, on some or all of the relevant dealing days, *pari passu* as to dividends and other distributions with the Ordinary Shares in issue on those days).

2.4 No adjustment will be made to the Subscription Price pursuant to paragraphs 2.1, 2.2 or 2.3 of this Part 6 (other than by reason of a consolidation of Ordinary Shares as referred to in paragraph 2.1 of this Part 6) if it would result in an increase in the Subscription Price and, in any event, no adjustment will be made if such adjustment would (taken together with the amount of any adjustment carried forward under the provisions of this paragraph 2.4) be less than 1 per cent. of the Subscription Price then in force and on any adjustment the adjusted Subscription Price will be rounded to two decimal places. Any adjustment not so made and any amount by which the Subscription Price is rounded to two decimal places will be carried forward and taken into account in any subsequent adjustment pursuant to this paragraph 2.

2.5 Whenever the Subscription Price is adjusted as provided in accordance with paragraphs 2.1 to 2.4 (inclusive) of this Part 6 (other than by reason of and to reflect a consolidation of Ordinary Shares as referred to in paragraph 2.1 of this Part 6), the Company shall issue, for no payment, additional Subscription Shares to each Subscription Shareholder at the same time as such adjustment takes effect. The number of additional Subscription Shares to which a holder of Subscription Shares will be entitled shall be the number of existing Subscription Shares held by them before such adjustment multiplied by the following fraction:

$$\frac{X - Y}{Y}$$

where:

X = the Subscription Price (applicable at the next Subscription Date) immediately before such adjustment; and

Y = the Subscription Price (applicable at the next Subscription Date) immediately after such adjustment.

Fractions of Subscription Shares will not be allotted to holders of Subscription and entitlements to will be rounded down to the nearest whole number of Subscription Shares. The Company will procure that:

- (i) appropriate instructions are given to enable such additional Uncertificated Subscription Shares to be credited to the relevant account within the Relevant Electronic System of the person(s) in whose name(s) Uncertificated Subscription Shares are registered as at the date of the adjustment; and

- (ii) Subscription Share certificates relating to such additional Certificated Subscription Shares will be issued within 21 days of the said adjustment taking effect to the person(s) in whose name(s) Certificated Subscription Shares are registered as at the date of the adjustment.
- 2.6 Whenever Subscription Price is adjusted by reason of and to reflect a consolidation of Ordinary Shares as referred to in paragraph 2.1 of this Part 6, the number of Ordinary Shares for which each holder of Subscription Shares is entitled to subscribe will be reduced accordingly.
- 2.7 The Company shall give notice to holders of Subscription Shares within 28 days of any adjustment made pursuant to paragraphs 2.1 to 2.6 (inclusive) of this Part 6.
- 2.8 If a holder of Subscription Shares shall become entitled to exercise their Subscription Share Rights pursuant to paragraph 3.7 of this Part 6, the Subscription Price payable on such exercise (but not otherwise) shall be reduced by such amount as shall be determined by the Directors, and the Financial Adviser shall report in writing to the Directors that, in its opinion, such adjustment has been determined in all material respects in accordance with this paragraph 2.8 in accordance with the following formula:

$$A = (B + C) - D$$

where:

- A = the reduction in the Subscription Price;
- B = the Subscription Price which would, but for the provisions of this paragraph 2.8, be applicable (having taken into account any adjustments previously made pursuant to paragraphs 2.1 to 2.6 (inclusive) of this Part 6) if the Subscription Share Rights were exercisable on the date on which the Company shall become aware as provided in paragraph 3.7 of this Part 6;
- C = the average of the middle market quotations (as derived from Bloomberg) for one Subscription Share for the 10 consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of the offer referred to in paragraph 3.7 of this Part 6 (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made; and
- D = the average of the middle market quotations (as derived from Bloomberg) for one Ordinary Share for the 10 consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of the offer referred to in paragraph 3.7 of this Part 6 (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made;

provided that:

- (i) the Subscription Price shall be further adjusted to take account of the market value of the Subscription Shares (which shall be deemed to be equal to the value of C) having regard, *inter alia*, to the time value of money in such manner as the Directors shall determine and as the Financial Adviser shall report in writing to the Directors that, in its opinion, such further adjustment as so determined is fair and reasonable; and
- (ii) no adjustment shall be made to Subscription Price where the value of D exceeds the aggregate value of B and C in the above formula.

Any such adjustment shall become effective on the date on which the Company becomes aware that, as a result of such offer as is referred to in paragraph 3.7 of this Part 6, the right to cast a majority of the votes which may normally be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such persons or companies as are acting in concert with or controlled by the offeror as detailed in paragraph 3.7 of this Part 6. The notice required to be given by the Company pursuant to paragraph 3.7 of this Part 6 shall give details of any reduction in the Subscription Price pursuant to this paragraph 2.8.

2.9 For the purpose of determining whether paragraph 3.9 of this Part 6 shall apply and, accordingly, whether each Subscription Shareholder is to be treated as if their Subscription Share Rights had been exercisable and had been exercised as provided in that paragraph, the Subscription Price which would have been payable on such exercise (but not otherwise) shall be reduced by such amount as shall be determined by the Directors, and the Financial Adviser shall report in writing to the Directors that, in its opinion, such adjustment has been determined in all material respects in accordance with this paragraph 2.9, in accordance with the following formula:

$$A = (B - C) + D$$

where:

A = the reduction in the Subscription Price;

B = the Subscription Price which would, but for the provision of this paragraph 2.9, be applicable (subject to any adjustments previously made pursuant to paragraphs 2.1 to 2.6 (inclusive) of this Part 6) if the Subscription Share Rights were exercisable immediately before the date on which the order referred to in paragraph 3.9 of this Part 6 shall be made or on which the effective resolution referred to in that paragraph shall be passed (as the case may be);

C = the amount, as determined by the Directors, with confirmation in writing from the Financial Adviser to the Directors that, in its opinion, such determination is fair and reasonable, that each holder of an Ordinary Share would be entitled to receive on such winding-up in accordance with sub-paragraph 3.9 of this Part 6, taking into account for this purpose the Ordinary Shares that would arise on exercise of all the Subscription Share Rights and the Subscription Price that would be payable on the exercise of such Subscription Share Rights (subject to any adjustments previously made pursuant to paragraphs 2.1 to 2.6 (inclusive) of this Part 6 but ignoring any adjustment to be made pursuant to this paragraph 2.9); and

D = the value of the Subscription Shares as calculated using the standard Black-Scholes pricing formula, as amended by Merton for dividend payments (*Source: Bell Journal of Economics and Management Science Volume 4 Spring 1973*):

- (i) based on the value of the final offer for the Ordinary Shares in pence on the date on which the Company shall become aware as provided in paragraph 3.8 of this Part 6;
- (ii) taking as the stock price volatility the volatility in the market price of an Ordinary Share on a total return basis over 365 days ending on the last dealing day immediately preceding the date of the presentation of the petition for such order or of the notice convening the meeting at which such resolution shall be passed (as the case may be) or, if applicable and earlier, the date of the first announcement of the presentation of such petition or the convening of such meeting (as the case may be) or that the same is proposed,
- (iii) taking as the interest rate the gross redemption yield on 2 per cent. Treasury Gilt 2020 on an annual basis; and
- (iv) using as a yield the last annual net dividend payment (if any), in pence sterling;

provided that no adjustment shall be made to the Subscription Price where the value of C exceeds the aggregate value of B and D in the above formula.

2.10 Notwithstanding the provisions of paragraphs 2.1 to 2.9 of this Part 6 above, in any circumstances (including, without limitation, where an event which gives or may give rise to an adjustment to the Subscription Price occurs in close proximity in time to another such event) where the Directors shall consider that an adjustment to the Subscription Price provided for under such provisions should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required by such provisions or that an adjustment should take effect on a different date or with a different time from that specified in such provisions, the Company may appoint the Financial Adviser to consider and report whether for any reason whatsoever the economic result of the adjustment to be made (or of the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons

affected thereby and, if the Financial Adviser shall consider this to be the case, what adjustments (if any) should be made to such provisions so as to produce an economic result which, in the opinion of the Financial Adviser, fairly and appropriately reflects the relative interests of the persons affected thereby, and in the event of any such report by the Financial Adviser the provisions of this paragraph 2 shall be deemed to be varied and take effect accordingly.

- 2.11 For the avoidance of doubt, unless the context otherwise requires, references to the Subscription Price (prior to any adjustment) in this paragraph 2 shall be the Subscription Price applicable at the next Subscription Date and each the Subscription Price applicable at any subsequent Subscription Dates shall also be adjusted in such manner as the Directors shall determine and as the Financial Adviser shall report in writing to the Directors that, in its opinion, such adjustment as so determined is fair and reasonable.

### **3. Protective Provisions**

So long as any Subscription Share Rights remain capable of exercise:

- 3.1 The Company shall not (except with the sanction of a special resolution of Subscription Shareholders):

- (i) subject to paragraph 3.11 of this Part 6, make, pay or declare any distribution of capital profits or capital reserves except by means of a capitalisation issue in the form of fully paid Ordinary Shares;
- (ii) issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares issued to the holders of its Ordinary Shares or the issue of further Subscription Shares to the Subscription Shareholders in accordance with the rights attaching to the Subscription Shares; or
- (iii) on or by reference to a record date falling within the period of six weeks ending on any Subscription Date, make any such allotment as is referred to in paragraph 2.2 of this Part 6 or any such offer or invitation as is referred to in paragraph 2.3 of this Part 6 (except by extending to the Subscription Shareholders any such offer or invitation as may be made by a third party).

- 3.2 The Company shall not (except with the sanction of an extraordinary resolution of Subscription Shareholders):

- (i) in any way modify the rights attached to its existing Ordinary Shares as a class; or
- (ii) subject to paragraph 4 of this Part 6, create or issue any new class of equity share capital except for shares which carry, as compared with the rights attached to the existing Ordinary Shares, rights which are not more advantageous as regards voting, dividend or return of capital (save as to the date from which such shares shall rank for dividends or distributions);

provided that nothing in this paragraph 3.2 shall restrict the right of the Company to increase, consolidate or sub-divide its share capital or to issue further Ordinary Shares which carry, as compared to the rights attached to the Ordinary Shares then in issue, rights which are not more advantageous as regards voting, dividends or return of capital.

- 3.3 The Company shall not issue any Ordinary Shares credited as fully paid by way of capitalisation of reserves or profits as is referred to in paragraph 2.2 of this Part 6 or make any such offer or invitation as is referred to in paragraph 2.3 of this Part 6 if, in either case, the Company would on any subsequent exercise of the Subscription Share Rights be obliged to issue Ordinary Shares at a discount to nominal value.

- 3.4 The Company shall not (except (i) with the sanction of an special resolution of Subscription Shareholders, (ii) in connection with a purchase of shares made in accordance with paragraph 3.10 of this Part 6 or (iii) for a reduction not involving any payment to Shareholders) reduce any of its share capital or any uncalled or unpaid liability in respect of any of its share capital or any of its non-distributable reserves provided that the Company shall not be restricted by this paragraph 3.4 from

reducing its share capital and from cancelling or reducing any other non-distributable reserve in connection with, or from making, any purchase of Ordinary Shares at prices below the NAV per Ordinary Share as envisaged by paragraph 3.11 of this Part 6 or Subscription Shares as envisaged by paragraph 5 of this Part 6.

- 3.5 The Company shall not allot, or grant rights to subscribe for, or convert any security into, shares in the capital of the Company to the extent that subsequent to such issue it would not have sufficient authority to allot Ordinary Shares to satisfy in full all Subscription Share Rights remaining exercisable.
- 3.6 The Company shall not (except with the sanction of an extraordinary resolution of Subscription Shareholders) grant (or offer or agree to grant) any option in respect of, or create any rights of subscription for, or issue any loan capital carrying rights of conversion into, Ordinary Shares if the price at which any such option or right is exercisable is lower than the maximum Subscription Price.
- 3.7 Subject as provided in paragraph 3.8 of this Part 6, if at any time an offer is made to all holders of Ordinary Shares (or all such holders other than the offeror and/or any company controlled by the offeror and/or person(s) acting in concert with the offeror) to acquire the whole or any part of the issued Ordinary Share capital and the Company becomes aware, on or before the Final Subscription Date, that as a result of such offer the right to cast a majority of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or any such company or person(s) as aforesaid, the Company shall give notice to the Subscription Shareholders of such vesting or pending vesting within 14 days of its becoming so aware, and each such Subscription Shareholder shall be entitled, at any time within the period of 30 days immediately following the date of such notice, to exercise their Subscription Share Rights on the terms (having taken into account any adjustments pursuant to paragraphs 2.1 to 2.6 (inclusive) and 2.8 of this Part 6) on which the same could have been exercised if they had been exercisable and had been exercised on the date on which the Company shall become so aware (and, if any part of the 30-day period referred to in this sub-paragraph 3.7 falls before the first Subscription Date, the Subscription Share Rights shall nevertheless be deemed to be exercisable during all of that period for the purposes of this paragraph 3.7 and, if any part of such period falls after the Final Subscription Date, the Final Subscription Date shall be deemed to be the last Business Day of such 30-day period). The publication of a scheme under Guernsey Companies Law providing for the acquisition by any person of the whole or any part of the issued Ordinary Share capital shall be deemed to be the making of an offer for the purposes of this paragraph 3.7 and references in this paragraph 3.7 to such an offer shall be read and construed accordingly.
- 3.8 If under any offer as referred to in paragraph 3.7 of this Part 6 the consideration shall consist solely of the issue of ordinary shares of the offeror and the offeror shall make available an offer of securities to subscribe for ordinary shares in the offeror in exchange for the Subscription Shares, which offer the Financial Adviser shall consider to be fair and reasonable (having regard to the terms of the offer, the tax treatment of such securities compared with that of the Subscription Shares and any other circumstances which may appear to the Financial Adviser to be relevant), then a Subscription Shareholder shall not have the right to exercise their Subscription Share Rights on the basis referred to in paragraph 3.7 of this Part 6 and, subject to the offer as referred to in paragraph 3.7 of this Part 6 becoming or being declared wholly unconditional and the offeror being in a position to acquire compulsorily the whole of the then issued Ordinary Share capital not already owned by it or its associates, any Director shall be irrevocably authorised as attorney for the holders of Subscription Shares who have not accepted the offer of securities to subscribe for ordinary shares in the offeror in exchange for the relevant Subscription Shares and who have not exercised the Subscription Share Rights attaching to their Subscription Shares before such offer becomes or is declared unconditional and the offeror being in a position to acquire compulsorily the whole of the then issued Ordinary Share capital not already owned by the offeror or and/or any company controlled by the offeror and/or person(s) acting in concert with the offeror:

- (i) to execute a transfer of the Subscription Shares held by such holders in favour of the offeror in consideration of the issue of securities to subscribe for ordinary shares in the offeror as aforesaid, whereupon all the Subscription Share Rights shall lapse and all outstanding Subscription Shares shall be converted into Deferred Shares which shall have the same rights referred to paragraph 9 of this Part 6; and
- (ii) to do such acts and things as may be necessary or appropriate in connection therewith.

