

Golden Prospect Precious Metals Limited

Annual Report and Audited Financial Statements

For the year ended 31 December 2019

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Chairman's Statement

For the year ended 31 December 2019

I am pleased to report that because your company was the best performing closed ended investment trust last year, there has been a lot more interest in the company from both retail and institutional investors. This has coincided with renewed marketing efforts by both management and the company's new brokers finnCap.

More market commentators have discovered the relative uniqueness of the company and the extra punditry currently is generating new buyers of the shares. Some longstanding larger institutional shareholders have been reducing their holdings for their own liquidity reasons but by and large remain supportive of our rather special precious metals investment vehicle. I am confident that this renewed interest will result in a narrowing of the discount to Net Asset Value. Gold equities in my opinion will prove to be exceptional investments as the world stabilizes over next few years and our fund managers will position the portfolio as always to gain the maximum benefit.

Turning to gold itself, although it is performing well at the moment Investors can be forgiven for finding the gyrations during mid-March in the price somewhat confusing. Instead of the price responding sharply higher to the pandemic, the opposite happened and it collapsed only to soar again almost immediately thereafter. Such volatility and swings we have seen many times before but not like this.

Of course there were reasons for the roller coaster ride this time (there always are) and in this instance it was the 'dash for cash' as gold provides instant liquidity and was sold off by the leveraged players meeting 'margin calls' in equity and bond markets and to cover big losses in the initial stock market panic. The experience was not for the faint hearted! Due to the shutdown from border closures and cancelled flights, supply channels everywhere were strangled, supply routes were disrupted leading to long delays and low inventories. This critical situation caused turmoil in the physical and futures markets resulting in unusually big premiums to spot prices aggravated by huge spikes in demand. As I now write at Easter, there has been some return to normality and observers report being decidedly impressed by gold doing what it is supposed to do...provide liquidity in times of financial crises. Now a larger swathe of investors have accepted that gold probably is the currency of last resort. This includes wealth managers, investment banks, family offices and HNW's all now increasing their weightings to the yellow metal. Seasoned gold newsletter writers, gold technical analysts and smart money are to a man bullish about golds outlook. That's a worrying sign alone but then gold bull markets are notorious for climbing a wall of worry.

This recent experience has served to fuel the education debate as not enough is done by the World Gold Council to press home the vital role gold plays as a genuine hedge in times of crises. Yet still the mainstream media scarcely cover golds days in the sunshine in spite of the obvious and glaring geo-political challenges we are all now facing one way or another. This may be about to change. Gold is the ultimate hedge against currency debasement and inflation. The largesse of the investment community in the West have at last started noticing the continued record buying by the Central Banks, particularly China and Russia in their insatiable appetite to accumulate when and from wherever they can. The widespread money printing from all the stimulus programmes could be Governments' last resort to debt monetise via currency debasement in order to inflate away the record global horrendous debt levels. The figures are now unmanageable compared to pre QE times. All the obvious cast have their backs to the wall..US, China, Europe and Russia possibly now arguably all bankrupt!

INFLATION RETURNS. The pandemic has now crystallised an almost insurmountable task ahead. Will there be an economic re-boot to the system, will de-dollarisation that threatens the petro-dollar be hastened along. The IMF was sounding the alarm bells a year ago so what now? I think the return of significant inflation must be nigh.

Chairman's Statement (continued)

For the year ended 31 December 2019

In recent decades gold has offered protection. Thanks to Bloomberg's CPI figures we can see that inflation by decades in the US for example was 24 p.c. in the 1950's.....28p.c. in the 1960's.....158p.c. in the 1970's.... 64p.c. in the 1980's....34p.c.in the 1990's...28p.c. in 2000/10..... and 9p.c. in the decade just finishing. Are we heading back to the 70's? Throughout gold has held its value and is currently at an all-time high in most major currencies bar the US and we are extremely close to the previous peak in this case too. This prospect coincides with gold being "flat out scarce" says one senior chief of global market strategist referring to the "stunning demand for bullion backed ETF's. Another comments that "the search for an economic vaccine to the virus is arguably as important as the quest for a medical vaccine". "All of golds boxes are ticked for that perfect storm" claims another highly regarded source" There is no lack of believers and it is of no surprise that bullion dealers are out of stock as waves of new investors clamour for the best portfolio insurance there is.

They accept that gold preserves wealth through exceptionally difficult times and provides an inflation hedge and liquidity guarantee when needed. Therefor the circumstances that would cause all rational investors to own gold is very much intact!

Malcolm Burne
Chairman

Board Members

For the year ended 31 December 2019

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

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

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

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

Toby Birch, is an investment manager and prior to founding Guernsey Gold (which merged with Bullionrock in 2014) he was the senior investment manager at the local branch of Bank Julius Baer. He then worked for Blackfish Capital Holdings, the private investment arm of a single family office where he was lead manager of the Blackfish Capital Exodus Fund, trading in precious metals and commodities. He was also a director of the Blackfish-Investec Resources Special Situations Fund, investing in mining companies. Toby is a Chartered Wealth Manager and Fellow of the Chartered Institute for Securities and Investments. He is a regular speaker on the conference circuit covering financial megatrends, precious metals and monetary reform. He holds the HSK2 level proficiency test in Mandarin.

Graeme Ross, was educated at Perth Academy and Dundee College of Technology in Scotland and qualified as a Chartered Accountant with Arthur Young McClelland-Moores in 1984. He then moved to Jersey in the Channel Islands and spent two years with KPMG on financial services audits before joining the embryonic fund administration arm of Rawlinson & Hunter, Jersey in 1986. He was admitted to the Partnership of Rawlinson & Hunter, Jersey in 1995 and was the Managing Director of the fund administration division from then until his retirement at the end of 2016. Graeme has significant experience of the management, administration and oversight of all types of collective investment vehicles and has served as a Director on open ended, closed ended and limited partnership vehicles investing in a wide variety of asset classes and sectors including many listed funds. Graeme is a resident of Jersey. Graeme was appointed to the Board on 17 April 2018 as both a Director and Chairman of the Audit Committee.

Directors' Report

For the year ended 31 December 2019

The Directors present their Report and the Audited Financial Statements of Golden Prospect Precious Metals Limited (the 'Company') for the year ended 31 December 2019.

The Company

The Company was registered in Guernsey on 16 October 2006 and is an authorised closed-ended investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law 1987. The Company's Ordinary Shares were admitted to the Official List of the Channel Islands Stock Exchange ('CISX') on 24 June 2008. The CISX rebranded to The International Stock Exchange ('TISE') on 6 March 2017. Effective 21 September 2009, the Ordinary Shares trade on the London Stock Exchange Electronic Trading Service SETS QX ("SETS QX") with code GPM.

Subscription Shares

On 22 December 2017 the Company issued, by way of bonus issue and of one subscription share for every two ordinary shares, 28,500,995 Subscription Shares. These were also admitted to listing on TISE and SETS QX. The subscription price is equal to the published unaudited net asset value per ordinary share as at the close of business on 20 December 2017 plus a premium depending on the year in which they are exercised. During 2019 the Company had allotted, by way of an exercise of 14,974 subscription shares, 14,974 new ordinary shares of £0.01 each for cash, at a price of 42.30p per share, raising a total of £6,334.00.

Shareholder information

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

Results and dividends

The Company's performance during the year is discussed in the Investment Manager's Report on page 12. The results for the year are set out in the Statement of Comprehensive Income on page 18. The Directors do not recommend the payment of a dividend for the year ended 31 December 2019 (2018: £nil).

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS').

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

In preparing those Financial Statements the Directors are required to:

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

Directors' Report (continued)

For the year ended 31 December 2019

Directors' responsibilities statement (continued)

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

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

Directors

The Directors of the Company who served during the year and to date are set out on page 4.