3.9 If:

- (i) an order is made or an effective resolution is passed for winding-up the Company (except for the purpose of reconstruction, amalgamation or unitisation on terms sanctioned by an extraordinary resolution of Subscription Shareholders); and
- (ii) in such winding-up, and on the basis that all Subscription Share Rights then unexercised had been exercised in full at the Subscription Price applicable at the next Subscription Date (taking into account any adjustments pursuant to paragraphs 2.1 to 2.6 (inclusive) and 2.9 of this Part 6) and the proceeds of such exercise had been received by the Company, there shall be a surplus available for distribution amongst the holders of the Ordinary Shares, including for this purpose the Ordinary Shares which would arise on exercise of all Subscription Share Rights, which surplus would, on such basis, exceed in respect of each Ordinary Share a sum equal to such Subscription Price;

each Subscription Shareholder shall, be treated as if immediately before the date of such order or resolution (as the case may be) their Subscription Share Rights had been exercisable and had been exercised in full on the terms (subject to any adjustments pursuant to paragraphs 2.1 to 2.6 and 2.9 of this Part 6) on which the same could have been exercised if they had been exercisable and had been exercised immediately before the date of such order or resolution (as the case may be) and, accordingly, shall be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of the Ordinary Shares such a sum as they would have received had they been the holder of the Ordinary Shares to which they would have become entitled by virtue of such subscription after deducting a sum per Ordinary Share equal to the relevant Subscription Price (subject to any adjustments pursuant to paragraphs 2.1 to 2.6 and 2.9) , provided that, if in connection with such winding up the holders of the Ordinary Shares approve in accordance with the Articles:

- (a) a distribution of assets in specie to the members;
- (b) the vesting in trustees of the whole or any part of the assets of the Company on trust for the benefit of the Ordinary Shareholders or any of them;
- (c) a transfer of the whole or part of the Company's assets to another investment fund (either closed-end or open-ended) in consideration for which shares or other securities will be issued by such fund for distribution among the Ordinary Shareholders or any of them; or
- (d) any similar arrangement;

then, for the purposes of this paragraph 3.9, the sum that the Subscription Shareholder would have received had they been the holder of the Ordinary Shares to which they would have become entitled by virtue of such exercise of their Subscription Share Rights shall be such sum on such basis of valuation, and valued at such date, as the Directors shall determine, with confirmation in writing from the Financial Adviser to the Directors that each such determination is fair and reasonable. Subject to the foregoing, all Subscription Share Rights shall lapse on liquidation of the Company.

- 3.10 If at any time an offer or invitation is made by the Company to the holders of its Ordinary Shares generally for purchase by the Company of any of its Ordinary Shares (whether by tender offer or otherwise), the Company shall simultaneously give notice of such offer to the Subscription Shareholders and each Subscription Shareholder shall be entitled, at any time whilst such offer or invitation remains open for acceptance, to exercise their Subscription Share Rights on the terms (subject to any adjustments made pursuant to paragraphs 2.1 to 2.6 (inclusive) of this Part 6) on

which the same could have been exercised at the next Subscription Date following the day 21 days immediately preceding the record date for such offer or invitation and any Ordinary Shares arising on exercise of the Subscription Share Rights shall be included in the offer or invitation on the same terms and conditions as if the Ordinary Shares arising on the exercise of Subscription Shares Rights had been in issue on the record date for such offer or invitation.

- 3.11 Notwithstanding paragraphs 3.1 to 3.10 (inclusive) of this Part 6, the Company may, without the sanction of an extraordinary resolution of Subscription Shareholders:
- (i) issue new Ordinary Shares at prices representing a premium to the latest NAV per Ordinary Share;
  - (ii) purchase (whether by tender, by private treaty or through the market) any Ordinary Shares at prices below the latest NAV per Ordinary Share; and
  - (iii) hold its Ordinary Shares in treasury and sell any such Ordinary Shares held in treasury.

#### **4. Qualifying C Share Issues**

- 4.1 Notwithstanding the provisions of paragraph 3 of this Part 6, a Qualifying C Share Issue shall not constitute an alteration or abrogation of the rights attached to the Subscription Shares (and shall not require the sanction of an extraordinary resolution of Subscription Shareholders), even though it may involve modification of the rights attached to the Ordinary Shares or the creation or issue of a new class of equity share capital, if the Directors are of the opinion (having regard to all the circumstances) that such issue should not have any material dilutive effect on the fully diluted NAV per Ordinary Share.
- 4.2 For the purpose of this paragraph 4, a "**Qualifying C Share Issue**" means an issue by the Company of shares which will, within one year of the date of their issue, be converted into Ordinary Shares ranking *pari passu* in all respects with the Ordinary Shares then in issue (other than, if the case requires, as regards dividends or other distributions declared, paid or made in respect of the financial year in which the conversion takes place) and may include the issue in connection therewith of subscription shares or warrants (whether on the same terms and conditions as the Subscription Shares or otherwise) and any matters reasonably incidental to the process by which such shares are converted into Ordinary Shares, including but not limited to the creation, issue, subdivision, consolidation, redesignation, purchase, redemption or cancellation of any share capital of the Company, including share capital with preferred or deferred rights.

#### **5. Purchase**

The Company shall have the right to purchase Subscription Shares in the market, by tender or by private treaty, provided that:

- (i) in the case of any purchase of Subscription Shares in the market or by private treaty, such purchases will be limited to a maximum price per Subscription Share which (other than in the case of purchases by tender) will not exceed 5 per cent. above the average of the closing middle market quotations (as derived from Bloomberg) for a Subscription Share for the five consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made; and
- (ii) if such purchases are by tender, such tender is available to all Subscription Shareholders alike.

All Subscription Shares so purchased shall forthwith be cancelled and shall not be available for reissue or resale.

#### **6. Transfer**

Subject to any contrary provision in the Articles, each Subscription Share will be in registered form and will be transferable:

- (i) in the case of Uncertificated Subscription Shares, by giving the appropriate instructions for transfer by means of the Relevant Electronic System; and
- (ii) in the case of Certificated Subscription Shares, by an instrument of transfer in any usual or common form, or in any other form which may be approved by the Directors.

No transfer of a fraction of a Subscription Share may be effected.

## **7. Other Rights**

7.1 Subject to paragraph 3.9 of this Part 6, the Subscription Shares carry no rights:

- (i) to receive dividends or other income distributions, whether out of the revenue or other profits of the Company or otherwise; and
- (ii) to receive any payment out of the assets of the Company on a return of capital on liquidation (whether for the purpose of reorganisation, amalgamation or simple dissolution) or otherwise.

7.2 The Subscription Shareholders shall, by virtue of or in respect of their holdings of Subscription Shares, have the right to receive notice of a general meeting of the Company and to attend, speak and vote at a general meeting of the Company only if a resolution is to be proposed abrogating, varying or modifying any of the rights or privileges of the Subscription Shareholders and then only on such resolution. Whenever the Subscription Shareholders are entitled to vote at a general meeting of the Company on any resolution proposed at such a general meeting, on a show of hands every holder of Subscription Shares who is present in person or (being a corporation) by corporate representative shall have one vote and on a poll every such holder who is present in person or by proxy or (being a corporation) by corporate representative shall have one vote in respect of each Ordinary Share for which they are entitled to subscribe pursuant to the Subscription Share Rights.

7.3 Subject to paragraph 7.2 of this Part 6, whether or not the Subscription Share Rights shall have expired, the Subscription Shares shall not confer on the holders thereof the right to attend, speak or vote at any general meeting of the Company and references in the Articles to "members", "shareholders" and "holders", in relation to receiving notice of, attending or voting at general meetings of the Company (other than a separate class meeting convened in accordance with the Articles), shall be construed accordingly.

7.4 The Company will, concurrently with the issue of the same to the holders of the Ordinary Shares, send to each Subscription Shareholder (or, in the case of joint holders, to the first-named) a copy of each published annual report and audited financial statements or interim financial statements of the Company (or such abbreviated or summary financial statements as may be sent to holders of Ordinary Shares in lieu thereof), together with all other documents required by law to be annexed thereto, and a copy of every other statement, notice or circular sent by the Company to holders of Ordinary Shares.

## **8. Modification of Rights**

All or any of the rights for the time being attached to the Subscription Shares, including the terms and conditions referred to in this Part 6, may from time to time (whether or not the Company is being wound up) be altered or abrogated with the sanction of an extraordinary resolution of Subscription Shareholders.

## **9. Deferred Shares**

9.1 For the avoidance of doubt:

- (i) the Subscription Share Rights attached to a Subscription Share shall be capable of being exercised on one occasion only and with effect from the exercise of the Subscription Share Right attached to such Subscription Share such Subscription Share shall be converted into a deferred share of no par value (a "**Deferred Share**"); and

- (ii) where the Subscription Share Rights attaching to any Subscription Shares lapse in accordance with this Part 6, such Subscription Shares will be converted into Deferred Shares.

The Deferred Shares shall carry the limited rights referred to in this paragraph 9.

- 9.2 Deferred Shares shall only be issued in certificated form.
- 9.3 The Deferred Shares shall carry no rights to receive dividends or other income distributions, whether out of the revenue or other profits of the Company or otherwise.
- 9.4 The Deferred Shares shall carry no rights to receive any payment out of the assets of the Company on a return of capital on liquidation (whether for the purpose of reorganisation, amalgamation or simple dissolution) or otherwise.
- 9.5 The Deferred Shares shall not confer on the holders thereof the right to receive notice of, or to attend, speak or vote at, any general meeting of the Company and references in the Articles to "members", "shareholders" and "holders" in relation to receiving notice of, attending or voting at general meetings of the Company shall be construed accordingly.
- 9.6 Conversion of Subscription Shares into Deferred Shares in accordance with this Part 6 shall be deemed to confer an irrevocable authority on the Company to redeem (in accordance with and subject to the provisions of Guernsey Companies Law and the Articles) such shares for an aggregate consideration of 1 pence for every 1,000,000 Deferred Shares held by each registered holder thereof and, immediately upon any such conversion, the Company shall redeem all of the Deferred Shares on such terms (and the Company shall not be obliged to issue share certificates to the Deferred Shareholders in respect of the Deferred Shares and shall not be obliged to account to any Deferred Shareholder for the redemption moneys in respect of such shares and such redemption moneys shall be retained for the benefit of the Company unless such Deferred Shareholder applies to the Company in writing requesting payment of such redemption moneys within one month of such conversion and the aggregate amount of such redemption moneys is at least £5.00).

## 10. General

- 10.1 For the purposes of the rights attaching to Subscription Shares, an **"extraordinary resolution of Subscription Shareholders"** means a resolution proposed at a meeting of the Subscription Shareholders duly convened and passed by a majority consisting of not less than three-fourths of the votes cast, whether on a show of hands or on a poll.
- 10.2 For the purpose of this Part 6, the **"Financial Adviser"** shall be the independent financial adviser appointed by the Board to consider and advise and report to the Board with regard to any determination or adjustment to be made pursuant to the rights attaching to Subscription Shares. Any determination or adjustment made or reported on pursuant to the rights attaching to Subscription Shares by the Board or the Financial Adviser shall be made or reported on by them as an expert and not as an arbiter and any such determination or adjustment made or reported on by them shall be final and binding on the Company and each of the Subscription Shareholders.
- 10.3 For the avoidance of doubt, the terms on which the Subscription Share Rights are exercisable or could have been exercised on any date for the purposes of this Part 6 shall take into account, insofar as applicable, any adjustments to the Subscription Share Rights made pursuant to paragraph 2 of this Part 6.

## **PART 7**

### **TAXATION**

The information in this Part 7 is based upon current Guernsey and UK tax law and what is understood to be the current practice of HM Revenue & Customs, all of which are subject to change, possibly with retrospective effect. Such information is intended only as a general guide, is not exhaustive, does not constitute legal or tax advice and may not apply to certain Shareholders, such as dealers in securities, insurance companies, collective investment schemes or Shareholders who have (or are deemed to have) acquired their shares by virtue of an office or employment, who may be subject to special rules. They apply only to Shareholders resident for tax purposes in the UK (except in so far as express reference is made to the treatment of non-UK residents), who hold Shares as an investment rather than trading stock and who are the absolute beneficial owners of those Shares.

The information contained in this document relating to taxation matters is a summary of the taxation matters which the Directors consider should be brought to the attention of Shareholders and is based upon the law and practice currently in force and is subject to changes therein. All Shareholders, and in particular those who are in any doubt about their tax position, or who are resident, domiciled or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers on the potential tax consequences of the subscription, purchase, holding, transfer or other disposal of Shares, including exercising the Subscription Share Rights, under the laws of their country and/or state of citizenship, domicile or residence.

#### **1. Guernsey Taxation**

##### **1.1 The Company**

The Company has been granted exemption from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 as amended) by the Director of Income Tax in Guernsey for the current year. Exemption must be applied for annually and will be granted, subject to the payment of an annual fee, which is currently fixed at £1,200, provided that the Company continues to qualify under the applicable legislation for exemption. It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it continues to qualify for exempt company status for the purposes of Guernsey taxation.

As an exempt company, the Company is and will be treated as if it were not resident in Guernsey for the purposes of liability to Guernsey income tax. Under current law and practice in Guernsey, the Company will only be liable to tax in Guernsey in respect of income arising or accruing in Guernsey, other than from a relevant bank deposit. It is anticipated that no income other than bank interest will arise in Guernsey and therefore the Company will not incur any additional liability to Guernsey tax.

##### **1.2 Shareholders**

In the case of Shareholders who are not resident in Guernsey for tax purposes (and do not have a permanent establishment in Guernsey), the Company's dividends can be paid to such Shareholders without giving rise to a liability to Guernsey income tax. The Company will not be required to withhold Guernsey tax on dividends paid to such Shareholders.

Shareholders who are resident for tax purposes in Guernsey (which includes Alderney and Herm) may incur Guernsey income tax at the applicable rate on a distribution paid to them by the Company. The Company may be required to provide the Director of Income Tax in Guernsey such particulars relating to any dividend paid to Guernsey resident Shareholders as the Director of Income Tax may require, including the names and addresses of the Guernsey resident Shareholders, the gross amount of any distribution paid and the date of the payment. Provided the Company maintains its exempt status, there would currently be no requirement for the Company to withhold tax from the payment of a dividend to a Guernsey resident Shareholder.