Directors' interests

The Directors held the following interests in the share capital of the Company either directly or beneficially as at 31 December 2019:

Director	Ordinary Shares 2019	Subscription Shares 2019	Ordinary Shares 2018	Subscription Shares 2018
M Burne	537,500	268,750	537,500	268,750
R King	20,000	10,000	20,000	10,000
T Birch	50,000	25,000	50,000	25,000
G Ross	-	-	-	-

As at the date of signing these Financial Statements Mr Burne held 637,500 Ordinary shares and Mr Birch held 100,000 Ordinary shares.

The Directors who served in the year received the following fees:

Director	2019 £	2018 £
M Burne *	16,000	16,000
K Foy **	0	4,701
R King	16,000	16,000
T Birch	16,000	16,000
G Ross **	<u>16,000</u>	<u>11,299</u>
	<u>64,000</u>	<u>64,000</u>

The amounts paid by the Company to the Directors were for services as non-executive Directors.

* Chairman

** K Foy - Chairman of the Audit Committee until 17 April 2018, at which point G Ross assumed this position.

Directors' authority to buy back shares

As agreed at the Company AGM on 22 May 2019, and in accordance with the Articles of Association of the Company and the Companies (Guernsey) Law, 2008, as amended (the 'Law'), the Company is authorised to make market purchases of up to a maximum of 15 per cent of its existing issued ordinary Share Capital. This authority

Directors' Report (continued)

For the year ended 31 December 2019

Directors' authority to buy back shares (continued)

is renewable annually. At the Annual General Meeting to take place on 23 June 2020 the Company will seek to renew such authority and will seek to renew such authorities at annual general meetings thereafter.

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

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

During the year no shares (2018: no shares) were acquired by the Company under the above authority.

Board responsibilities and corporate governance

The Board has determined that no Director shall be considered non-independent as a consequence of their length of tenure, as long as there are no other issues which would impact their independent status.

Mr Burne and Mr King are currently considered by the Board to be independent of the Company, despite serving on the Board since the launch of the Fund. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman, is imposed. The Board confirm that all Directors receive the relevant training as necessary in relation to their on-going responsibilities in relation to the Company and the independence of each non-executive director is regularly assessed, together with any changes to non-executive director's interests, positions, affiliations, associations or relationships that could bear upon his or her independence.

The Board has reviewed the position and relationships of all directors in office as at 31 December 2019 and is satisfied that no director has any contract for services or any other connection, paid or otherwise, with any related party of the Company.

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

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

As an investment company, most of the Company's day to day responsibilities are delegated to third parties and all of the Directors are non-executive. As a Guernsey incorporated company, the Company is required to comply with the Finance Sector Code of Corporate Governance issued by the Guernsey Financial Services Commission ('the Code').

Directors' Report (continued)

For the year ended 31 December 2019

Board responsibilities and corporate governance (continued)

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 International Stock Exchange, is attained and maintained. The Company follows the Code of Corporate Governance.

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

Audit Committee:

The Audit Committee has been established with written terms of reference and comprises all of the Board members. The Audit Committee members have recent and relevant financial experience. The terms of reference of the Audit Committee are reviewed and re-assessed for their adequacy on an annual basis.

Role of the Audit Committee

A summary of the Committee's main audit review functions is shown below:

- to review and monitor the effectiveness of the internal control systems and risk management systems on which the Company is reliant;
- to monitor the integrity of the interim and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager, the Company Secretary and the Administrator;
- to review and monitor the effectiveness of the Company's other third party service providers;
- overseeing the Company's relationship with the external auditor BDO Limited and to review its proposed audit programme of work and their findings;
- approval of the remuneration and terms of engagement of the external auditor;
- to develop and implement policy on the engagement of the external auditor to supply non-audit services; and
- to monitor and review annually the external auditor's independence, objectivity, effectiveness, resources and qualification.

To assess the effectiveness of the external auditor, the Audit Committee reviewed:

- the external auditor's fulfilment of the agreed audit plan and variations from it;
- the Audit Committee Report from the auditor highlighting the major issues that arose during the course of the audit; and
- feedback from the Investment Manager and Administrator evaluating the performance of the audit team.

The Audit Committee has assessed the performance of the external auditor, as described above, and is satisfied with its effectiveness and as such no change in auditor is proposed.

Independent Auditor

The Audit Committee is responsible for overseeing the Company's relationship with the external auditor, including making recommendations to the Board on their appointment of the external auditor and their remuneration. BDO Limited has been the Company's external auditor since the Company's inception. The lead audit director, Mr Simon Hodgson has been appointed for the year-end 31 December 2019 audit. The Board has noted recommendations to put the external audit out to tender at least every ten years and during 2017 undertook a review of the audit

Directors' Report (continued)

For the year ended 31 December 2019

Independent Auditor (continued)

services provided by our Auditor and concluded that there was currently no requirement to make any changes to their appointment.

The Directors are of the opinion that BDO Limited remain independent and provide experience and knowledge in the audit of the Company's Financial Statements which the Board considers to be in the best interest of the Shareholders.

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

Annual Report and Financial Statements

The Board of Directors is responsible for preparing the Annual Report and Financial Statements. The Audit Committee advises the Board on the form and content of the Annual Report and Financial Statements, any issues which may arise and any specific areas which require judgement.

Investment policy

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

Anti-bribery and corruption

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

Alternative Investment Fund Managers Directive ('AIFMD')

Our Investment Manager, CQS (UK) LLP, has been authorised by the UK Financial Conduct Authority ('FCA') as an Alternative Investment Fund Manager ('AIFM') under the Alternative Investment Fund Managers Directive ('AIFMD'). The funds managed by the AIFM are now defined as Alternative Investment Funds ('AIFs') and are subject to the relevant articles of the AIFMD. Further AIFM disclosures are shown on pages 47 and 48. The Board has appointed INDOS Financial Limited as the Company's Depositary.

Internal control and financial reporting

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

The key procedures which have been established to provide effective internal controls include:

- Maitland Administration (Guernsey) Limited is responsible for the provision of administration and company secretarial duties;
- The duties of investment management, accounting and the custody of assets are segregated. The procedures are designed to complement one another;
- The Board clearly defines the duties and responsibilities of the Company's agents and advisers in the terms of their contracts;

Directors' Report (continued)

For the year ended 31 December 2019

Internal control and financial reporting (continued)

- The Board receives assurances from the Company's agents and advisers that any amendments required as a result of regulatory change, including the General Data Protection Regulations (effective 25 May 2018), are actioned accurately and timeously;
- The Board reviews financial information and compliance reports produced by the Administrator on a regular basis and;
- The Custodian holds all assets of the Company, in the name of the Company.

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

Environment

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

The Directors recognise that their first duty is to act in the best financial interests of the Company's shareholders and to achieve good financial returns against acceptable levels of risk, in accordance with the objectives of the Company.

In asking the Company's Investment Manager to deliver against these objectives, the Directors have also requested that the Investment Manager take into account the broader social, ethical and environmental issues of companies within the Company's portfolio, acknowledging that companies failing to manage these issues adequately run a long term risk to the sustainability of their businesses. More specifically, they expect companies to demonstrate ethical conduct, effective management of their stakeholders' relationships, responsible management and mitigation of social and environmental impacts, as well as due regard for wider societal issues.

Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements since:

- the assets of the Company consist mainly of securities which are readily realisable and;
- the Company has an agreed overdraft facility provided by its Custodian for which margin requirements are monitored and reported on a monthly basis. There were no breaches of these requirements during the year or prior year.

In their assessment the Directors noted the impact of COVID-19 on the markets. The Directors believe that the Company has adequate liquidity to meet its on-going expenses for the next 12 months especially in light of the fact that 76% of the Company's assets are in near cash assets. They have also reviewed the Company's collateral position. The Company holds an excess of £8,047,311 over the margin requirement as at the date of signing these financial statements and therefore the Directors consider that the Company will be able to meet its liabilities as they fall due.

Accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Directors' Report (continued)

For the year ended 31 December 2019

Shareholders' significant interests

The following shareholders had a substantial interest of 5% or more of the Company's issued share capital as at 31 December 2019, and as at the date of the signing of these Financial Statements:

	% of issued share capital
Clients of The Bank of New York (Nominees) Limited	10.46%
Clients of Hargreaves Lansdown (Nominees) Limited	6.74%
Clients of Nortrust Nominees Limited	5.00%

Material contracts

The Company's material contracts are with CQS (UK) LLP, (the Company has appointed CQS as its investment manager, however, CQS has, with the agreement of the Board, delegated that function to New City Investment Managers (a trading name of CQS (UK) LLP)), to provide investment management services, Maitland Administration (Guernsey) Limited, which acts as Secretary and Administrator for the Company, Credit Suisse AG Dublin Branch, which acts as Custodian, INDOS Financial Limited, which acts as Depository and Computershare Investor Services (Guernsey) Limited, which acts as Registrar for the Company.

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

Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. The Annual Report and Financial Statements are also distributed to other parties who have an interest in the Company's performance. Additional information on the Company can be obtained through the Investment Manager's website www.ncim.co.uk.

The Notice of the Annual General Meeting included within the Annual Report and Financial Statements is sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions to the Board or the Investment Manager formally at the Company's Annual General Meeting.

The Company Secretary and Investment Manager are available to answer general shareholder queries at any time throughout the year.

Disclosure of information to the auditor

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

Approved by the Board of Directors on 24 April 2020 and signed on behalf of the Board by:



Robert King



Toby Birch

Investment Manager's Report

For the year ended 31 December 2019

Performance and Review of 2019

For the year to 31 December 2019 the Company's net asset value rose by 64.2 per cent with the ordinary share price climbing by 77.5 per cent. 2019 saw a flight to safety by investors on risk aversion fears and the gold price was a strong beneficiary of this theme. Starting the year at \$1278 per ounce the price ended 2019 at \$1519; an increase of 18.8 per cent.

There were a number of themes that drove gold higher during the year; the protracted US-led trade war which rumbled on for most of the year before both parties de-escalated the number of proposed tariffs increases; a continued rise in physical ETF purchasing as well as strong central bank support. Interest rates rises looked as though they would be put on hold towards the end of the year and inflation remained on a slightly upwards trajectory.

The Fund returns for the year were driven by the strong performance of the portfolio's smaller and mid-cap stocks and the sterling return of 64.2 per cent in the NAV compares well with a sterling rises of 45.4 per cent for the Philadelphia Gold & Silver Index, 44.8 per cent for the Gold Bugs Index and 35.0 per cent for the Van Eck Vectors Junior Gold Miners ETF. The strong performance of the portfolio's smaller-midcap stocks has been especially pleasing when set against larger producers, held by other indices, whose performance has been limited by already stretched valuations.

In the portfolio we saw a number of merger and acquisition transactions in the fourth quarter of 2019. A good example of this would be Continental Gold, held within the Fund, receiving an all-cash offer from a Chinese mining conglomerate at a 25 per cent premium to its then prevailing share price.

Covid-19 report and Outlook

The world has not seen an event like Covid-19 since the Spanish flu pandemic of 1918. In the financial world the most relevant comparison we have is the Global Financial Crisis starting in 2007-08, when fears of a gathering deceleration in global demand growth caused markets to behave in a similar manner. The primary difference this time is the speed with which demand growth has been shut off and markets have fallen as a result of the virus.

The extent and speed with which markets have fallen this year exceeded events such as the Global Financial Crisis, even leading to the ETF's the GDXJ and GDX respectively closing at an 18 per cent and a 9 per cent discount to the value of their underlying equity holdings midway through March, as investors withdrew from the passive funds.

Covid-19 has not just impacted demand, there have also been meaningful mine supply cuts, with temporary mine closures enforced in Peru, Chile, Mexico and South Africa, all major suppliers of precious metals. Whilst supportive for underlying precious metal prices, we have focused on companies with the ability to manage through a period of enforced closure, noting generally strong balance sheets which should be comfortable for a 3 month period if required. Additionally, a number of Swiss refiners of precious metals were also forced to temporarily close. This, along with reduced flights globally, has led to tighter physical markets in some regions, with physical prices trading at a meaningful premium to the COMEX market.

Investment Manager's Report (continued)

For the year ended 31 December 2019

At the time of writing, Golden Prospect's net asset value has held up reasonably well and stands at 40.82p, an increase of 1.1 per cent year-to-date. This compares against sterling increases of 2.1 per cent for the Van Eck Vectors Junior Gold Miners ETF, 12.9 per cent for the Philadelphia Gold & Silver Index and 18.5 per cent for the Gold Bugs Index.

Looking forward, the unprecedented level of stimulus that is being provided by governments to support the abrupt halt in economic activity that has occurred across global markets should provide a positive backdrop for precious metals. We note after the 2008 Global Financial Crisis we had a similar environment of synchronised central bank easing, when gold doubled from 2009–2011. The US enacted a US\$2trn funding package to help relieve economic stress resulting from the lockdown while the EU is considering the issuance of "Virus Bonds" to help ease regional liquidity strains. Other nations are following suit. Against this backdrop, many currencies have weakened against the US dollar. Importantly, when measured in currencies other than the US dollar, gold continues to make strong gains. For example, gold prices reached all-time-highs when measured in Mexican and Argentinian Pesos, Australian Dollars and Euros (to which the Central African Franc used by west African miners is pegged). This should act to support margins for most of the Fund's holdings which have significant non-US dollar denominated costs. Similarly, while US dollar silver prices declined around 16 per cent, along with other industrial metals such as copper, weaker producer currencies helped offset the impact with peso prices ending the month up marginally. As silver demand is around 50 per cent industrial, it should see additional benefit from stimulus when virus impacts fade and the global build out of 5G networks provide an incremental source of demand growth.

New City Investment Managers (a trading name of CQS (UK) LLP)

Independent Auditor's Report to the Members of Golden Prospect Precious Metals Limited

For the year ended 31 December 2019

Opinion

We have audited the financial statements of Golden Prospect Precious Metals Limited (the "Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as endorsed by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its net gain for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards, as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Independent Auditor's Report to the Members of
Golden Prospect Precious Metals Limited (continued)**
For the year ended 31 December 2019

Key Audit Matter	Audit Response
<p>Investments (note 7) The investment portfolio at 31 December 2019 comprised listed investments and warrants whose price is readily available, along with unlisted warrants. Unlisted warrants are valued using valuation models.</p> <p>This is a key accounting estimate where there is an inherent risk of management override arising from the investment valuations, which include significant judgement and assumptions, being prepared by the Investment Manager, who is remunerated based on the net asset value of the funds, derived using those valuations and therefore we consider this to be a key audit matter.</p> <p>We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements.</p>	<p>For listed investments, we agreed the existence of the investment portfolio holdings to the respective Custodian confirmations.</p> <p>We tested the valuation of all listed investments and warrants held by agreeing the prices used in the valuation to independent third-party sources.</p> <p>For the unlisted warrants we obtained management's valuation and models and challenged these by agreeing the inputs into the models to independent third party sources and comparing management's valuations to our own valuations calculated using the black scholes model.</p> <p><i>Key observations</i> Based on the procedures performed we are satisfied that the investment valuations and ownership testing has been performed appropriately.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole to be £405,000 (2018: £359,000), which is based on a level of 1.75% of published net asset value. We considered published net asset value to be the most appropriate benchmark due to the Company being an investment fund with the objective of long-term capital growth.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality for the Company has been set at £283,500 (2018: £251,300) which is 70% of materiality.

International Standards on Auditing (UK) also allow the auditor to set a lower materiality for particular classes of transaction, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Independent Auditor's Report to the Members of Golden Prospect Precious Metals Limited (continued)

For the year ended 31 December 2019

In this context, we set a lower level of materiality to apply to sensitive fees including: investment management fees, administration fees, directors' fees, legal and professional fees; audit fees, financial advisers fees, depositary fees and custody fees. We determined materiality for these areas to be £40,500 (£2018: £35,900).