The Director of Income Tax can require the Company to provide the name and address of every Guernsey resident who, on a specified date, has a beneficial interest in the Shares, with details of the interest.

Guernsey currently does not levy taxes upon capital inheritances, capital gains, gifts, sales or turnover, nor are there any estate duties (save for registration fees and ad valorem duty for a Guernsey Grant of Representation where the deceased dies leaving assets in Guernsey which require presentation of such a Grant).

No stamp duty is chargeable in Guernsey on the issue, transfer or redemption of Shares in the Company.

### 1.3 **Common Reporting Standard**

On 13 February 2014, the Organisation for Economic Co-operation and Development released the "Common Reporting Standard" (the "**CRS**") designed to create a global standard for the automatic exchange of financial account information. On 29 October 2014, 51 jurisdictions signed the multilateral competent authority agreement (the "**Multilateral Agreement**") that activates this automatic exchange of investor information in line with the CRS. Pursuant to the Multilateral Agreement, certain disclosure requirements may be imposed in respect of certain Shareholders who are, or are entities that are controlled by one or more, residents of any of the signatory jurisdictions. Both Guernsey and the UK have signed up to the Multilateral Agreement, but the US has not signed the Multilateral Agreement (see paragraph 1.4 below). Notwithstanding the Company's "exempt" status for Guernsey taxation purposes (see paragraph 1.1 above) it will be treated as Guernsey resident for the purposes of the CRS.

Early adopters who signed the Multilateral Agreement (including Guernsey) have pledged to work towards the first information exchanges taking place by September 2017 and both Guernsey and the UK have enacted domestic legislation to give this effect. Others are expected to follow with information exchange starting in 2018.

Potential investors should consult their own tax advisers regarding the reporting requirements referred to above. The Company may require a Shareholder to sell or transfer its Ordinary Shares if it fails to provide the Company with the information necessary to comply with the reporting requirements referred to above, or any similar reporting requirements that may be enacted.

### 1.4 **Automatic Exchange of Information Regimes**

On 13 December 2013, the Chief Minister of Guernsey signed an intergovernmental agreement with the United States. (the "**US-Guernsey IGA**") regarding the implementation of the US Foreign Account Tax Compliance Act, under which certain disclosure requirements will be imposed in respect of certain Shareholders in the Company who are, or are entities that are controlled by one or more, residents or citizens of the United States. The US-Guernsey IGA is implemented through Guernsey's domestic legislation, in accordance with guidance, which is currently published in draft form.

Potential investors should consult their own tax advisers regarding the reporting requirements referred to above. The Company may require a Shareholder to sell or transfer its Ordinary Shares if it fails to provide the Company with the information necessary to comply with the reporting requirements referred to above, or any similar reporting requirements that may be enacted.

## 2. **UK Taxation**

### 2.1 **The Company**

It is intended that the Company will be managed and controlled in such a way that it should not be resident in the UK for UK tax purposes. Accordingly, and provided that the Company does not carry on a trade in the UK (whether or not through a branch, agency or permanent establishment situated there), the Company will not be subject to UK income or corporation tax other than on certain types of UK sourced payments.

## 2.2 Shareholders

### 2.2.1 *UK Offshore Funds Rules*

The tax treatment of UK Shareholders will be affected by whether the Company is an "offshore fund". A company will be an offshore fund if, under the terms of the arrangements, a reasonable investor participating in the arrangements would expect to be able to realise all or part of an investment in the arrangements on a basis calculated entirely, or almost entirely, by reference to the net asset value of the property that is the subject of the arrangement. There are a number of exceptions in the relevant legislation which can, however, enable a company to fall outside the definition of an offshore fund.

The Directors have been advised that, under current law in force at the date of this document, the Company should not, and any separate class of Share should not, be an "offshore fund" for the purposes of UK taxation and that the legislation contained in Part 8 of the Taxation (International and Other Provisions) Act 2010 should not apply.

If the Company were to be an offshore fund then, unless the Company elects to become a "reporting fund", investors resident in the UK would be subject to tax on making a disposal or part disposal of their interests as if any disposal proceeds were income, whereas if it was not an offshore fund a disposal should result in charge to tax as capital gains. However, if the Company were to be a reporting fund, UK resident investors would be taxed on income as it arises (whether or not it is distributed). If HM Revenue & Customs' interpretation of the offshore funds legislation should change, then the advice obtained by the Company may be subject to revision.

### 2.2.2 *Base Cost of the Subscription Shares*

For the purposes of UK capital gains tax and corporation tax on chargeable gains ("**CGT**"), the receipt of the Subscription Shares arising from the Bonus Issue will be a re-organisation of the share capital of the Company. Accordingly, the Subscription Shares will be treated as the same asset as the Shareholder's holding of Ordinary Shares and as having been acquired at the same time as the Shareholder's holding of Ordinary Shares was acquired. As a result of the Bonus Issue the Shareholder's original base cost in their Ordinary Shares will be apportioned between their Ordinary Shares and the Subscription Shares by reference to their respective market values on the day on which the Subscription Shares are admitted to trading on the London Stock Exchange's SETSqx platform. That is to say, the base cost of such a Shareholder's Ordinary Shares is deemed to be the actual base cost to the Shareholder of those Ordinary Shares multiplied by a fraction whose numerator is A and whose denominator is (A+B), where A is the market value of the Ordinary Shares on the day on which the Subscription Shares are admitted to trading and B is the market value of the Subscription Shares on the same date. The base cost of the Subscription Shares is deemed to be the actual base cost of the Ordinary Shares less the deemed base cost of the Ordinary Shares calculated as described above.

On the exercise of the right to convert any Subscription Shares into Ordinary Shares, the Ordinary Shares issued pursuant to the Subscription Share Rights will be treated as the same asset as the Subscription Shares in respect of which the Subscription Share Rights are exercised. The base cost of each such Ordinary Share will be the deemed base cost of the Subscription Share that it replaces, calculated as described above, plus the applicable Subscription Price.

### 2.2.3 *Taxation of Capital Gains*

Individual Shareholders who are resident in the UK for tax purposes will generally be subject to capital gains tax at the rate of 10 per cent. if they are basic rate taxpayers or 20 per cent. if they are higher or additional rate taxpayers in respect of any gain arising on a disposal or deemed disposal of their Ordinary Shares or Subscription Shares. No indexation allowance will be available to such Shareholders. However, each individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from

all sources during the tax year in excess of this figure. The annual exemption is £11,300 for the tax year 2017-2018.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

Corporate Shareholders who are resident in the UK for tax purposes will generally be subject to corporation tax on chargeable gains arising on a disposal of their Shares, although relief, that exempts both gains and losses, is available for certain substantial shareholdings. An indexation allowance, based on the rate of UK inflation, may reduce the amount of chargeable gain that is subject to corporation tax but may not create or increase any allowable loss.

Capital losses realised on a disposal of Ordinary Shares or Subscription Shares must be set as far as possible against chargeable gains for the same tax year (or accounting period in the case of a corporate Shareholder), even if this reduces an individual Shareholder's total gain below the annual exemption. Any balance of losses is carried forward without time limit and set off against net chargeable gains (that is, after deducting the annual exemption) in the earliest later tax year. Losses cannot generally be carried back, with the exception of losses accruing to an individual Shareholder in the year of their death.

A Shareholder, disposing of all or part of their holding, resident outside the UK may also be subject to foreign taxation on capital gains under local law. It is particularly important that Shareholders who are not resident in the UK for tax purposes obtain their own tax advice concerning tax liabilities on capital gains arising from the disposal of all or part of their interests in the Company.

#### **2.2.4 Taxation of Dividends**

Under current tax law, the Company will not be required to withhold tax at source when paying a dividend.

An individual Shareholder who is resident in the UK for tax purposes and who receives a dividend from the Company will be liable to income tax based on their personal circumstances at 7.5% (the basic rate tax band), 32.5% (the higher rate tax band) or 38.1% (the additional rate tax band) on any such dividend, subject to tax free dividend allowance (being £5,000 for the tax year 2017-2018). Any such dividend, will be treated as the top slice of the individual's income for UK income tax purposes.

A corporate Shareholder who is resident in the UK or carries on a trade in the UK through a permanent establishment in connection with which its Shares are held will be subject to UK corporation tax on the gross amount of any dividends paid by the Company, unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009. It is anticipated that any dividends paid on the Shares to UK resident corporate Shareholders would generally (subject to anti-avoidance rules) fall within one of those exempt classes, however, such Shareholders are advised to consult their independent professional tax advisers to determine whether such dividends will be subject to UK corporation tax.

A Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under local law. It is particularly important that Shareholders who are not resident in the UK for tax purposes obtain their own tax advice concerning tax liabilities on dividends received from the Company.

#### **2.2.5 Stamp Duty and Stamp Duty Reserve Tax**

No UK stamp duty or stamp duty reserve tax will arise on the issue of Subscription Shares. No UK stamp duty will be payable on a transfer of Ordinary Shares or Subscription Shares provided that all instruments effecting or evidencing the transfer are not executed in the UK and no matters or actions relating to the transfer are performed in the UK.

Provided that Ordinary Shares or Subscription Shares are not registered in any register kept in the UK by or on behalf of the Company and that Ordinary Shares or Subscription Shares are not paired with shares issued by a UK-incorporated company, any agreement to transfer such shares will not be subject to stamp duty reserve tax.

#### 2.2.6 **ISAs**

The Subscription Shares and the Ordinary Shares arising on the exercise of the Subscription Share Rights should be eligible to be held in an ISA, subject to applicable annual subscription limits (£20,000 for the tax year 2017-2018). Investments held in ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in Ordinary Shares or Subscription Shares through an ISA is restricted to certain UK resident individuals aged 18 or over. The Subscription Price paid upon any exercise of the right to convert Subscription Shares into Ordinary Shares would contribute towards the annual subscription limit in the year in which the Subscription Share Right was exercised, unless the Subscription Price were paid out of cash already within the Shareholder's ISA. Sums received by a Shareholder on a disposal of Ordinary Shares or Subscription Shares would not count towards the Shareholder's annual limit; but a disposal of Ordinary Shares or Subscription Shares held in an ISA will not serve to make available again any part of the annual subscription limit that has already been used by the Shareholder in that tax year. Individuals wishing to invest in Subscription Shares through an ISA should contact their professional advisers regarding their eligibility.

#### 2.2.7 **Self-Invested Personal Pensions**

The Ordinary Shares and Subscription Shares shall constitute permitted investments for SIPPs.

## **PART 8**

### **RISK FACTORS**

An investment in the Shares carries a number of risks, including (without limitation) the risk that the entire investment may be lost. Accordingly, no assurance can be given that Shareholders will realise a profit or will avoid a loss on their investment. The Shares are only suitable for investors who understand, or who have been advised of:

- (i) the risks inherent in investing in the commodities sector;
  - (ii) the potential risk of capital loss from an investment in the Shares; and
  - (iii) the limited liquidity in the Shares and some of the Company's underlying investments;
- and for whom an investment in the Shares is part of a diversified investment portfolio and who fully understand and are willing to assume the risks involved with such an investment.

In addition to all other information set out in this document, the specific risks described below 8 should be considered with regard to an investment in the Shares. The Directors believe the risks described below, which are not set out in any particular order of priority, are the material risks relating to an investment in the Shares at the date of this document. Additional risks and uncertainties not currently known to the Directors, or that the Directors deemed immaterial at the date of this document, may also have an adverse effect on the performance of the Company and the values of the Shares. Accordingly, the risks referred to in this Part 8 do not purport to be, and should not be regarded as, exhaustive.

#### **1. Risks Relating to the Company**

##### **1.1 Investment Objective**

The investment objective of the Company is to generate above average returns for Shareholders primarily through the capital appreciation of its investments. The Company's financial condition, performance and prospects and, therefore, its ability to meet its investment objective depend on a wide variety of factors (many of which are outside its control), including, but not limited to:

- (i) general economic conditions, conditions in the financial markets and foreign currency fluctuations;
- (ii) the outlook for commodity prices;
- (iii) the availability of suitable investments and the performance of the Investment Manager in identifying, acquiring, managing and disposing of investments for the Company in accordance with the Company's investment objective, policy and strategy; and
- (iv) the performance of its Investee Companies and the price and liquidity of its investments;

Accordingly, there can be no guarantee that there will be any appreciation in the value of the Company's investments or that the Company will achieve its investment objective.

##### **1.2 Operating History**

There is no guarantee that the Company will perform in the same way as it has performed previously. Past performance is not indicative of future results.

##### **1.3 Third Party Service Providers**

1.3.1 The Company has no employees and the Directors are all non-executive. The Company therefore relies on third party service providers to perform its executive functions. In particular, the Manager, the Investment Manager and the Administrator perform services that are integral to the Company's operations and financial condition, performance and prospects. Failure by any service provider to:

- (i) carry out its obligations to the Company in accordance with the terms of its appointment;
- (ii) exercise due care and skill; or

- (ii) perform its obligations to the Company satisfactorily or at all as a result of the departure of key individuals or other causes;

could have a material adverse effect on the Company's financial condition, performance and prospects and, accordingly, on returns to Shareholders.

1.3.2 Without prejudice to the generality of paragraph 1.3.1 above, the activities of the Company are substantially dependent upon the skill, judgment and expertise of the Investment Manager, which is responsible on a day-to-day basis acquiring, managing and disposing of investments for the Company. Although the Board monitors the performance of the Investment Manager and the Company's underlying investments, the Investment Manager has significant discretion as to the implementation of the Company's investment strategies. Accordingly, the Company is heavily reliant on, and its success depends to a significant extent on, on the Investment Manager's ability to identify investment opportunities as well as to assess the import of news and events that may affect commodities markets, financial markets, and general economic conditions and/or the Company's investments.

#### 1.4 **Investment Strategies**

1.4.1 There can be no assurance that the specific investment strategies utilised for the Company will produce profitable results. Profitable investment is often dependent on anticipating trends or trading patterns. Markets subject to random price fluctuations, rather than defined trends or patterns, may generate unsuccessful investments. There have been periods in the past when the markets have been subject to limited and ill-defined price movements, and such periods may recur. Any factor which may lessen major price trends (such as governmental controls affecting the markets) may reduce the prospect for future investment profitability. Any factor which would make it difficult to enter into transactions, such as reduced liquidity or extreme market developments resulting in limit moves, could also be detrimental to profits. No assurance can be given that the techniques and strategies of the Investment Manager will be profitable in the future.