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £16,200. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

We carried out a full scope audit of the Company which was tailored to take into account the nature of the Company's investments, involvement of the Investment Manager, the Company's Administrator and Custodian, the accounting and reporting environment and the industry in which the Company operates.

We considered the likelihood, nature and potential magnitude of any misstatement and following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and audited financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Independent Auditor's Report to the Members of Golden Prospect Precious Metals Limited (continued)

For the year ended 31 December 2019

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement within the Directors' Report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



BDO Limited
Chartered Accountants
Place du Pré
Rue du Pré
St Peter Port
Guernsey

Date: 24 April 2020

Statement of Comprehensive Income

For the year ended 31 December 2018

	Notes	Revenue £	Capital £	2019 Total £	2018 Total £
Income					
Income from investments held at fair value through profit or loss	7	23,431	-	23,431	7,969
Net capital gains/(losses) on investments held at fair value through profit or loss	7	-	9,526,851	9,526,851	(8,030,145)
Net (losses)/gains on foreign exchange		-	(15,238)	(15,238)	130,884
Net income/(loss)		23,431	9,511,613	9,535,044	(7,891,292)
Expenses					
Investment management fees	5	(235,280)	-	(235,280)	(236,377)
Administration fees	5	(69,144)	-	(69,144)	(65,000)
Directors' fees	5	(64,000)	-	(64,000)	(64,000)
Legal and professional fees		(20,711)	-	(20,711)	(2,809)
Promotion and marketing		(4,140)	-	(4,140)	-
Audit fees		(23,000)	-	(23,000)	(26,000)
Other expenses		(5,490)	-	(5,490)	(15,678)
Research fees	5	(2,222)	-	(2,222)	(22,418)
Financial advisers fees	5	(24,730)	-	(24,730)	(17,500)
Listing fees		(21,831)	-	(21,831)	(16,738)
Depository fees	5	(16,800)	-	(16,800)	(16,888)
Registrar's fees	5	(15,545)	-	(15,545)	(16,391)
Custodian fees	5	(9,404)	-	(9,404)	(9,936)
Total operating expenses		(512,297)	-	(512,297)	(509,735)
Net (loss)/gain on ordinary activities before finance costs and Taxation		(488,866)	9,511,613	9,022,747	(8,401,027)
Finance cost					
Finance income		13,455	-	13,455	43,854
Overdraft interest	8	(34,092)	-	(34,092)	(134,734)
Net (loss)/ gain on ordinary activities before taxation		(509,503)	9,511,613	9,002,110	(8,491,907)
Taxation		(4,066)	-	(4,066)	(599)
Total comprehensive (loss)/gain for the year		(513,569)	9,511,613	8,998,044	(8,492,506)
Basic and diluted gain/(loss) per Ordinary share (pence)	6			15.78	(14.90p)

The "Total" column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. The supplementary revenue and capital columns are both prepared for information purposes only. No operations were acquired or disposed of during the year. All income is attributable to the equity holders of the Company. All the items in the above statement derive from continuing operations.

The notes on pages 22 to 40 form an integral part of these Financial Statements.

Statement of Changes in Equity

For the year ended 31 December 2019

	Share Capital £	Revenue Reserve £	Distributable Reserve £	Realised Capital Reserve £	Unrealised Capital Reserve £	Total Equity £
Balance as at 1 January 2018	57,002	(5,281,888)	43,902,959	(14,463,837)	(1,710,573)	22,503,663
Total comprehensive loss for the year	-	(462,361)	-	(651,047)	(7,379,098)	(8,492,506)
Transactions with owners:						
Subscription share issue costs (note 11)	12	-	4,955	-	-	4,967
Balance as at 31 December 2018	57,014	(5,744,249)	43,907,914	(15,114,884)	(9,089,671)	14,016,124
For the year ended 31 December 2019						
Balance as at 1 January 2019	57,014	(5,744,249)	43,907,914	(15,114,884)	(9,089,671)	14,016,124
Total comprehensive (loss)/income for the year	-	(513,569)	-	1,466,460	8,045,153	8,998,044
Transactions with owners:						
Subscription share issue (note 11)	15	-	6,319	-	-	6,334
Balance as at 31 December 2019	57,029	(6,257,818)	43,914,233	(13,648,424)	(1,044,518)	23,020,502

The notes on pages 22 to 40 form an integral part of these Financial Statements

Statement of Financial Position

As at 31 December 2018

		2019	2018
	Notes	£	£
Non-current assets			
Investments at fair value through profit or loss	7	23,372,776	15,590,778
Current assets			
Cash and cash equivalents	8	36,873	4,970,431
Receivables	9	264,965	61
Total Assets		<u>23,674,614</u>	<u>20,561,270</u>
Current Liabilities			
Other payables and accruals	10	(88,392)	(87,133)
Bank overdraft	8	(565,720)	(6,458,013)
Total Liabilities		<u>(654,112)</u>	<u>(6,545,146)</u>
Net Assets		<u>23,020,502</u>	<u>14,016,124</u>
Equity			
Share capital	11	57,029	57,014
Revenue reserve	12	(6,257,818)	(5,744,249)
Distributable reserve	12	43,914,233	43,907,914
Realised capital reserves	12	(13,648,424)	(15,114,884)
Unrealised capital reserves	12	(1,044,518)	(9,089,671)
Total Equity		<u>23,020,502</u>	<u>14,016,124</u>
Number of Ordinary Shares in issue	11	<u>57,029,305</u>	<u>57,014,331</u>
Net Asset Value per Ordinary Share (pence)	16	<u>40.37</u>	<u>24.58</u>

The Financial Statements on pages 18 to 40 were approved by the Board of Directors and authorised for issue and signed on 24 April 2020 on its behalf by:



Robert King



Toby Birch

The notes on pages 22 to 40 form an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended 31 December 2019

	2019	2018
Note	£	£
Cash flow from operating activities		
Net gain/(loss) on ordinary activities for the year	8,998,044	(8,492,506)
Adjustments for:		
Net capital (losses)/gains on investments held at fair value through profit or loss	(9,526,851)	8,030,145
(Increase)/decrease in receivables	(264,904)	8,400
Increase/(decrease) in payables and accruals	1,259	(120,621)
Purchase of investments	7 (5,655,673)	(3,780,044)
Proceeds from sale of investments	7 7,400,526	6,483,486
Net cash inflow from operating activities	<u>952,401</u>	<u>2,128,860</u>
Financing activities		
Proceeds from subscription share conversion	<u>6,334</u>	<u>4,967</u>
Net cash inflow from financing activities	<u>6,334</u>	<u>4,967</u>
Increase in cash and cash equivalents	958,735	2,133,827
Cash and cash equivalents at beginning of year	<u>(1,487,582)</u>	<u>(3,621,409)</u>
Cash and cash equivalents at year-end	8 <u>(528,847)</u>	<u>(1,487,582)</u>
Supplementary cash flow information		
Net cash generated from/(used in) operating activities include:	£	£
Interest received on cash balances	13,455	45,316
Interest paid on cash balances	(34,092)	(129,841)
Income received from investments	<u>23,431</u>	<u>7,969</u>

The notes on pages 22 to 40 form an integral part of these Financial Statements.

Notes to the Financial Statements

For the year ended 31 December 2018

1. COMPANY INFORMATION

Golden Prospect Precious Metals Limited (the 'Company') was incorporated in Guernsey on 16 October 2006 as an authorised closed-ended investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended. The Company's registered office is shown on page 44.

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

The Company's Ordinary Shares were admitted to the Official List of the Channel Islands Stock Exchange which subsequently transferred to The Channel Islands Securities Exchange Limited on 24 June 2008. The Channel Islands Securities Exchange rebranded to The International Securities Exchange ('TISE') on 6 March 2017.

During the year, 14,974 Subscription Shares were converted to Ordinary Shares. For further details see note 11.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

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

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

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

Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements since:

- the assets of the Company consist mainly of securities which are readily realisable and;
- the Company has an agreed overdraft facility provided by its Custodian for which margin requirements are monitored and reported on a monthly basis. There were no breaches of these requirements during the year or prior year.