1.4.2 While the Investment Manager might develop new investment strategies in the future, any such strategies may not be thoroughly tested before being employed and may not, in any event, be successful. Were the Investment Manager to attempt to implement new strategies, the risk/reward profile of the Company could be shifted significantly towards increased levels of risk.

#### 1.5 **Other Clients of the CQS Group**

The CQS Group manage other accounts and other collective investment vehicles. These accounts may employ similar or different investment strategies, and could increase the level of competition for the same trades or positions that the Company might otherwise make, including the priorities of order entry. This could make it difficult or impossible to take or liquidate a position of a particular security at a satisfactory price. Moreover, in such situations, the Company may not be able to engage in as large a portion of a transaction as it otherwise would. The Investment Manager, its affiliates and their principals may employ investment methods, policies and strategies for their clients that differ from those under which the Company operates. Therefore, the performance of the Investment Portfolio may differ from those of other accounts managed by the CQS Group, its affiliates or their principals. Moreover, certain of the Investment Manager's principals also may invest for their own accounts.

#### 1.6 **Currency Exchange Rates**

The Company accounts for its activities, and reports its NAV, in pounds sterling while a significant proportion of its investments are made and realised in other currencies. The movement of exchange rates between pounds sterling and other currencies in which any of the Company's investments are denominated may have a material effect, unfavourable or favourable, on the Company's returns on its investments and may increase the volatility of the NAV and price of the Shares.

## 1.7 Interest Rates

Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on the Company's variable rate cash borrowings (if any).

## 1.8 Gearing

The Company may seek to enhance returns to Shareholders by borrowing funds for investment, subject to borrowings not exceeding the borrowing limit set from time to time by the Board (such limit being, as at 23 November 2017, 20 per cent. of the Company's NAV at the time of drawdown). While the use of borrowings should enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the return on the Company's underlying assets is falling (or rising at a lower rate than the cost of borrowing), thereby reducing the total return on the Ordinary Shares. As a result, the use of borrowings by the Company may increase the volatility of the NAV and price of the Shares.

## 1.9 Swap Agreements

The Company may enter into swap agreements. Swap agreements tend to shift the Company's investment exposure from one type of investment to another. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors and can take many different forms and are known by a variety of names. The Company is not limited to any particular form of swap agreement if the Investment Manager determines it is consistent with the Company's investment objective, policy and strategies. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Investment Portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to or by the Company. If a swap agreement calls for payments by the Company, the Company must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the Company.

## 1.10 Hedging Transactions

The Company may utilise financial instruments, both for investment purposes and for risk management purposes, in order to:

- (i) protect against possible changes in the market value of its Investment Portfolio resulting from fluctuations in the securities markets and changes in interest rates;
- (ii) protect the Company's unrealised gains in the value of its Investment Portfolio;
- (iii) facilitate the sale of any such investments;
- (iv) enhance or preserve returns, spreads or gains on any investment in the Investment Portfolio;
- (v) hedge the interest rate or currency exchange rate on any of the Company's liabilities or assets;
- (vi) protect against any increase in the price of any securities the Company anticipates purchasing at a later date; or
- (vii) for any other reason that the Investment Manager deems appropriate.

The success of the Company's hedging strategy (if any) will depend, in part, on the Investment Manager's ability correctly to assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of any hedging strategy will also be subject to the Investment Manager's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Company may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Company than if it had not engaged in such hedging

transactions. For a variety of reasons, the Investment Manager may not seek to establish a perfect correlation between the hedging instruments utilised and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Company from achieving the intended hedge or expose the Company to risk of loss. The Investment Manager might not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilisation of hedging and risk management transactions requires skills complementary to those needed in the selection of the Company's portfolio holdings.

#### **1.11 Performance Fee**

In addition to receiving an investment management fee, the Investment Manager may also receive a performance fee based on the appreciation in the Company's NAV and, accordingly, the performance fee will be calculated with regard to unrealised appreciation as well as realised gains. The performance fee may create a conflict of interest for the Investment Manager and an incentive for the Investment Manager to make investments for the Company which are riskier than would be the case in the absence of a fee based on the appreciation of the Company's NAV.

#### **1.12 Commissions, Fees and Other Operating Costs**

The Company is obliged to pay brokerage commissions and related transaction fees and costs, which can be substantial, regardless of whether its investment activities are profitable. The Company must also pay management and administration fees and other fees and expenses incurred in the operation of its business. It will be necessary for the Company to achieve gains in excess of the aggregate of such commissions, fees and expenses in order for Ordinary Shareholders to realise an increase in the NAV of their Ordinary Shares. There can be no assurance that the Company will be able to achieve such, or any, appreciation of its assets.

## **2. Risks Relating to the Company's Investments**

### **2.1 General Market Risks**

Economic recessions, downturns, and uncertainties can lead to volatility and instability in financial markets. In addition, the performance of Investee Companies and the price and liquidity of the Company's investments may be affected, substantially and either adversely or favourably, by a wide variety of other factors (many of which are outside the control of the Company and the Investment Manager), including, but not limited to:

- (i) changes in economic conditions;
- (ii) changes in industry conditions, including the competitive environment and the outlook for commodity prices;
- (iii) restricted availability of financing;
- (iv) changes in law, taxation, regulation or government policy;
- (v) foreign currency fluctuations;
- (vi) exchange controls or withholding taxes;
- (vii) stock market movements and investor perceptions;
- (viii) natural disasters, political and diplomatic events, terrorism, social unrest, civil disturbances or the outbreak of war; and
- (ix) insofar as they are affected by any of the above, the response of Investee Companies to the above.

### **2.2 Investing in Companies Associated with Exploring, Mining or Producing Precious Metals**

2.2.1 The performance of the Company will be affected by the performance of the securities of companies associated with exploring, mining or producing metals, mineral deposits and commodities, which will in turn be affected by the performance of those companies themselves. The exploration, mining and production of metals, mineral deposits and commodities involves significant uncertainties. In addition to normal business and

management risks, companies associated with exploring, mining or producing metals, minerals and commodities are subject to specific operational and geological risks and hazards, most of which are difficult to predict and are often affected by factors outside the control of the companies concerned. Such additional risks and hazards include, amongst others, issues relating to the environment, unusual or unexpected geological formations or seismic activity, the climate, the geopolitical environment, local and international regulatory requirements, licensing terms, planning permissions, industrial accidents, cave-ins, rock falls, fires, explosions, flooding, pollution, legal liabilities, the availability and reliability of plant and equipment, interruptions to power supplies, 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, the availability of suitable labour and industrial action or disputes. Such risks and hazards could result in damage to, or destruction of, metal, mineral or commodity properties or mines, or production, processing or other related facilities, personal injury or death, environmental damage, business interruption and delays in exploring, mining or producing, asset write downs, monetary losses, possible legal liability and may result in actual production differing, potentially materially, from estimates of production, whether express or implied. In addition, there is no guarantee that the estimates of quantities and grades of metals, minerals and commodities disclosed by Investee Companies will be available for extraction. There can be no assurance that the realisation of operational and geological risks and hazards by Investee Companies and the costs associated with them will not materially adversely affect the Company's financial condition, performance and prospects.

2.2.2 Investee Companies may be established or operate in jurisdictions where legal, administrative or tax uncertainties, ambiguities, inconsistencies and anomalies might arise which would not necessarily exist in the UK. In particular, difficulties might arise in seeking to obtain redress through the courts in the relevant overseas jurisdictions.

### **2.3 Manager's Due Diligence**

Before making investments, the Investment Manager conducts such due diligence as is deemed reasonable and appropriate based on the facts and circumstances applicable to each investment. There can be no assurance that due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating that investment opportunity. Any failure by the Investment Manager to identify relevant facts through the due diligence process may lead to inappropriate investment decisions, which could have a material adverse effect on the performance of the Company, the NAV and prices of the Shares.

### **2.4 Illiquid Securities**

2.4.1 The Company may invest in securities that are not readily tradable or may accumulate investment positions that represent a significant multiple of the normal trading volumes of an investment, which may make it difficult for the Company to sell its investments and may lead to volatility in the price of the Shares. Investors should not expect that the Company will necessarily be able to realise, within a period which they would otherwise regard as reasonable or at all, its investments and any such realisations that may be achieved may be at a considerably lower price than prevailing indicative share prices and the value used to calculate the NAV, thereby resulting in a decrease in the NAV.

2.4.2 The Company may invest in restricted securities for which there is no established resale market, including non-publicly traded securities. The Company might only be able to liquidate these positions at disadvantageous prices, thereby resulting in a diminution in the Company's NAV. Further, companies whose securities are not publicly traded will generally not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

### **3. Risks Relating to the Shares**

#### **3.3 Risks Relating to Both the Ordinary Shares and the Subscription Shares**

##### **3.1.1 Secondary Market Liquidity**

3.1.1.1 The Company is a closed-ended investment company. Accordingly, Shareholders have no right to have their Shares redeemed or bought back by the Company at any time and, therefore, Shareholders wishing to realise their Shares will be required to dispose of them on the stock market.

3.1.1.2 Whilst the Directors retain the right to effect buy-backs of Ordinary Shares and Subscription Shares in the manner described in this document, they are under no obligation to use or seek such powers at any time and Shareholders should not place any reliance on the willingness of the Directors so to act.

3.1.1.3 The London Stock Exchange's SETSqx platform is an electronic trading platform, so that securities admitted to trading on that platform can either be traded through market makers or traded electronically. Not all London Stock Exchange member firms operate on SETSqx so that there may be no market makers in the Shares on SETSqx and, if there are no market makers, the Shares will have to trade electronically, such that a London Stock Exchange member firm will have to make an order on behalf of a Shareholder and wait for it to match electronically. The Company and the Investment Manager will seek to ensure that there are market makers making price quotations in the Shares, but this cannot be guaranteed.

3.1.1.4 Market liquidity in the shares of TISE-listed closed-ended investment companies whose shares are traded on SETSqx is frequently significantly inferior to the market liquidity in the shares issued by larger closed-ended investment companies that are listed on the Official List maintained by the FCA and traded on the London Stock Exchange's main market for listed securities. Therefore, notwithstanding that the Ordinary Shares are, and Subscription Shares will be, admitted to trading on SETSqx, there can be no guarantee that an active secondary market in the Shares will exist or be sustained. Limited secondary market liquidity in the Shares may affect:

- (i) the price at which the Shares trade in the secondary market; and/or
- (ii) a Shareholder's ability to realise some or all of their investment and the price at which such a realisation can be affected.

Accordingly, Shareholders may be unable to realise their Shares at the quoted market price or, in the case of the Ordinary Shares, at their prevailing Net Asset Value or, in either case, at all. The secondary market liquidity of Subscription Shares may be less than the secondary market liquidity of Ordinary Shares.

##### **3.1.2 Published Share Price**

The published price of a Share is typically its mid-market price. Due to the potential difference between the mid-market price of a Share and the price at which it can be sold in the secondary market, there is no guarantee that the realisable value of a Share will reflect its published share price.

#### **3.2 Additional Risks Relating to the Ordinary Shares**

##### **3.2.1 Investment Returns**

3.2.1.1 Both the NAV and the price of the Ordinary Shares may fluctuate and may go down as well as up, sometimes rapidly and unpredictably. Accordingly, at any point in time, a holding of Ordinary Shares may be worth less than the original investment. As a result, Shareholders may not be able to realise the full value of their original investment in the Ordinary Shares.

3.2.1.2 The Company is managed to produce capital growth and not to produce any particular level of dividend. Accordingly, the level of dividends (if any) paid on the Ordinary Shares is not guaranteed and may go down as well as up.

### 3.2.2 **Rating**

The NAV per Ordinary Share will be affected by the performance of the Company's investments. As well as being affected by the NAV per Ordinary Share, the price at which the Ordinary Shares trade in the secondary market will depend on many factors, including, but not limited to:

- (i) market or economic conditions generally;
- (ii) general investor sentiment;
- (iii) the Company's actual or expected performance; and
- (iv) the interaction of supply and demand for the Ordinary Shares in the secondary market.

Accordingly, the price at which the Ordinary Shares trade in the secondary market may vary considerably from the NAV per Ordinary Share (representing either a discount or a premium to that NAV) and may fall when the NAV is rising or vice versa.

### 3.2.3 **Dilution**

3.2.3.1 The allotment of the Subscription Shares will mean that the equivalent of approximately 33.33 per cent. of the issued Ordinary Share capital is under option immediately following the Bonus Issue. On each occasion the Subscription Share Rights are exercised, this will increase the number of Ordinary Shares in issue and hence dilute the voting rights of any Ordinary Shareholders who do not exercise a corresponding proportion of the Subscription Share Rights exercised. However, if an Ordinary Shareholder continues to hold the Subscription Shares issued to them pursuant to the Bonus Issue and exercises their Subscription Share Rights before they lapse, that Ordinary Shareholder's percentage interest in the Ordinary Share capital will not ultimately be reduced below their percentage interest in the Ordinary Share capital of the Company immediately prior to the Bonus Issue (assuming the Company neither issues any Shares, other than pursuant to the exercise of Subscription Share Rights, nor buys-back any Shares whilst any Subscription Shares are in issue).

3.2.3.2 The extent of any actual dilution of the NAV per Ordinary Share on each occasion Subscription Share Rights are exercised will depend on the number of Ordinary Shares issued as a result of such exercise and the difference between the Subscription Price and the undiluted NAV per Ordinary Share prevailing at the time the new Ordinary Shares are issued pursuant to such exercise. The perceived risk of NAV dilution may cause the market price of the Ordinary Shares to reflect a lesser sensitivity to increases in the NAV per Ordinary Share than might otherwise be expected.

### 3.2.4 **Rights of Subscription Shares on Liquidation**

In the event of the winding up of the Company prior to the exercise of the Final Subscription Date, holders of Subscription Shares may receive a payment out of the assets which would otherwise be available for distribution amongst the Ordinary Shareholders.

## 3.3 **Additional Risks Relating to the Subscription Shares**

### 3.3.1 **Market Value**

The market value of a Subscription Share will be determined by market forces, including the NAV and market price of an Ordinary Share, and there is no guarantee that the Subscription Shares will have a significant market value.

### 3.3.2 **Share Price Volatility**

Subscription Shares represent a geared investment, so a relatively small movement in the market price of the Ordinary Shares may result in a disproportionately large movement, unfavourable or favourable, in the market price of the Subscription Shares. The market price of the Subscription Shares may therefore be volatile and may go down as well as up, sometimes rapidly and unpredictably.