Notes to the Financial Statements

For the year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern (continued)

In their assessment the Directors noted the impact of COVID-19 on the markets. The Directors believe that the Company has adequate liquidity to meet its on-going expenses for the next 12 months especially in light of the fact that 76% of the Company's assets are in near cash assets. They have also reviewed the Company's collateral position. The Company holds an excess of £8,047,311 over the margin requirement as at the date of signing these financial statements and therefore the Directors consider that the Company will be able to meet its liabilities as they fall due.

Accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Accounting judgements and estimates

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

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

The most significant accounting judgements made by management are deemed to be the fair value estimation of non-listed investments described below.

The valuation techniques used by the Company include inputs that are not based on the observable market data to estimate the fair value of its unlisted investments. Significant judgement has been applied by the Directors when valuing these investments.

The Directors believe that the applied valuation techniques and assumptions used are appropriate in determining the fair value of unlisted investments. Further details are provided in note 7.

Adoption of new and revised standards

The accounting policies adopted in the period are consistent with those of the previous financial period save for the adoption of IFRS 16 and Annual Improvement Cycles 2015-2017 (effective 1 January 2019). These had no significant impact on the Company's Financial Statements.

Standards and interpretations in issue

At the date of authorisation of these Financial Statements no updates to standards and interpretations have become relevant to the Company.

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

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

Financial assets

The Company's financial assets are classified in the following measurement categories:

- those to be measured subsequently at fair value or through profit or loss; and
- those to be measured subsequently at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flow. At initial recognition, the Company measures a financial asset at its fair value, plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets at amortised cost

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

The Company assesses on a forward-looking basis the expected credit loss associated with its financial assets held at amortised cost. The Company has elected to apply the simplified approach permitted by IFRS 9 in respect of receivables as they have a maturity of less than one year and do not contain a significant financing component. Under the simplified approach the requirement is to always recognise lifetime Expected credit loss ('ECL'). Under the simplified approach practical expedients are available to measure lifetime ECL but forward-looking information must still be incorporated. Under the simplified approach there is no need to monitor significant increases in credit risk and entities will be required to measure lifetime ECLs at all times. The directors have concluded that any ECL on receivables would be highly immaterial to the financial statements due to the low credit risk of the relevant counterparties and the historical payment history.

Cash and cash equivalents

Cash and cash equivalents comprise current accounts and demand deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Financial assets at fair value

All financial assets not classified as measured at amortised cost are measured at fair value through profit or loss. The business model for these financial assets is capital appreciation. Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets at fair value (continued)

The Company's policy is for the Investment Manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Recognition

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

Derecognition of financial assets

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

Fair value estimation

The fair value of financial assets traded in active markets is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for the financial assets held by the Company is the bid price at the close of the respective market at the Statement of Financial Position date. Warrants are carried at fair value using standard Black Scholes valuation models. Further details are disclosed in note 7. Unlisted investments are carried at such fair value as the Directors consider appropriate given the performance of each investee company and after considering the financial position of the entity, latest news and developments.

Fair value measurement hierarchy

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

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

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

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

Financial liabilities

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

Financial liabilities measured at amortised cost

These include payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method. Bank borrowings are

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

initially recognised at fair value net of attributable transactions costs incurred. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

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

Interest income and expense

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

Income

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

Expenses

Expenses are accounted for on an accrual basis and are recognised in the Statement of Comprehensive Income. Expenses in relation to share issues are treated as a component of equity within the Distributable Reserve.

Capital reserves

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

Revenue reserves

All income and expenses are accounted for in the Revenue Reserve.

Translation of foreign currency

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

Segmental reporting

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

For management purposes, the Company is organised into one main operating segment, which invests in precious metals securities which are principally listed on the stock exchanges of London, New York, Toronto and Sydney. All of the Company's activities are interrelated, and each activity is based upon analysis of the Company as one segment.

On a day to day basis investment decisions have been delegated to the Investment Manager, New City Investment Managers.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segmental reporting (continued)

The Company does not hold any non-current assets which require disclosure under IFRS 8. The Company also does not have any external customers and therefore the disclosure of customers geographically required under IFRS 8 is not applicable. However, for additional information, the fair value of each geographical base and the respective percentages of the total value of the Company can be found in the Portfolio Statement beginning on page 41.

3. TAXATION

The Company has been granted exemption from Guernsey taxation and has paid an annual exemption fee for the year of £1,200 (2018: £1,200). It should be noted, however, that interest and dividend income accruing from the Company's investments may be subject to irrecoverable withholding tax in the country of origin.

The Company has suffered withholding tax in the year under review of £4,066 (31 December 2018: £599).

4. DISTRIBUTION TO SHAREHOLDERS

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

5. RELATED PARTY TRANSACTIONS AND OTHER SIGNIFICANT AGREEMENTS

Related party transactions

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

Directors' Interests

The Directors held the following interests in the share capital of the Company either directly or beneficially as at 31 December 2019:

	Ordinary Shares as at 31 December 2019	Subscription Shares as at 31 December 2019	Ordinary Shares as at 31 December 2018	Subscription Shares as at 31 December 2018
Director				
M Burne	537,500	268,750	537,500	268,750
R King	20,000	10,000	20,000	10,000
T Birch	50,000	25,000	50,000	25,000
G Ross	-	-	-	-

As at the date of signing these Financial Statements Mr Burne held 637,500 Ordinary shares and Mr Birch held 100,000 Ordinary shares.

Directors' Fees

The Directors are responsible for the determination of the investment policy of the Company and have overall responsibility for the Company's activities. From 1 January 2019 Directors are entitled to total remuneration

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

5. RELATED PARTY TRANSACTIONS AND OTHER SIGNIFICANT AGREEMENTS (continued)

Directors' Fees (continued)

for their services of £64,000 per annum.

During the year Directors' fees of £64,000 were charged to the Company (2018: £64,000) and £nil was payable at the year-end (31 December 2018: £0). All Directors are non-executive.

Other significant agreements

Investment Manager

Under the Investment Management Agreement, the Investment Manager, New City Investment Managers (a trading name of CQS (UK) LLP, previously CQS Asset Management Limited) is entitled to an annual management fee, payable monthly in arrears, of 1.25% of the Company's Net Asset Value up to the 30 June 2019 and from 01 July 2019 1.25% of the Company's Net Asset Value up to (and including) £20,000,000 and 1% of the Company's Net Asset Value in excess of £20,000,000. The Investment Manager is also entitled to reimbursement of certain expenses incurred by it in connection with its duties.

The Company also advises that the performance fee entitlement contained within the previous Investment Management Agreement has been removed at no cost to shareholders.

During the year investment management fees of £235,280 were charged to the Company (2018: £236,377) and £43,355 was payable at the year-end (2018: £29,327).

The Investment Manager has also received £2,222 (2018: £22,418) in relation to the reimbursement of third party research fees incurred on behalf of the Company in this financial accounting period.

The Investment Management agreement between CQS (Cayman) Limited Partnership and the Fund was terminated on 02 September 2019 and the new Investment Management agreement between CQS (UK) LLP and the Fund was signed on 09 September 2019.

Administrator

The Company's Administrator is Maitland Administration (Guernsey) Limited. In consideration for the services provided by the Administrator under the Administration Agreement, the Administrator is entitled to receive from the Company an annual fee of £65,000 per annum payable quarterly in arrears up to 31 October 2019, and from 01 November 2019 a minimum annual fee of £80,000 if the NAV is less than £100,000,000. During the year administration fees of £69,144 were charged to the Company (2018: £65,000) and £18,891 was payable at the year-end (2018: £16,250).

Custodian Fees

The Company's Custodian is Credit Suisse AG Dublin Branch. Custodian fees are charged monthly at 5 basis points based on the Company's assets under management. During the year custodian fees of £9,404 were charged to the Company (2018: £9,936) and £860 was payable at the year-end (2018: £866).