### 3.3.3 **Link to Ordinary Shares**

Although the prices of Subscription Shares and Ordinary Shares are linked, since they share common price factors such as NAV, the price of a Subscription Share may not move in line with that of an Ordinary Share because of other factors contributing to their respective prices (for example, supply and demand) and, hence, are unlikely to change at the same time in the same manner. Furthermore, the price of a Subscription Share is affected by factors that do not affect the Ordinary Share price (for example, the remaining duration of the Subscription Share Rights).

### 3.3.4 **Position Following Final Subscription Date**

In the case of any Subscription Shares whose Subscription Share Rights have not been exercised on or before the Final Subscription Date, such Subscription Shares will cease to have any value unless a trustee appointed by the Company determines that the net proceeds of sale of the Ordinary Shares that would arise on the exercise of such rights after deduction of all the costs and expenses of sale would exceed the costs of exercise of such rights.

### 3.3.5 **Risk Factors Applicable to Ordinary Shares**

The Subscription Shares, in so far as they give an entitlement to subscribe for Ordinary Shares, are affected by the same risk factors as are applicable to the Ordinary Shares. However, although the price of the Subscription Shares is linked to the price of the Ordinary Shares, the price of a Subscription Share may not follow that of an Ordinary Share because of other factors contributing to their respective prices, for example supply and demand. Further, the price of a Subscription Share is affected by factors that do not affect the Ordinary Share price, such as the remaining duration of the Subscription Share Rights.

## **4. Taxation and Regulatory Risks**

### **4.1 United Kingdom Taxation**

4.1.1 The Directors intend that the Company will continue to be managed and controlled in such a way that it should not be resident in the United Kingdom for UK tax purposes. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom through a permanent establishment, the Company will not be subject to UK income tax or corporation tax on its profits other than on any United Kingdom source income.

4.1.2 In order to maintain its non-UK tax resident status, the Company is required to be controlled and managed outside the United Kingdom. The composition of the Board, the place of residence of the Directors and the location(s) in which the Board makes decisions will be important in determining and maintaining the tax residence status of the Company. While the Company is organised in Guernsey and at least a majority of the Directors are resident outside the United Kingdom, continued attention must be paid to ensure that major decisions are not made in the United Kingdom to avoid a risk that the Company may lose its non-UK tax resident status. As such, management errors could potentially lead to the Company being considered a UK tax resident, which would negatively affect its financial and operating results and returns to Shareholders.

### **4.2 Exchange Controls and Withholding Tax**

The Company may from time to time purchase investments that will subject the Company to exchange controls or withholding taxes in various jurisdictions. In the event that exchange

controls or withholding taxes are imposed with respect to any of the Company's investments, the effect will generally be to reduce the income received by the Company on such investments.

#### 4.3 **General Taxation Risks**

4.3.1 Representations in this document concerning the taxation of Shareholders and the Company are based on law and practice at the date of this document. These are, in principle, subject to change, possibly with retrospective effect, and Shareholders should be aware that such changes may affect the Company's ability to generate returns for Shareholders and/or the taxation of such returns to Shareholders.

4.3.2 Any change in the Company's tax status, or in taxation legislation or the taxation regime, or in the interpretation or application of taxation legislation applicable to the Company or Investee Companies could affect the value of the Company's investments, its ability to achieve its investment objective, its ability to provide returns to Shareholders and/or alter the post-tax return to Shareholders.

#### 4.4 **Alternative Investment Fund Managers Directive**

4.4.1 The Company is categorised as a non-EU AIF and is managed by an EU AIFM (as defined in the AIFMD) for the purposes of the AIFMD. The AIFMD currently allows marketing of a non-EU AIF, such as the Company, by its AIFM (i.e. the Investment Manager) or its agent under national private placement regimes where individual states so choose. The United Kingdom has adopted such a private placement regime, as have numerous other EEA States, albeit certain EEA States are subject to additional conditions imposed by national law. Such marketing will be subject to, *inter alia*:

- (i) the requirement that appropriate cooperation agreements continue to be in place between the supervisory authorities of the relevant EEA States and the GFSC;
- (ii) Guernsey not being on the Financial Action Task Force money-laundering blacklist; and
- (iii) compliance with certain aspects of the AIFMD.

Therefore, marketing into an EEA State (such as the UK) under the AIFMD is likely to involve additional compliance costs related to additional and ongoing investor disclosures and reports to regulators.

Accordingly, the ability of the Company to market the Company's securities in the EEA will depend on the relevant EEA State permitting the marketing of non-EEA managed funds, the continuing status of Guernsey in relation to the AIFMD and the Company's willingness to comply with the relevant provisions of the AIFMD and the other requirements of the national private placement regimes of individual EEA States, the requirements of which may restrict the Company's ability to raise additional capital from the issue of new Shares in one or more EEA States.

4.4.2 The AIFMD came into force in July 2013 and is untested by the regulators or the courts. Changes to the AIFMD regime or new recommendations and guidance as to its implementation may impose new operating requirements or result in a change in the operating procedures of the Company and service providers and may impose restrictions on the investment activities that the Company may engage in, and may increase the ongoing costs borne, directly or indirectly, by the Company.

Any regulatory changes arising from implementation of the AIFMD (or otherwise) that limit the Company's ability to market future issues of its Shares may materially adversely affect the market price of the Shares.

## **PART 9**

### **ADDITIONAL INFORMATION**

#### **1. Incorporation, Company Structure and Conduct of Business**

- 1.1 The Company was incorporated with limited liability in Guernsey as a closed-ended investment company under Guernsey Companies Law with registered number 45676 on 16 October 2006. The Company, which is domiciled in Guernsey, operates under Guernsey Companies Law and ordinances made thereunder. In addition, the Company is an authorised closed-ended investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law 1987 and regulated by the Guernsey Financial Services Commission. As a company whose shares are admitted to listing on the TISE, the Company is subject to the TISE Listing Rules and, as a company whose shares are admitted to trading on SETSqx, the Company is subject to the "Admission and Disclosure Standards" published by the London Stock Exchange. The Company, which is an alternative investment fund for the purposes of the AIFM Directive, is not regulated by the FCA or any other equivalent regulator in the EEA.
- 1.2 The Company has its registered office and principal place of business at 3<sup>rd</sup> Floor, 1 Le Truchot, St. Peter Port, Guernsey GY1 1WD. The Company's telephone number at its registered office is +44 (0) 1481 749 360.
- 1.3 The principal objects of the Company, which are set out in clause 3 of its memorandum of incorporation, are, amongst other things, to carry on the business of an investment-holding company.
- 1.4. There were no legal or arbitration proceedings (including any such proceedings which are threatened of which the Company is aware) which may have, or have had in the 12 months immediately preceding the date of this document, a significant effect on the Company's financial position.

#### **2. Share Capital**

- 2.1 As at 23 November 2017:
  - (i) the Company had an authorised share capital comprising 200,000,000 shares of 0.01 pence each, which, if not already issued, which may be issued in such classes and with such rights as the Directors may determine;
  - (ii) the Company had an issued share capital comprising 57,002,026 ordinary shares of 0.01 pence each, all of which were fully paid up;
  - (iii) no shares in the Company were held by the Company in treasury;
  - (iv) no person had any preferential subscription rights for any of the Company's authorised but unissued share capital of the Company; and
  - (v) no share or loan capital of the Company was under option or had been agreed, conditionally or unconditionally, to be put under option.
- 2.2 There were no changes in the issued share capital of the Company in the two years preceding the date of this document.
- 2.3 Subject to GM Resolution 1 being passed and Admission becoming effective, the Company will issue up to 28,501,013 subscription shares of no par value, pursuant to the Bonus Issue and free of consideration. The Subscription Shares will be created and issued by a resolution of the Board with effect from Friday, 22 December 2017.

### **3. Articles of Incorporation**

If the GM Resolution 1 is passed, the New Articles will be adopted in place of the Existing Articles. A summary of the principal provisions of the New Articles, including the provisions relating to the rights attaching to Ordinary Shares, is set out below.

#### **3.1 Voting Rights**

Subject to any special rights or restrictions for the time being attached to any class of share, on a show of hands every shareholder (being an individual) present in person or by proxy or (being a corporation) present by a duly authorised representative at a general meeting shall have one vote and on a poll every shareholder (being an individual) present in person or by proxy or (being a corporation) present by a duly authorised representative at a general meeting shall have one vote for each share held by them. In the case of an equality of votes on a poll, the chairman of the meeting shall have a second or casting vote in addition to any other vote he may have.

#### **3.2 Transfer of Shares**

3.2.1 The Board may implement such arrangements as it may think fit in order for any class of shares in the Company to be admitted to settlement by means of CREST. In relation to any class of shares admitted to settlement by means of CREST, no provision of the New Articles shall apply or have effect to the extent that it is in any respect inconsistent with:

- (i) the holding of shares of that class in uncertificated form;
- (ii) the transfer of title to shares of that class by means of CREST; or
- (iii) the CREST Guernsey Requirements.

Where any class of shares in the Company is for the time being admitted to settlement by means of CREST, such shares may be issued in uncertificated form in accordance with, and as provided in, the CREST Guernsey Requirements.

Title to such of the shares as are recorded on the register of members as being held in uncertificated form may be transferred only by means of CREST and as provided in the CREST Guernsey Requirements. Every transfer of shares from a CREST account of a CREST member to a CREST account of another CREST member shall vest in the transferee a beneficial interest in the shares transferred, notwithstanding any agreements or arrangements to the contrary however and whenever arising and however expressed.

The Board may only decline to register a transfer of an uncertificated share in the circumstances set out in regulations issued for this purpose under Guernsey law or such as may otherwise from time to time be adopted by the Board on behalf of the Company and of the TISE Listing Rules and the rules from time to time issued by Euroclear governing the admission of securities to and the operation of CREST and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

3.2.2 Transfers of certificated shares may be effected by an instrument of transfer in any usual form or in any other form approved by the Board, and the instrument shall be signed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid) by or on behalf of the transferee. An instrument of transfer of a share in certificated form need not be under seal.

Every instrument of transfer of a certificated share shall be left at the registered office of the Company or such other place as the Board may prescribe with the certificate of every share to be transferred and such other evidence as the Board may reasonably require to prove the title of the transferor or their right to transfer the shares and the transfer and certificate (if any) shall remain in the custody of the Board but shall at all reasonable times be produced at the request and expense of the transferor or transferee or their respective representatives. A new certificate shall be delivered free of charge to the transferee after the transfer is completed and registered on their application and when necessary a balance certificate will be delivered if required by them in writing.

The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of a certificated or uncertificated share which is not fully paid or on which the Company has a lien. In addition, the Board may refuse to register the transfer of a share unless:

- (i) it is in respect of only one class of shares;
- (ii) it is in favour of a single transferee or not more than four joint transferees; and
- (iii) it is delivered for registration to the Company's registered office or such other place as the Board may decide, accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove title of the transferor and the due execution by them of the transfer or, if the transfer is executed by some other person on their behalf, the authority of that person to do so.

If the Board refuses to register the transfer of a share, it shall, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee.

- 3.2.3 The registration of transfers may be suspended at such times and for such periods (not exceeding 30 days in any one year) as the Board may decide and either generally or in respect of a particular class of shares, except that, in respect of shares which are participating securities, the register of members shall not be closed without the consent of Euroclear.

### 3.3 Disclosure of Beneficial Interests in Shares

- 3.3.1 Where any person, alone, or in circumstances where, in accordance with the terms of the New Articles, they are acting in concert with other persons, acquires or has acquired interests in shares which (including the interests of persons with whom they are acting in concert) amount to 3.0 per cent. or more of the issued share capital of any class of the Company, such person shall, within two days following the date on which they became aware of the acquisition of such an interest, notify the Company of the existence of such interest and, so long as such interest amounts to 3.0 per cent. or more of the issued share capital of any class of shares in the Company, such person shall notify the Company of any change to their interests (including the interests of persons with whom they are acting in concert) amounting to 1.0 per cent. or more of the issued share capital of any class of the Company within two days following the date on which they became aware of such change.

- 3.3.2 The Board have the power by giving notice in writing to require any shareholder to disclose to the Company the identity of any person other than the shareholder who has any interest in the shares held by the shareholder together with the nature of that interest. If a shareholder upon whom such notice has been served fails to disclose the information required in the prescribed period, the Directors may (upon serving further notice upon the defaulting shareholder) direct that the shareholder shall, in respect of the shares concerned ("**Default Shares**") and any other shares held by the shareholder, have no right to attend or vote (either personally or by proxy) either at a general meeting of the Company or a meeting of the holders of any class of shares in the Company or to exercise any other right conferred by membership in relation to meetings of the Company or of the holders of any class of shares in the Company.

- 3.3.3 Where the Default Shares represent at least 0.25 per cent. of the class of shares concerned, the notice may additionally direct that, in respect of the Default Shares, any dividend which would otherwise be payable on such shares shall be retained by the Company without any liability to pay interest thereon and no transfer, other than:
- (i) a transfer in acceptance of a public offer made to acquire all the issued shares in the Company;
  - (ii) a sale to a party unconnected to the shareholder; or

- (iii) a sale through a recognised investment exchange (as defined in FSMA), TISE or any other stock exchange on which the Company's shares are listed or normally traded;

shall be registered unless the shareholder is not themselves in default or, when presented for registration, the transfer is accompanied by a certificate by the shareholder in a form satisfactory to the Board stating that no person in default is interested in any of the shares the subject of the transfer.

### 3.4 Dividends

3.4.1 Subject to Guernsey law, the Company may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by the Board.

3.4.2 The Board may declare and pay such interim dividends as appear to it to be justified by the position of the Company.

3.4.3 Except as otherwise provided by the rights attached to shares in the Company, a dividend shall be declared and paid according to the amounts paid on the shares in respect of which the dividend is paid. The Board may deduct from any dividend payable to any shareholder all sums of money presently payable from them to the Company on account of calls or otherwise. Dividends unclaimed for a period of 12 years after having been declared or become due for payment shall be forfeited and shall revert to the Company.

3.4.4 The Company may, upon the recommendation of the Board, by ordinary resolution, direct that payment of a dividend may be satisfied wholly or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company.

3.4.5 The Board may, with the authority of an ordinary resolution of the Company, offer any holders of any particular class of shares the right to elect to receive further shares of that class, credited as fully paid, instead of cash in respect of all (or some part) of any dividend specified by the ordinary resolution.

### 3.5 Distribution of Assets on a Winding-up

3.5.1 If the Company is wound up, the surplus assets remaining after payment of all creditors shall be divided *pari passu* among the shareholders in proportion to their holdings of shares, subject to the rights of any shares which may be issued with special rights or privileges.