Depositary Fees

The Company's Depositary is INDOS Financial Limited. In consideration for the services provided by the Depositary under the Depositary Agreement, the Depositary is entitled to receive from the Company an annual fee of 0.02% of the Company's Net Asset Value up to £150 million; 0.015% up to £300 million; 0.0125% up to £450 million and 0.015% thereafter, subject to a minimum fee of £1,400 per month.

During the year depositary fees of £16,800 were charged to the Company (2018: £16,888) and £1,400 was payable at the year-end (2018: £1,400).

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

5. RELATED PARTY TRANSACTIONS AND OTHER SIGNIFICANT AGREEMENTS (continued)

Financial Adviser and Corporate Broker

The Company's Financial Adviser and Corporate Broker ('Financial Adviser') is finnCap who was appointed 8 February 2019 following the resignation of Cantor Fitzgerald. Under the agreement, the Financial Adviser is entitled to receive from the Company an annual fee of £20,000 per annum payable quarterly in advance.

During the year financial adviser fees of £24,730 (2018: £17,500) were charged to the Company and £1,467 (2018: £nil) was payable at the year end of which £18,533 (2018: £Nil) was paid to finnCap.

Registrar Fees

The Company's Registrar is Computershare Investor Services (Guernsey) Limited. In consideration for the services provided by the Registrar under the Registrars Agreement, the Registrar is entitled to receive from the Company an annual fee of £8,300 per annum payable monthly in arrears as well as all reasonable out-of-pocket expenses. During the year registrar fees of £15,545 were charged to the Company (2018: £16,391) and £886 was payable at year end (2018: £849).

6. BASIC AND DILUTED GAIN/(LOSS) PER ORDINARY SHARE

Basic gain/(loss) per Ordinary Share of 15.78p (31 December 2018: (14.90p)) is calculated by dividing the comprehensive gain for the year of £8,998,044 (2018: loss £8,492,506) by the weighted average number of Ordinary Shares outstanding during the year. The weighted average number of Ordinary Shares for the year is 57,014,946 (2018: 57,003,105). The 28,473,716 Subscription Shares are non-dilutive as at 31 December 2019 as the average share price for the year was below the exercise price. Assuming all Subscription Shares are exercised at the first possible opportunity, being the last business day in November 2020, and given no further changes in share capital of the Company the gain/(loss) per Ordinary Share is not expected to be diluted.

7. INVESTMENTS AT FAIR VALUE

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

	Fair Value Level 1 £	Fair Value Level 2 £	Fair Value Level 3 £	Fair Value Total £
Opening fair value at 1 January 2019	15,395,478	195,300	-	15,590,778
Purchases	5,655,673	-	-	5,655,673
Sales	(7,398,786)	(1,740)	-	(7,400,526)
Transfers	-	-	-	-
Gain/(loss)				
- realised	1,633,431	(151,733)	-	1,481,698
- unrealised	7,992,976	52,177	-	8,045,153
Closing fair value at 31 December 2019	23,278,772	94,004	-	23,372,776

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

7. INVESTMENTS AT FAIR VALUE (continued)

Split by:

Listed equities	23,278,772	-	-	23,278,772
Warrants	-	94,004	-	94,004
	<u>23,278,772</u>	<u>94,004</u>	<u>-</u>	<u>23,372,776</u>

During the year ended 31 December 2019 there were no transfers of fair value measurements between the levels. There were two investments held at level 3 with a nil value. Please refer to pages 41 to 43 for an analysis of financial assets at fair value through profit or loss which are disclosed above.

	Fair Value Level 1 £	Fair Value Level 2 £	Fair Value Level 3 £	Fair Value Total £
Opening fair value at 1 January 2018	25,615,546	708,819	-	26,324,365
Purchases	3,721,023	59,021	-	3,780,044
Sales	(6,483,486)	-	-	(6,483,486)
Transfers	-	-	-	-
Gain/(loss)				
- realised	(651,047)	-	-	(651,047)
- unrealised	(6,806,558)	(572,540)	-	(7,379,098)
Closing fair value at 31 December 2018	<u>15,395,478</u>	<u>195,300</u>	<u>-</u>	<u>15,590,778</u>

	Fair Value Level 1 £	Fair Value Level 2 £	Fair Value Level 3 £	Fair Value Total £
Split by:				
Listed equities	15,395,478	-	-	15,395,478
Warrants	-	195,300	-	195,300
	<u>15,395,478</u>	<u>195,300</u>	<u>-</u>	<u>15,590,778</u>

During the year ended 31 December 2018 there were no transfers of fair value measurements between the levels. There were two investments held at Level 3 with a total value of nil.

Net gain/(loss) on financial assets at fair value through profit or loss:

	2019 £	2018 £
Realised gain/(loss) on financial assets		
designated as at fair value through profit or loss	1,481,698	(651,047)
Net unrealised gain/(loss) on financial assets		
designated as at fair value through profit or loss	8,045,153	(7,379,098)
Net capital gain/(loss) on financial assets	<u>9,526,851</u>	<u>(8,030,145)</u>
Dividend income	23,431	7,969
Total net gain/(loss) on financial assets	<u>9,550,282</u>	<u>(8,022,176)</u>

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

7. INVESTMENTS AT FAIR VALUE (continued)

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

<u>Item</u>	<u>Fair value hierarchy level</u>	<u>Valuation techniques</u>
Financial assets at fair value through profit or loss – Listed equity securities	Level 1	Fair value is the quoted bid price.
Financial assets at fair value through profit or loss – Warrants and Options.	Level 2	The fair value of warrants and options have been calculated using the underlying listed prices, expiry dates and observable future volatility using the Black-Scholes method.

The Directors believe that the use of reasonable possible alternative assumptions for its one Level 3 equity holding would not result in a valuation materially different from the valuation of £nil included in these financial statements.

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	2019	2018
	£	£
Cash at bank	36,873	4,970,431
Bank overdraft	<u>(565,720)</u>	<u>(6,458,013)</u>
	<u>(528,847)</u>	<u>(1,487,582)</u>

Credit Suisse AG Dublin Branch ('CSAGDB') may determine from time to time the overdraft limit it will provide to the Company and may provide reasonable notice in writing of such an amount.

Overdraft interest is calculated on a daily basis using the one month Libor rate plus 175 basis points and is charged to the Company on a monthly basis. In order to satisfy CSAGDB of liquidity, a margin requirement is calculated to establish a net equity and cash position that must be maintained as collateral. If the Company falls into deficit then more funds are called. If the margin calls are not met then CSAGDB can call in all outstanding funds. At no point during the year did the Company fall into deficit and at the year end the Company held an excess over the margin requirement of £13,557,060 (2018: £5,555,894).

In addition to the above there is a provision for an event of default where the NAV changes from the previous highest NAV of the previous calendar year by more than 50%, 40% for the previous 3 months and 20% for the previous month. These are monitored on a monthly basis and the Directors confirm there were no breaches in the year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

9. RECEIVABLES

	2019	2018
	£	£
Amounts receivable from brokers	258,677	-
General expenses prepaid	6,288	61
	<u>264,965</u>	<u>61</u>

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

10. PAYABLES AND ACCRUALS

	2019	2018
	£	£
Investment management fee payable (note 5)	43,355	29,327
Audit fee	23,000	23,000
Administration fee payable (note 5)	18,891	16,250
Safe Custody fees payable (note 5)	860	-
Bank overdraft interest (note 8)	-	14,973
Depository fee payable (note 5)	1,400	1,400
Other expenses	-	1,334
Registrar fee payable (note 5)	886	849
	<u>88,392</u>	<u>87,133</u>

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

11. SHARE CAPITAL

Authorised Share Capital as at 31 December 2019 and 31 December 2018

2019	No. of shares	£
Ordinary Shares of £0.01 par value	200,000,000	£200,000
Subscription Shares of no par value	28,473,716	-
2018	No. of shares	£
Ordinary Shares of £0.01 par value	200,000,000	£200,000
Subscription Shares of no par value	28,488,690	-

	No. of Shares		Share Capital	
	2019	2018	2019	2018
			£	£
Issued and Fully Paid Share Capital				
Equity Shares				
Ordinary Shares of £0.01 each at inception				
As at 1 January	57,014,331	57,002,026	57,014	57,002
Issued during the year	14,974	12,305	15	12
As at 31 December	<u>57,029,305</u>	<u>57,014,331</u>	<u>57,029</u>	<u>57,014</u>

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

11. SHARE CAPITAL (continued)

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

Each Subscription Share confers the right, but not the obligation, to subscribe for one Ordinary Share. During the year 14,974 subscription shares were converted to ordinary shares at 42.30p, giving a consideration of £6,334. The subscription rights on the remaining 28,473,716 shares may be exercised on the last business day in November 2020 for 46.14p, after which time the subscription rights will lapse.

12. RESERVES

Revenue Reserve

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

Distributable Reserve

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

Realised Capital Reserve

The Realised Capital Reserve contains realised gains and losses on the disposal of investments, together with any expenses allocated to capital.

Unrealised Capital Reserve

The Unrealised Capital Reserve contains unrealised increases and decreases in the fair value of the Company's investment portfolio.

13. FINANCIAL RISK MANAGEMENT

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

Credit risk

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

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

As at 31 December 2019 there were no financial assets which were past due or impaired (31 December 2018: none).

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

13. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The Board of Directors is satisfied that the Company's transactions are concluded with a suitably approved counterparty with an appropriate credit quality, CSAGDB currently has a Standard and Poor's credit rating of A-1/A+ (31 December 2018: A-1/A). The following table illustrates the credit concentration by category:

	2019	2018
	£	£
Cash and cash equivalents:		
Credit Suisse AG Dublin Branch	36,873	4,970,431
Receivables	264,965	61
Total assets with credit risk	301,838	4,970,492

Liquidity risk

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

Whilst most of the Company's financial assets are listed securities which are considered readily realisable as they are listed on major recognised stock exchanges, some of the financial assets held by the Company may not be listed on recognised stock exchanges and so will not be readily realisable and their marketability may be restricted. The Company might only be able to liquidate these positions at disadvantageous prices, should the Investment Manager determine, or it become necessary, to do so. The fair value of these financial assets as at 31 December 2019 amounts to £94,004 (2018: £195,300).

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

	Less than 1 month	1-3 months	3 months to 1 year	1 year to 5 years	2019 Total
	£	£	£	£	£
Gross settled:					
Bank overdraft	565,720	-	-	-	565,720
Investment management fee payable	43,355	-	-	-	43,355
Registrar fee payable	886	-	-	-	886
Administration fee payable	18,891	-	-	-	18,891
Audit fee payable	-	-	23,000	-	23,000
Depositary fee payable	1,400	-	-	-	1,400
Custodian fee payable	860	-	-	-	860
	631,112	-	23,000	-	654,112

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

13. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

	Less than 1 month	1-3 months	3 months to 1 year	1 year to 5 years	2018 Total
	£	£	£	£	£
Gross settled:					
Bank overdraft	6,458,013	-	-	-	6,458,013
Bank overdraft interest	14,973	-	-	-	14,973
Investment management fee payable	29,327	-	-	-	29,327
Registrar	849	-	-	-	849
Administration fee payable	16,250	-	-	-	16,250
Audit fee	-	-	23,000	-	23,000
Depositary fee payable	1,400	-	-	-	1,400
Other expenses	1,334	-	-	-	1,334
	6,522,146	-	23,000	-	6,545,146

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

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

Market Risk

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

Price risk

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

The Company is exposed to market price risk arising from its financial assets designated as at fair value through profit or loss. The performance of these financial assets will be affected by the performance of the investee companies. The exploration, development and production of metal and mineral deposits involve significant uncertainties and the investee companies will be subject to all the hazards and risks normally encountered in such activities. Many of these are difficult to predict and are outside the control of the investee companies.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

13. FINANCIAL RISK MANAGEMENT (continued)

Price risk (continued)

They include, amongst others, issues relating to the environment, the climate, the geographical environment, local and international regulatory requirements, licensing terms, planning permission, unexpected geological formations, rock falls, flooding, pollution, legal liabilities, the availability and reliability of plant and equipment, the scaling-up of operations, the reliance on key individuals, local finance and tax regimes, foreign currency repatriation, capital and budget constraints, contractors and suppliers, local employment regulations and practices, employment unions and the availability of suitable labour.

In addition, there is often no guarantee that the estimates of quantities and grades of metals and minerals disclosed by investee companies will be available for extraction.

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

Price sensitivity

The value of the Company's financial assets had a sensitivity of £7,011,833 (2018: £4,677,233) to a 30% (2018: 30%) increase or decrease in the market prices with other variables being held constant as at 31 December 2019. A 30% change is the sensitivity rate currently used when reporting price risk internally to key management personnel.

Interest rate risk

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

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

The following table analyses the Company's interest rate risk exposure. The Company's assets and liabilities are included at fair value and categorised by the earlier of contractual re-pricing or maturity dates. There are no assets or liabilities maturing within four to twelve months of the year end.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

13. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

As at 31 December 2019	0-3 Months	1-5 Years £	Total £
Variable rate assets			
Cash and cash equivalents	36,873	-	36,873
Total interest bearing assets	36,873	-	36,873
Variable rate liabilities			
Bank overdraft	(565,720)	-	(565,720)
Total interest bearing liabilities	(565,720)	-	(565,720)
As at 31 December 2018	0-3 Months £	1-5 Years £	Total £
Variable rate assets			
Cash and cash equivalents	4,970,431	-	4,970,431
Total interest bearing assets	4,970,431	-	4,970,431
Variable rate liabilities			
Bank overdraft	(6,458,013)	-	(6,458,013)
Total interest bearing liabilities	(6,458,013)	-	(6,458,013)

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

Interest rate sensitivity

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

If interest rates had been 25 basis points higher or lower and all other variables had been held constant, the Company's net assets attributable to holders of Ordinary Shares at the year-end would have been £1,553 (2018: £10,967) lower or higher due to the change in the interest payable on the bank overdraft and the interest receivable on cash and cash equivalents.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

13. FINANCIAL RISK MANAGEMENT (continued)

Currency risk

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

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

There were no hedging instruments held at the year-end or used in the year (2018: None).

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

	2019		2018	
	Assets	Liabilities	Assets	Liabilities
	£	£	£	£
Australian Dollar (AUD)	6,146,601	-	6,041,959	-
Canadian Dollar (CAD)	13,466,197	-	9,868,570	-
United States Dollar (USD)	3,545,201	-	4,195,929	-
Swiss Franc (CHF)	-	-	228	-
Mexican Peso (MXN)	190,377	-	229,084	(280,570)
	23,348,376	-	20,335,770	(280,570)

Foreign currency sensitivity

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

Following the impact of COVID -19 on exchange rates the Company has increased its currency sensitivity analysis from 10% to 15%. The following table details the Company's sensitivity to a 15% (2018: 10%) increase or decrease in Sterling against the relevant foreign currencies. A 15% change is the sensitivity rate currently used when reporting foreign currency risk internally to key management personnel. A positive number indicates an increase in net assets attributable to holders of Ordinary Shares where Sterling weakens against the relevant currency and a negative number indicates a decrease in net assets where Sterling strengthens against the relevant currency.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

13. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency sensitivity (continued)

	AUD	CAD	USD	MXN
31 December 2019	£	£	£	£
Change in net assets in response to a 15% change in foreign currency rates	1,084,694 <u>(801,731)</u>	2,376,395 <u>(1,756,466)</u>	625,623 <u>(462,417)</u>	33,596 <u>(24,832)</u>
31 December 2018				
Change in net assets in response to a 10% change in foreign currency rates	671,329 <u>(549,269)</u>	1,096,508 <u>(897,143)</u>	466,214 <u>(381,448)</u>	(5,721) <u>4,681</u>

Summary of Financial Assets and Financial Liabilities by Category

The carrying amounts of the Company's financial assets and financial liabilities, as recognised at the balance sheet date of the reporting periods under review, are categorised as follows:

	2019	2018
	£	£
Financial Assets		
Financial assets at fair value through profit or loss	23,372,776	15,590,778
Current assets at amortised cost		
Receivables	258,677	61
Cash and cash equivalents	36,873	4,970,431
	<u>23,668,326</u>	<u>20,561,270</u>
Financial Liabilities		
Measured at amortised cost		
Other payables and accruals	88,392	87,133
Bank overdraft	565,720	6,458,013
	<u>654,112</u>	<u>6,545,146</u>

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

13. FINANCIAL RISK MANAGEMENT (continued)

Capital management

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

The capital structure of the Company consists of net debt, as disclosed in note 8 and equity as per note 11. The Company is not exposed to any externally imposed capital requirements. The Company expects to meet its other obligations for operating cash flows at the Statement of Financial Position date.