3.5.2 If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders *in specie* the whole or any part of the assets of the Company and whether or not the assets shall consist of property of a single kind and may for such purposes set such value as they deem fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the shareholders or different classes of shareholders. The liquidator may with the like authority vest any part of the assets in trustees upon such trusts for the benefit of shareholders as the liquidator with the like authority shall think fit and the liquidation of the Company may be closed and the Company dissolved but so that no shareholder shall be compelled to accept any shares or other assets in respect of which there is any outstanding liability.

3.5.3 Where the Company is proposed to be or is in course of being wound up and the whole or part of its business or property is proposed to be transferred or sold to another company (the "**transferee**") the liquidator may, with the sanction of an ordinary resolution conferring either a general authority on the liquidator or an authority in respect of any particular arrangement, receive, in compensation or part compensation for the transfer or sale, shares, policies or other like interests in the transferee for distribution among the shareholders or may enter into any other arrangement whereby the shareholders may, in lieu of receiving cash, shares, policies or other like interests, or in addition thereto, participate in the profits of or receive any other benefits from the transferee.

### 3.6 **Changes in Share Capital**

3.6.1 The Company may by ordinary resolution:

- (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (ii) sub-divide all or any of its shares into shares of smaller amount;
- (iii) cancel any shares which at the date of the resolution have not been taken or agreed to be taken by any person;
- (iv) convert all or any fully paid shares into stock and reconvert that stock into paid up shares of any denomination; and
- (v) convert all or any fully paid shares the nominal amount of which is expressed in a particular currency into fully paid shares of a nominal amount of a different currency, the conversion being effected at the rate of exchange (calculated to not less than three significant figures) current on the date of the resolution or on such other date as may be specified therein.

3.6.2 The Company may from time to time, subject to the provisions of Guernsey law, purchase its own shares in any manner authorised by Guernsey law. The Company may hold any shares purchased by it as treasury shares.

### 3.7 **Variation of Rights**

If at any time the share capital of the Company is divided into different classes, the rights attached to any class may be varied in such manner as may be provided by such rights or, in the absence of such provision, either with the consent in writing of the holders of not less than three-quarters of the capital committed or agreed to be committed in respect of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class. The quorum at such meeting shall be two persons holding or representing by proxy at least one-third of the capital committed or agreed to be committed in respect of the issued shares of the class in question.

### 3.8 **General Meetings**

3.8.1 Annual general meetings are and shall be held at least once in each calendar year and shall be convened by the Board at such time and in Guernsey or such other place as it thinks fit. General meetings shall not be held in the United Kingdom.

3.8.2 The Board may convene a general meeting whenever it thinks fit. The Directors must, on the requisition in writing of one or more shareholders representing not less than one-tenth of the issued share capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene a general meeting. The requisition shall be dated and state the object of the meeting and shall be signed by the requisitionists and deposited at the registered office of the Company and may consist of several documents in like form each signed by one or more of the requisitionists. If the Board does not proceed to cause a meeting to be held within 21 days from the date of the requisition being so deposited, the requisitionists or a majority of them in value may themselves convene the meeting. Any meeting convened by requisitionists shall be convened in the same manner (as nearly as possible) as that in which meetings are convened by the Board.

3.8.3 A general meeting shall be called by not less than 21 days' notice. The notice of meeting shall be given to all the shareholders entitled to receive notices in accordance with the New Articles.

3.8.4 The quorum for a general meeting is two shareholders present in person or by proxy.

### 3.9 **Directors**

#### 3.9.1 **Number and Residency**

Unless and until the Directors shall otherwise determine, the number of Directors shall not be less than two. At no time shall a majority of Directors be resident in the United Kingdom.

### **3.9.2 Appointment of Directors**

3.9.2.1 The Board shall have power at any time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not at any time exceed the number (if any) fixed pursuant to the Articles. Any person appointed by the Board shall hold office only until the next annual general meeting and shall then be eligible for election. Any Director who retires in accordance with this paragraph 3.9.2.1 shall not be taken into account in determining the number of Directors who are to retire by rotation at the relevant annual general meeting.

3.9.2.2 At each annual general meeting:

- (i) any Director who was elected or last re-elected a Director at or before the annual general meeting held in the third calendar year before the current year shall retire by rotation; and
- (ii) such further Directors (if any) shall retire by rotation as would bring the number retiring by rotation up to one-half of the number of Directors in office at the date of the notice of the meeting (or, if their number is not a multiple of two, the number nearest to but not greater than one half).

3.9.2.3 No person other than a Director retiring at a general meeting shall, unless recommended by the Directors, be eligible for election by the Company to the office of Director unless not less than seven nor more than forty two clear days before the date appointed for the meeting there shall have been left at the Office notice in writing signed by a Member duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election together with notice in writing signed by that person of his willingness to be elected.

3.9.2.4 The Company at the general meeting at which a Director retires may fill the vacated office by appointing a person thereto by ordinary resolution and in default the retiring Director shall, if willing to act, be deemed to have been re-appointed unless at such meeting it is expressly resolved not to fill the vacated office or a resolution for the re-appointment of such Director shall have been put to the meeting and lost. The Company at such meeting may also (subject to paragraph 3.9.2.1 above) fill up any other vacancies.

3.9.2.5 Without prejudice to the powers of the Board, the Company by ordinary resolution may appoint any person to be a Director either to fill a casual vacancy or as an additional Director, but so that the total number of Directors shall not thereby exceed the maximum number (if any) fixed by or in accordance with the Articles.

### **3.9.3 Remuneration**

3.9.3.1 The fees of the Directors for their services in the office of director shall be determined by the Board from time to time. The Directors are entitled to be repaid all reasonable expenses properly incurred by them in or about the performance of their duties as Directors, including expenses incurred in attending meetings of the Directors or of committees or general meetings.

3.9.3.2 Any Director who shall render or perform extra or special services or shall travel or go to reside in any country not the Director's usual place of residence may be paid such sum as the Board shall think fit for expenses and such remuneration (whether by way of fixed sum or percentage of profits or otherwise) as the Board may determine either in addition to or in substitution for any other remuneration which the Director may be entitled to receive.

### **3.9.4 Disqualification**

The circumstances in which a Director shall be disqualified from office include, *inter alia*, if the Director becomes bankrupt or insolvent, is prohibited by law from acting as a director,

resigns in writing or becomes resident in the United Kingdom and as a result a majority of the Directors are resident in the United Kingdom.

#### **3.9.5 Retirement and Removal**

The Directors are required to retire by rotation. There is no set age at which a Director must retire. The shareholders may vote to remove a Director from office by the passing of an ordinary resolution.

#### **3.9.6 Proceedings**

3.9.6.1 The Board may meet for the despatch of business, adjourn and otherwise regulate their meetings as it thinks fit. Questions arising at a meeting of the Board shall be decided by a majority of votes. In the case of an equality of votes, the chairman at the meeting shall not have a second or casting vote.

3.9.6.2 All meetings of the Directors shall take place outside the United Kingdom and any decision reached at any meeting held within the United Kingdom or at which a majority of United Kingdom resident Directors is present shall be invalid and of no effect.

3.9.5.3 The quorum for the transaction of the business of the Board may be fixed by the Directors and unless so fixed shall be two.

#### **3.9.7 Directors' Interests**

3.9.7.1 A Director who to his knowledge is in any way directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company shall disclose the nature of his interest at a meeting of the Board. In the case of a proposed contract, such disclosure shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration or, if the Director was not at the date of that meeting interested in the proposed contract or arrangement, at the next meeting of the Board held after he became so interested. In a case where the Director becomes interested in a contract or arrangement after it is made, disclosure shall be made at the first meeting of the Board held after the Director becomes so interested. For the purpose of the foregoing a general notice given to the Board by a Director to the effect that he is a member of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm shall be deemed to be a sufficient disclosure of interest if either it is given at a meeting of the Board or the Director takes reasonable steps to ensure that it is raised and read at the next meeting of the Board after it is given.

3.9.7.2 A Director may not vote (or be counted in the quorum) in respect of any resolution of the Board or committee of the Board concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him) is, to his knowledge, a material interest (otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company) but, in the absence of some other material interest than is mentioned below, this prohibition does not apply to a resolution concerning any of the following matters:

- (i) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;

- (iii) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiaries for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (iv) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning another company (including a member of the Group) in which he (and any persons connected with him) is interested and whether as an officer, shareholder, creditor or otherwise, if he does not to his knowledge hold an interest in shares representing 1.0 per cent. or more of either a class of the equity share capital (or of any third party company through which his interest is derived) or of the voting rights in the relevant company;
- (v) any contract, arrangement, transaction or proposal relating to an arrangement for the benefit of the employees of the Company or its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to which such arrangement relates concerning the adoption, modification or operation of a pension, superannuation or similar scheme or retirement, death or disability benefits scheme or employees' share scheme under which he may or relates to both employees and Directors of the Company (or any of its subsidiaries) and does not accord to any Director as such any privilege or advantage not accorded to the employees to which such scheme or fund relates; and
- (vi) a contract, arrangement, transaction or proposal concerning the purchase and/or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.

For the purposes of this paragraph 3.9.7.2, a person shall be treated as being connected with a Director if that person is:

- (a) a spouse, child (under the age of 18) or step child (under the age of 18) of the Director; or
- (b) an associated body corporate which is a company in which the Director alone, or with connected persons, is directly or indirectly beneficially interested in 20 per cent. or more of the nominal value of the equity share capital or is entitled (alone or with connected persons) to exercise or control the exercise of more than 20 per cent. of the voting power at general meetings; or
- (c) a trustee (acting in that capacity) of any trust, the beneficiaries of which include the Director or persons falling within sub-paragraphs (a) and (b) above excluding trustees of an employees' share scheme or pension scheme; or
- (d) a partner (acting in that capacity) of the Director or persons described in sub-paragraphs (a), (b) and (c) above.

### **3.9.8 Committees**

The Board may delegate any of its powers to committees consisting of any one or more of the Directors as it thinks fit. Such committees shall meet only outside the UK.

### **3.10 Borrowing Powers**

The Board may exercise all the powers of the Company to borrow and to give guarantees, mortgage, hypothecate, pledge or charge all or any part of its undertaking, property, assets and uncalled capital and, subject to the provisions of Guernsey law, to issue debentures, loan stock and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or any third party.

### **3.11 Issue of Shares and Sale of Treasury Shares**

- 3.11.1 The unissued shares and any treasury shares held in the Company are at the disposal of the Board, who may allot, grant options over or otherwise dispose of them on such terms and conditions and at such times as it sees fit.
- 3.11.2 The Company may, if so decided by the Board, allot and issue shares of no par value having such rights and subject to such restrictions as the Board may determine.
- 3.11.3 Any new shares in the Company shall be of such class and have such preference or priority as regards dividends, the distribution of assets or as to voting or otherwise over any other shares of any class whether then issued or not as the Board may determine. Any preference shares may, with the sanction of the Board or an ordinary resolution of the Company, be issued on terms that they are at the option of the Company or the shareholder liable to be redeemed on such terms and in such manner as the shareholders of the Company may by ordinary resolution determine or, in default, as the Directors may decide.

### **3.12 Annual Report**

A balance sheet (containing a general summary of the assets and liabilities of the Company) shall be laid before the Company at each annual general meeting. The balance sheet shall be accompanied by a report of the Directors as to the state of the Company and the amount (if any) which they recommend to be paid by way of dividend and the amount (if any) which they have carried or propose to carry to reserve. A copy of every balance sheet and of all documents annexed thereto, including reports of the Directors and the Company's auditor, shall be sent to shareholders at least 21 days before the date of the general meeting.

### **3.13 Compulsory Purchase of Remaining 10 Per Cent. of Shares after Takeover**

If as a result of any offer to acquire all the shares, or all the shares of any class or classes, of the Company the offeror has acquired not less than nine-tenths in value of the shares to which the offer relates, the offeror may give notice to the holders of any shares to which the offer relates but which the offeror has not acquired, that the offeror desires to acquire those shares, within a period of two months beginning on the date on which the offeror has acquired or contracted to acquire at least nine-tenths of the shares. Following the service of the notice, the offeror is bound to acquire the shares to which the notice relates, and if any shareholder fails to transfer such shares the Directors can authorise an individual to execute instruments of transfer and shall register the offeror as the holder of the shares.

### **3.14 Untraceable Members**

- 3.14.1 The Company shall be entitled to sell at the best price reasonably obtainable the shares of a member or any shares to which a person is entitled by transmission on death or bankruptcy if and provided that:
- (i) for a period of 12 years no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the Member or to the person so entitled to the share at his address in the register of members or otherwise the last known address given by the member or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication has been received by the Company from the member or the person so entitled provided that in any such period of 12 years the Company has paid at least three dividends whether interim or final;
  - (ii) the Company has at the expiration of the said period of 12 years by advertisement in a newspaper circulating in the area in which the address referred to in subparagraph (i) above is located given notice of its intention to sell such shares;
  - (iii) the Company has not during the period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the Member or person so entitled; and

- (iv) if any part of the share capital of the Company is quoted on any stock exchange the Company has given notice in writing to the quotations department of such stock exchange of its intention to sell such shares.
- 3.14.2 To give effect to any such sale the Board may appoint any person to execute as transferor an instrument of transfer of the said shares and such instrument of transfer of the said shares shall be as effective as if it had been executed by the registered holder of, or person entitled by transmission to, such shares and the title of the purchaser or other transferee shall not be effected by any irregularity or invalidity in the proceedings relating thereto.
- 3.14.3 The net proceeds of sale shall belong to the Company which shall be obliged to account to the former member or other person previously entitled as aforesaid for an amount equal to such proceeds and shall enter the name of such former member or other person in the books of the Company as a creditor for such amount.
- 3.14.4 No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments (other than shares of the Company) as the Board may from time to time think fit.

#### **4. Directors**

- 4.1 As at 23 November 2017, the interests (all of which were beneficial) of the Directors (and, so far as is known to the Directors having made all reasonable enquiries, any of their associates) in the Ordinary Shares are as set out in the following table.

<i>Director</i>	<i>No. of Ordinary Shares</i>	<i>% of Voting Rights</i>
M A Burne (Chairman)	437,500	0.77
H T Birch	50,000	0.09
K G Foy	25,000	0.04
R P King	20,000	0.04

- 4.2 There are no existing or proposed service contracts between any of the Directors and the Company. Each of the Directors has entered into a letter of appointment with the Company, terminable on three months' notice. As at 23 November 2017, each Director was paid a fee of £16,000 per annum. In addition, the Directors are entitled to out-of-pocket expenses and other expenses incurred in the proper performance of their duties as directors of the Company.
- 4.3 The Directors received aggregate remuneration (including any contingent or deferred compensation and benefits in kind but excluding expenses) in respect of the financial year ended 31 December 2016 of £48,000 from the Company. Based on the arrangements in force as at 23 November 2017, the Directors will receive aggregate remuneration (including any contingent or deferred compensation and benefits in kind but excluding expenses) in respect of the financial year ending 31 December 2017 of £60,000 from the Company.
- 4.4 There are no commission or profit sharing arrangements between the Directors and the Company. Similarly, none of the Directors is entitled to pension, retirement or similar benefits and no benefits in kind have been, or are expected to be, granted to the Directors.
- 4.5 None of the Directors had any material interests in any contract or arrangement subsisting at the date of this document and which is significant in relation to the business of the Company.
- 4.6 At the date of this document, there were no outstanding loans by the Company to any of the Directors and no guarantees provided by the Company for the benefit of any Director.

## 5. Substantial and Other Share Interests

- 5.1 As at 23 November 2017, the Company was aware that the persons set out in the table below, directly or indirectly, were interested in 10 per cent. or more of the issued Ordinary Shares.

<i>Investor</i>	<i>No. of Ordinary Shares</i>	<i>% of Voting Rights</i>
The Bank of New York (Nominees) Limited <Ruif>	5,967,630	10.47

- 5.2 As at 23 November 2017, none of the Manager, the Investment Manager, the Administrator, the Prime Broker, the Registrar or the Company's auditor were interested in any of the issued Ordinary Shares.

## 6. Additional Information on the Manager, the Investment Manager and Other Service Providers

### 6.1 Investment Management

- 6.1.1 By an investment management agreement dated 22 July 2014 between (i) the Company and (ii) CQS Cayman Limited Partnership, the Company appointed the Manager to perform investment management duties and functions on behalf of the Company in accordance with the Investment Management Agreement, including delegating such duties and functions to the Investment Manager as the Company's AIFM.

The Manager is entitled to an annual investment management fee, payable by the Company monthly in arrears, of 1.25 per cent. of the Company's NAV (before deduction of the month's investment management fee and after adding back any accrued performance fee). The Manager is also entitled to an annual performance fee equal to 20 per cent. of the increase in the Company's Net Asset Value on the last business day in Guernsey of each calendar year above an annual hurdle for growth of 8 per cent. and subject to a "high watermark" (being the highest NAV in relation to which a performance fee became payable and whereby the performance fee is calculated as a percentage of the amount by which the relevant year-end NAV exceeds the "high watermark"). The Manager is responsible for any fees payable to the Investment Manager, including in its capacity as the Company's AIFM.

The Investment Management Agreement contains indemnity provisions (which are standard for this type of agreement) in favour of the Manager (and any associate or other person to whom the Investment Manager properly delegates its duties under the Investment Management Agreement) from and against any cost, loss, liability or expense which they may suffer or incur, directly or indirectly, in properly performing any service under the Investment Management Agreement, any breach of the warranties given by the Company in the Investment Management Agreement or any other breach of the Investment Management Agreement by the Company, except where there has been negligence, wilful default, fraud or breach of the Investment Management Agreement or any applicable laws, regulations or rules on the part of the Manager (or any of its associates or delegates, including the Investment Manager).

The Investment Management Agreement is terminable by either party, without cause, giving to the other not less than 12 months' written notice of termination. The Company may also terminate the Investment Management Agreement if the Manager becomes unable to provide personnel reasonably acceptable to the Company to manage the Company's investments and the Investment Management Agreement shall automatically terminate if the Investment Manager ceases to be authorised by the FCA to perform all relevant functions in relation to the Company (including acting as its AIFM) unless the Investment Manager is no longer required to be so authorised. Either party may also terminate the Investment Management Agreement, *inter alia*, in the event of a material breach by the other party of its obligations under the Investment Management Agreement

or upon the occurrence of certain insolvency events relating to the other. On termination of the Investment Management Agreement, the Manager will be entitled to a pro rata entitlement to all fees to the date of termination.

- 6.1.2 The Investment Manager will maintain at all times whilst it is the AIFM of the Company a group insurance policy (including a professional indemnity insurance policy against liability for professional negligence of its officers and employees) with an aggregate claim limit of £85 million.
- 6.1.3 CQS Cayman Limited Partnership was established and registered in the Cayman Islands on 29 May 2003 as a limited partnership under Cayman Islands law with registered number CR14077. The Manager operates under the laws of the Cayman Islands and regulations made thereunder. The Manager has its registered office and principal place of business at PO Box 242, 53 Market Street, Gardenia Court, Camana Bay, Grand Cayman KY1-1104, Cayman Islands. The Manager's telephone number at its principal place of business is +1 (345) 949 9900. The Manager is registered in the Cayman Islands with the Cayman Island Monetary Authority.
- 6.1.4 CQS (UK) LLP was incorporated in England and Wales on 27 March 2004 as a limited liability partnership under the Limited Liability Partnerships Act 2000 with registered number OC307419. The Investment Manager operates under the laws of England and Wales and regulations made thereunder. The Investment Manager has its registered office and principal place of business at 4th Floor, One Strand, London WC2N 5HR. The Investment Manager's telephone number at its principal place of business is +44 (0) 20 7201 6900. The Investment Manager is authorised and regulated, and is approved as an AIFM, in the United Kingdom by the FCA.

## 6.2 Administration

- 6.2.1 By an administration agreement dated 1 December 2014 between (i) the Company, (ii) Maitland Administration (Guernsey) Limited and (iii) CQS Asset Management Limited, the Administrator agreed to act as the Company's administrator and company secretary and provide administration (including accounting), company secretarial, registrar and compliance oversight services to the Company.

Under the Administration Agreement, the Administrator is entitled to a fixed fee of £65,000 per annum.

The Administration Agreement may be terminated by either the Company or the Administrator giving to the other not less than three months' notice. Any of the parties may also terminate the Administration Agreement, *inter alia*, in the event of a material breach by another party of its obligations under the Administration Agreement or upon the occurrence of certain insolvency events relating to such other party. On termination of the Administration Agreement, the Administrator will be entitled to all fees accrued due up to the date of termination. Under the Administration Agreement, the Administrator, its agents and delegates are not liable to the Company, its Shareholders for any loss or damage suffered by them in connection with the subject matter of the Administration Agreement except in cases of bad faith, fraud, wilful default or negligence.

- 6.2.3 Maitland Administration (Guernsey) Limited was incorporated and registered in Guernsey on 20 January 2010 with registered number 51371 with limited liability. The Administrator's registered office at the date of this document is at 3<sup>rd</sup> Floor, 1 Le Truchot, St. Peter Port, Guernsey GY1 1WD. The Administrator is regulated by the GFSC and is licensed to carry on "controlled investment business" under The Protection of Investors (Bailiwick of Guernsey) Law, 1987.

## 6.3 Prime Brokerage (Including Custody)

- 6.3.1 By a master prime brokerage agreement dated 21 November 2016 between (i) the Company and (ii) Credit Suisse AG, Dublin Branch, the Company appointed the Prime Broker to act as custodian and prime broker for the Company's investments, cash and other

assets, and to accept the responsibility for the safe custody of the property of the Company which is delivered to and accepted by the Prime Broker or any of its sub-custodians.

Under the Prime Brokerage Agreement, the Prime Broker receives a monthly fee at the rate of 0.05 per cent. per annum of the Company's total assets.

The Prime Brokerage Agreement contains indemnity provisions (which are standard for this type of agreement) in favour of the Prime Broker (and its associates) from and against any loss, claim, damage or expense which they may incur or suffer, *inter alia*, in performing the Prime Broker's services under the Prime Brokerage Agreement or any breach of the Prime Brokerage Agreement by the Company, except where there has been negligence, fraud or wilful default on the part of the Prime Broker (or any of its associates).

Under the Prime Brokerage agreement, the Prime Broker may, in its sole discretion, make advances to the Company, as and when requested by the Company, at interest rates to be agreed between the Prime Broker and the Company and with any such advance to be repayable on demand.

The Prime Brokerage Agreement is terminable by either party giving to the other not less than 30 business days' written notice of termination.

- 6.3.2 Credit Suisse AG trading as Credit Suisse AG, Dublin Branch is authorised by the Swiss Financial Market Supervisory in Switzerland and is regulated by the Central Bank of Ireland for conduct of business rules. Its registered office is at Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

#### 6.4 **Depository Services**

- 6.4.1 By a depository agreement dated 1 December 2014 between (i) the Company, (ii) CQS Asset Management Limited and (iii) INDOS Financial Limited, the Company appointed the Depository to provide cash flow monitoring services, safe-keeping of the Company's non-custody assets and certain oversight services in accordance with the AIFMD.

Under the Depository Agreement, the Depository receives a fee of £1,400 per month.

The Depository Agreement contains indemnity provisions (which are standard for this type of agreement) in favour of the Depository from and against any costs, expense, losses, damages or liabilities which it may suffer or incur in the proper provision of its services under the Depository Agreement, except where there has been fraud, wilful default, negligence, bad faith or material breach of the Depository Agreement or breach of any applicable laws, rules and regulations on the part of the Depository.

The Depository Agreement is terminable by any of the parties giving to the others not less than three months' written notice of termination. Any of the parties may also terminate the Depository Agreement, *inter alia*, in the event of a material breach by another party of its obligations under the Depository Agreement or upon the occurrence of certain insolvency events relating to another party. On termination of the Depository Agreement, the Depository will be entitled to all fees accrued due up to the date of termination.

- 6.4.2 INDOS Financial Limited was incorporated in England and Wales on 16 October 2012 with registered number 08255973 with limited liability. The Depository has its registered office at 27 Clements Lane, London, England, EC4N 7AE. The Depository is authorised and regulated in the United Kingdom by the FCA.

#### 6.5 **Share Registration**

- 6.5.1 By a registrar agreement dated 20 March 2015 between (i) the Company and (ii) Computershare Investor Services (Guernsey) Limited (the "**Registration Services Agreement**"), the Registrar was appointed as the Company's registrar.

The Registrar is entitled to a fixed annual fee of £8,000 and variable fees based the number of transfers and other actions taken on behalf of the Company.

The Registration Services Agreement contains indemnity provisions (which are standard for this type of agreement) in favour of the Registrar from and against any damages, loss,

costs, claims or expenses which it may suffer or incur in performing its services under the Registration Services Agreement, except where there has been fraud, negligence, wilful default or breach of the Registration Services Agreement on the part of the Registrar.

The Registration Services Agreement may be terminated by either party giving to the other not less than six months' notice in writing, such notice to expire no earlier than 20 March 2018. Either party may also terminate the Registration Services Agreement, *inter alia*, in the event of a persistent or material breach by the other party of its obligations under the Registration Services Agreement or upon the occurrence of certain insolvency events relating to the other.

6.5.2 Computershare Investor Services (Guernsey) Limited was incorporated and registered in Guernsey on 3 September 2009 with registered number 50855 with limited liability. The Registrar has its registered office at 1<sup>st</sup> Floor, Tudor House, Le Bordage, St. Peter Port, Guernsey GY1 1DB. The Registrar is regulated by the GFSC and is licensed to carry on "controlled investment business" under The Protection of Investors (Bailiwick of Guernsey) Law, 1987.

## 6.6 TISE Sponsor Services

By a sponsor engagement letters dated 16 October 2014, 1 December 2014 and 13 June 2017 between (i) the Company and (ii) Ogier Corporate Finance Limited (collectively, the "**Sponsor Agreement**"), the Company appointed Ogier Corporate Finance Limited as the TISE sponsor of the Company.

Ogier Corporate Finance Limited is entitled to an annual fee of £2,500 and a fee determined by reference to the number of hours worked based on Ogier Corporate Finance Limited's standard hourly charging rates.

The Sponsor Agreement contains indemnity provisions (which are standard for this type of agreement) in favour of Ogier Corporate Finance Limited from and against any losses, claims, demands, damages, costs, charges, expenses, fines or liabilities which it may suffer or incur in performing its services under the Sponsor Agreement, except where any of the foregoing result from the actions taken or omitted to be taken by Ogier Corporate Finance Limited in bad faith or arising directly from the negligence, wilful default or fraud on the part of Ogier Corporate Finance Limited.

The Sponsor Agreement may be terminated by either party giving written notice to the other at any time.

## 6.7 Financial Advisory and Corporate Broking Services

By a financial adviser and corporate broker engagement letter dated 12 January 2016 between (i) the Company and (ii) Cantor Fitzgerald (the "**Corporate Broker Agreement**"), the Company appointed Cantor Fitzgerald as its financial adviser and corporate broker.

Cantor Fitzgerald is entitled to an annual fee of £17,500, payable quarterly in advance. In addition, Cantor Fitzgerald to such additional fees as the Company and Cantor Fitzgerald may agree for additional services, advice or opinions not specifically provided for in the Corporate Broker Agreement. The Company and Cantor Fitzgerald have agreed that Cantor Fitzgerald shall be entitled to an additional fee of £40,000 in respect of its additional services and advice in connection with the Bonus Issue.

The Corporate Broker Agreement contains indemnity provisions (which are standard for this type of agreement) in favour of Cantor Fitzgerald from and against all losses, claims, damages, charges, expenses or liabilities which it may suffer or incur, directly or indirectly, in performing its services under the Corporate Broker Agreement, except where any of the foregoing result from the actions taken or omitted to be taken by Cantor Fitzgerald (or its associates) arising from the fraud, gross negligence or wilful default on the part of Cantor Fitzgerald (or its associates).

The Corporate Broker Agreement may be terminated by either party giving written notice to the other at any time.

## **7. Material Contracts**

Save for the agreements summarised in paragraph 6 of this Part 9, the Company has not entered into any material contract (not being a contract entered into in the ordinary course of business) in the two years immediately preceding publication of this document.

## **8. Miscellaneous**

- 8.1 Save for admission to listing on the TISE and to trading on the London Stock Exchange's SETSqx platform, no admission to listing or trading is being, or will be, sought on any other exchange in respect of any of the Shares.
- 8.2 The Investment Manager has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which such name and references are included.
- 8.3 Cantor Fitzgerald has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which such name and references are included.
- 8.4 The Company's statutory records are kept at the offices of the Administrator at 3<sup>rd</sup> Floor, 1 Le Truchot, St. Peter Port, Guernsey GY1 1WD.
- 8.5 The Company's register of members may be inspected at Computershare Investor Services (Guernsey) Limited, 1st Floor, Tudor House, Le Bordage, St. Peter Port, Guernsey, GY1 1DB, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted).

## **9. Documents Availability for Inspection**

Copies of the following documents will be available for inspection (free of charge) at the registered office of the Company, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until Admission:

- (i) the memorandum of incorporation of the Company;
- (ii) the Existing Articles and a draft of the New Articles;
- (iii) the material contracts referred to in paragraph 6 of this Part 9;
- (iv) the annual reports and audited financial statements of the Company for the three financial years ended 31 December 2014, 31 December 2015 and 31 December 2016;
- (v) the consent letters referred to in paragraphs 8.2 and 8.3 of this Part 9; and
- (vi) this document.

In addition, copies of the annual reports and audited financial statements of the Company for the three financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 will be available for collection (free of charge) at the registered office of the Company, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until Admission.

## **PART 10**

### **DEFINITIONS**

The words and expressions listed below have the meanings set out opposite them throughout this document except where the context otherwise requires.

<b>"Administration Agreement"</b>	the administration agreement dated 1 December 2014 between the Company, the Administrator and CQS Asset Management Limited, further details of which are set out in paragraph 6.2.1 of Part 9 of this document
<b>"Administrator"</b>	Maitland Administration (Guernsey) Limited
<b>"Admission"</b>	admission of the Subscription Shares (i) to listing on the TISE becoming effective in accordance with the TISE Listing Rules and (ii) to trading on the London Stock Exchange's SETSqx platform becoming effective in accordance with the London Stock Exchange's rules
<b>"AIFM"</b>	an alternative investment fund manager for the purposes of the AIFM Directive
<b>"AIFM Directive" or "AIFMD"</b>	Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers
<b>"Articles"</b>	the articles of incorporation of the Company from time to time, including the Existing Articles or the New Articles (as appropriate)
<b>"Board"</b>	the board of directors of the Company (or any duly authorised committee thereof) from time to time
<b>"Bonus Issue"</b>	the issue of Subscription Shares, by way of a bonus issue and free of consideration, to Qualifying Shareholders on the basis of one Subscription Share for every two Ordinary Shares held on the Record Date, conditional on the passing of GM Resolution 1, the creation of the Subscription Shares by way of a Board resolution and Admission
<b>"Business Day"</b>	any day on which banks are open for business in both Guernsey and London (excluding Saturdays, Sundays and public holidays)
<b>"Cantor Fitzgerald"</b>	Cantor Fitzgerald Europe
<b>"certificated" or "in certificated form"</b>	not in uncertificated form
<b>"Company"</b>	Golden Prospect Precious Metals Limited
<b>"CQS Group"</b>	CQS Cayman Limited Partnership and its subsidiary undertakings and affiliated entities from time to time, including the Investment Manager
<b>"CQS"</b>	CQS Cayman Limited Partnership
<b>"CREST"</b>	the facilities and procedures for the time being of the relevant system of which Euroclear has been approved as operator pursuant to the CREST Regulations

<b>"CREST Guernsey Requirements"</b>	CREST Rule 8 and such other of the rules and requirements of Euroclear as may be applicable to Guernsey issuers as from time to time specified in the CREST Manual
<b>"CREST Manual"</b>	the compendium of documents entitled "CREST Manual" issued by Euroclear from time to time
<b>"CREST Regulations"</b>	Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755) of the United Kingdom and such other regulations as are applicable to Euroclear and/or CREST
<b>"Depository"</b>	INDOS Financial Limited
<b>"Depository Agreement"</b>	the depository agreement dated 1 December 2014 between the Company, CQS Asset Management Limited and the Depository, further details of which are set out in paragraph 6.4.1 of Part 9 of this document
<b>"Directors"</b>	the directors of the Company from time to time
<b>"EEA"</b>	the European Economic Area
<b>"EEA States"</b>	those countries that are members of the EEA from time to time
<b>"ETF"</b>	exchange-traded fund
<b>"EU"</b>	the European Union
<b>"Euroclear"</b>	Euroclear UK & Ireland Limited
<b>"Existing Articles"</b>	the articles of incorporation of the Company as at the date of this document
<b>"FCA"</b>	the UK Financial Conduct Authority
<b>"Final Subscription Date"</b>	the last date on which a Subscription Share Right may be exercised in accordance with the rights attaching to the Subscription Shares, being the last Business Day in November 2020
<b>"Form of Proxy"</b>	the form of proxy for use by Ordinary Shareholders in connection with the General Meeting
<b>"FSMA"</b>	the UK Financial Services and Markets Act 2000
<b>"General Meeting"</b>	the general meeting of the Company convened for Wednesday, 20 December 2017, commencing at 12 noon (or any adjournment of that meeting), and notice of which is set out in Part 11 of this document
<b>"GM Resolution 1"</b>	the special resolution to adopt the New Articles set out in the notice convening the General Meeting in Part 11 of this document
<b>"GM Resolution 2"</b>	the ordinary resolution to authorise the Company to make market purchases of the Subscription Shares set out in the notice convening the General Meeting in Part 11 of this document
<b>"GM Resolutions"</b>	GM Resolution 1 and/or GM Resolution 2 (as the context may require)
<b>"Guernsey Companies Law"</b>	the Companies (Guernsey) Law 2008
<b>"GFSC"</b>	the Guernsey Financial Services Commission

<b>"IFRS"</b>	International Financial Reporting Standards
<b>"Investee Company"</b>	a company in which the Company is invested
<b>"Investment Advisory Agreement"</b>	the investment advisory agreement between the Manager and the Investment Manager dated 22 July 2014 pursuant to which the Manager has appointed the Investment Manager to (i) provide certain asset management services to the Manager in respect of the portfolios of certain pooled investment vehicles managed by the Manager (including the Company), and investment advice thereon, in order to assist the Manager in the discharge of its obligations to such vehicles and (ii) act as a sub-distributor of shares or interests of such vehicles, as applicable
<b>"Investment Management Agreement"</b>	the investment management agreement between the Company, the Manager and the Investment Manager dated 22 July 2014, details of which are set out in paragraph 6.1.1 of Part 9 of this document
<b>"Investment Manager" or "NCIM" or "New City Investment Managers"</b>	CQS (UK) LLP, trading as New City Investment Managers
<b>"Investment Portfolio"</b>	the portfolio of investment assets owned by the Company from time to time
<b>"ISA"</b>	an individual savings account maintained in accordance with the UK Individual Savings Account Regulations 1998
<b>"London Stock Exchange"</b>	London Stock Exchange plc
<b>"Manager" or "CQS"</b>	CQS Cayman Limited Partnership
<b>"NAV" or "Net Asset Value"</b>	in relation to (i) the Company, the value of the assets of the Company less its liabilities and (ii) the Ordinary Shares, the value of the assets of the Company less its liabilities divided by the number of Ordinary Shares in issue, in each case calculated in accordance with the Company's accounting policies from time to time
<b>"New Articles"</b>	the articles of incorporation of the Company as proposed to be adopted by GM Resolution 1
<b>"Ordinary Shares"</b>	ordinary shares of 0.01 pence each in the capital of the Company
<b>"Prime Broker"</b>	Credit Suisse AG, Dublin Branch
<b>"Prime Brokerage Agreement"</b>	the master prime brokerage agreement dated 28 August 2009 between the Company and the Prime Broker, further details of which are set out in paragraph 6.3.1 of Part 9 of this document
<b>"Qualifying Shareholders"</b>	Shareholders, other than Restricted Shareholders, whose names are entered on the Register at the Record Date
<b>"Record Date"</b>	the time as at which Shareholders' entitlements to the Bonus Issue will be assessed against the Register, being 5.00 p.m. on Wednesday, 20 December 2017
<b>"Register"</b>	the register of members of the Company
<b>"Registrar"</b>	Computershare Investor Services (Guernsey) Limited
<b>"Regulation S"</b>	Regulation S promulgated under the US Securities Act

<b>"Regulatory Information Service"</b>	a primary information provider which has been approved by the FSA to disseminate regulatory information to the market
<b>"Restricted Shareholders"</b>	Shareholders who are resident in, or citizens of, any of the Restricted Territories
<b>"Restricted Territories"</b>	the United States, Australia, Canada, Japan, New Zealand, the Republic of South Africa or any EEA State (other than the UK)
<b>"SETSqx" or "London Stock Exchange's SETSqx platform"</b>	the London Stock Exchange Electronic Trading Service - quotes and crosses trading service for less liquid securities
<b>"Shareholders"</b>	holders of Ordinary Shares and/or Subscription Shares (as the context may require)
<b>"Shares"</b>	the Ordinary Shares and/or the Subscription Shares (as the context may require)
<b>"SIPP"</b>	self-invested personal pension
<b>"Subscription Date"</b>	the date on which a Subscription Share Right is exercised or may be exercised (as the context requires) in accordance with the rights attaching to the Subscription Shares, being the last Business Day in November in any of 2018, 2019 or 2020
<b>"Subscription Price"</b>	the price at which the Subscription Share Rights are exercised or exercisable at the relevant Subscription Date (as the context may require) in accordance with the rights attaching to the Subscription Shares (and subject to adjustment in accordance with those rights)
<b>"Subscription Shareholders"</b>	holders of Subscription Shares
<b>"Subscription Share Right"</b>	the right conferred by each Subscription Share to subscribe for one Ordinary Share as detailed in Part 6 of this document
<b>"Subscription Shares"</b>	subscription shares of no par value in the capital of the Company to be issued to Qualifying Shareholders on the basis set out in this document
<b>"Target Commodities"</b>	precious metals, including gold, silver, platinum and palladium
<b>"TISE" or "The International Stock Exchange"</b>	the investment exchange known as The International Stock Exchange
<b>"TISEA"</b>	The International Stock Exchange Authority Limited
<b>"TISE Listing Rules"</b>	the rules of the TISEA governing the listing of securities on the TISE
<b>"TISE Official List"</b>	the list of securities admitted to listing on the TISE which is published and maintained by the TISEA
<b>"UK Corporate Governance Code"</b>	the UK Corporate Governance Code published by the Financial Reporting Council
<b>"uncertificated" or "in uncertificated form"</b>	recorded in the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>"United Kingdom" or "UK"</b>	the United Kingdom of Great Britain and Northern Ireland

<b>"United States" or "US"</b>	the United States of America, its territories and possessions, any state or other political sub-division of the United States of America and the District of Columbia
<b>"US\$"</b>	United States dollars
<b>"US Person"</b>	any person or entity defined as such in Regulation S of the US Securities Act
<b>"US Securities Act"</b>	the US Securities Act of 1933

Notes:

1. All references to "£", "pounds sterling", "sterling" and "pence" (including the abbreviation "p") are to the lawful currency of the United Kingdom.
3. All references in this document to 23 November 2017 should be regarded as being references to the latest practicable date prior to the publication of this document.
4. All references in this document to laws, rules and regulations should be regarded as references to all such laws, rules and regulations as amended from time to time.

## **PART 11**

### **NOTICE OF GENERAL MEETING**

#### **Golden Prospect Precious Metals Limited**

*(A closed-ended investment company incorporated with limited liability under the laws of Guernsey with registered number 45676)*

Notice is hereby given that a general meeting of Golden Prospect Precious Metals Limited will be held at the offices of Maitland Administration (Guernsey) Limited at 3rd Floor, 1 Le Truchot, St. Peter Port, Guernsey GY1 1WD, on Wednesday, 20 December 2017 commencing at 12 noon for the purpose of considering and, if thought fit, passing the following resolutions:

#### **Special Resolution**

1. THAT, subject to the TISEA agreeing to admit the subscription shares of no par value in the capital of the Company to be issued pursuant to the bonus issue described in the listing document of the Company dated 28 November 2017 (the "**Listing Document**") to listing on the TISE and the London Stock Exchange agreeing to admit such shares to trading on SETSqx platform, the document produced to the meeting be adopted as the amended and restated articles of incorporation of the Company in substitution for all previous articles (and words and expressions defined in the Listing Document shall have the same meanings when used in this resolution).

#### **Ordinary Resolution**

2. THAT, subject to GM Resolution 1 being passed and becoming unconditional, the Company be authorised, in accordance with the Articles and Guernsey Companies Law, to make market purchases of Subscription Shares, such authorisation conditional upon the Subscription Shares being, and continuing to be, admitted to listing on the TISE Official List and, with the exception of a tender offer or partial offer being made to all holders of Subscription Shares on the same terms, and provided that:
  - (i) the maximum number of Subscription Shares hereby authorised to be purchased shall be up to 14.99 per cent. of the Subscription Shares issued pursuant to the Bonus Issue;
  - (ii) the minimum price (exclusive of expenses) payable by the Company for the Subscription Shares will be £0.001 per Subscription Share;
  - (iii) the maximum price (exclusive of expenses) payable by the Company for the Subscription Shares will be 5 per cent. above the average of the closing middle market quotations (as derived from Bloomberg) of a Subscription Share for the five consecutive dealing days preceding the date on which the purchase is made;
  - (iv) the authority (unless previously renewed or revoked) will expire at the end of the annual general meeting of the Company to be held in 2018 or, if earlier, the date being 15 months from the date on which this resolution is passed;
  - (v) the Company may make a contract to purchase 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 Subscription Shares in pursuance of any such contract; and
  - (vi) the purchase price for any Subscription Shares may be paid by the Company out of any monies lawfully available for the purpose;

and words and expressions defined in the listing document relating to the Company dated 28 November 2017 shall have the same meanings when used in this resolution.

By order of the Board  
Maitland Administration (Guernsey) Limited,  
Company Secretary

28 November 2017

*Registered Office*  
3<sup>rd</sup> Floor  
1 Le Truchot  
St. Peter Port  
Guernsey GY1 1WD

## **Notes**

### **1. Entitlement to Attend and Vote**

Pursuant to Regulation 41 of the Uncertificated Securities (Guernsey) Regulations 2009, the Company has specified that only Shareholders registered on the Company's register of members at 6.00 p.m. on Monday, 18 December 2017 (or, if the General Meeting is adjourned, 48 hours prior to the adjourned meeting) shall be entitled to attend and vote at the General Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the register of members after 6.00 p.m. on Monday, 18 December 2017 (or, if the General Meeting is adjourned, 48 hours prior to the adjourned meeting) shall be disregarded in determining the rights of any person to attend, speak and vote at the General Meeting.

### **2. Appointment of Proxies**

- 2.1 A member of the Company at the time set out in note 1 above is entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote at the General Meeting. A proxy does not need to be a member of the Company but must attend the General Meeting to represent the member. A proxy may only be appointed using the procedures set out in these notes and the notes on the Form of Proxy.
- 2.2 Appointment of a proxy will not preclude a member from attending the General Meeting and voting in person.
- 2.3 The notes on the Form of Proxy explain how to direct a proxy how to vote, or abstain from voting, on the GM Resolutions. To appoint a proxy using the Form of Proxy, the Form of Proxy must be completed, signed and returned to the Registrar at c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, so as to be received no later than 12 noon on Monday, 18 December 2017. Any power of attorney or other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

### **3. Appointment of Proxy by Joint Members**

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).