14. EVENTS AFTER THE FINANCIAL REPORTING DATE

The impact of the COVID-19 pandemic has caused some uncertainty in the market. This is a non-adjusting post balance sheet event which has not been taken into account in the valuations of investments as at 31 December 2019. The impact of COVID-19 can be seen in the turbulent net asset value of the Company since late February 2020. As at 23 April 2020 the NAV has recovered and increased by 1.1% compared to 31 December 2019.

As detailed in the Directors report, M Burne purchased an additional 100,000 Ordinary shares on 21 January 2020 and T Birch purchased an additional 50,000 Ordinary shares on 19 March 2020.

15. CONTROLLING PARTY

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

16. NAV RECONCILIATION

	2019	2018
	£	£
Net Asset Value per financial statements	23,020,502	14,016,124
Number of Ordinary Shares in issue at the year-end	57,029,305	57,014,331
IFRS NAV per Ordinary Share	40.37	24.58p
Issued NAV per Ordinary Share	40.63	24.87p

The major difference between the IFRS NAV per Ordinary Share and the Issued NAV per Ordinary Share relates to the pricing of the Investment Portfolio which is valued at a bid price for accounting purposes under IFRS and mid-price for the Issued NAV purposes.

Unaudited Portfolio Statement

As at 31 December 2019

Description	Holding	Fair Value £	% of Total Net Assets
<u>Equities</u>			
Australia			
West African Resources	9,439,631	2,153,795	9.35
Silver Lake Resources	2,215,061	1,569,090	6.82
Westgold Resources	1,033,714	1,256,078	5.46
Oklo Resources	5,560,826	413,093	1.79
Cardinal Resources	2,004,749	319,126	1.39
Independence Group	43,782	144,964	0.63
Calidus Resources	1,089,391	141,622	0.61
Metals X	2,317,805	92,240	0.40
S2 Resources	328,898	22,687	0.10
Amani Gold	19,526,284	20,722	0.09
Lachlan Star	120,000	255	0.00
Castile Resources*	258,428	0	0.00
		6,133,672	26.64
Canada			
Americas Gold and Silver	805,132	1,898,122	8.24
Roxgold	2,423,308	1,452,941	6.31
Asanko Gold	1,504,583	1,068,509	4.64
Pure Gold Mining	2,162,000	1,006,811	4.37
Calibre Mining	1,770,015	958,213	4.16
Integra Resources	1,367,673	955,357	4.15
Fortuna Silver Mines	268,725	822,803	3.57
Liberty Gold	1,251,000	786,472	3.42
Continental Gold	225,000	698,091	3.03
Silvercrest Metals	132,000	668,491	2.90
Pan American Silver	32,546	582,755	2.53
Guyana Goldfields	930,489	373,734	1.62
Ascendant Resources	1,978,835	339,808	1.48
Wheaton Precious Metals	15,000	337,039	1.46
Sabina Gold & Silver	291,177	322,042	1.40
Bluestone Resources	363,000	289,487	1.26
Trevali Mining	872,125	114,226	0.50
Mag Silver	12,000	107,154	0.47
Capstone Mining	240,000	106,176	0.46

Unaudited Portfolio Statement

As at 31 December 2019

Description	Holding	Fair Value	% of Total Net Assets
<u>Equities - continued</u>			
Canada - continued			
Lundin Mining	22,000	99,121	0.43
Teck Resources	7,500	98,187	0.43
Columbus Gold	717,000	64,692	0.28
Mandalay Resources	98,396	61,286	0.27
Santacruz Silver Mining	652,839	58,903	0.26
Allegiant Gold	73,400	8,332	0.04
Pan American Silver	168,700	-	-
		<u>13,278,752</u>	<u>57.68</u>
Mexico			
Industrias Penoles	24,000	189,954	0.83
United Kingdom			
Hummingbird Resources	1,220,000	256,200	1.11
Keras Resources	37,500,000	63,750	0.28
Sovereign Bauxite of Guinea*	100,000	-	-
		<u>319,950</u>	<u>1.39</u>
United States			
Pretium Resources	106,926	898,382	3.90
First Majestic Silver	89,140	824,311	3.58
MAG Silver	65,000	579,980	2.52
Platinum Group Metals	449,795	573,831	2.49
Americas Gold and Silver	201,834	479,940	2.09
Pan American Silver	50,000	-	-
		<u>3,356,444</u>	<u>14.58</u>
Total Equities		<u>23,278,772</u>	<u>101.12</u>

Unaudited Portfolio Statement (continued)

As at 31 December 2019

Description	Holding	Fair Value	% of Total Net Assets
<u>Warrants</u>			
Americas Gold and Silver 09/06/2021* ²	1,148,279	51,803	0.23
Americas Gold and Silver 16/06/2021 * ²	364,060	16,424	0.07
Ascendant Resources 07/03/2022 * ²	514,043	11,969	0.05
Pure Gold Mining 24/05/2020* ²	200,000	10,478	0.05
Bluestone Resources 19/03/2021* ²	44,000	3,330	0.01
Pure Gold Mining July 2019* ²	500,000	-	-
Total Warrants		94,004	0.41
Total Investments		23,372,776	101.53
Other current assets less payables and accruals		213,446	0.93
Bank overdraft		(565,720)	(2.46)
Total Net Assets		23,020,502	100.00
Summary of Portfolio Statement			
Equities			
Australia		6,133,672	26.64
Canada		13,278,752	57.68
Mexico		189,954	0.83
United Kingdom		319,950	1.39
United States		3,356,444	14.58
		23,278,772	101.12
Warrants		94,004	0.41
Total Investments		23,372,776	101.53
Other current assets less payables and accruals		213,446	0.93
Bank overdraft		(565,720)	(2.46)
Total Net Assets		23,020,502	100

* Level 3 unlisted equities

*² Level 2 warrants

Management and Administration (continued)

Directors

Malcolm Burne
Toby Birch
Robert King
Graeme Ross

Details available at – www.ncim.co.uk

AIFM

CQS (UK) LLP
4th Floor
1 Strand
London
WC2N 5HR

Secretary and Administrator

Maitland Administration (Guernsey) Limited
3rd Floor, 1 Le Truchot
St Peter Port
Guernsey
GY1 1WD

Independent Auditor to the Company

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

Registered office

3rd Floor, 1 Le Truchot
St Peter Port
Guernsey
GY1 1WD

Depositary

INDOS Financial Limited
25 North Row
London
W1K 6DJ

Investment Manager

CQS (UK) LLP
4th Floor
One Strand
London
WC2N 5HR

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

Principal Bankers and Custodian

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

New City Investment Managers

(a trading name of CQS (UK) LLP, previously CQS Asset Management Limited)
4th Floor
1 Strand
London
WC2N 5HR

Financial Adviser and Broker to the Company

Cantor Fitzgerald Europe L.P. (to 8th February 2019)
One Churchill Place
Canary Wharf
London
EH14 5RD

Financial Adviser and Broker to the Company

finnCap Ltd. (from 8th February 2019)
60 New Broad Street
London
EC2M 1JJ

Management and Administration (continued)

TISE Sponsor

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

Registrar and CREST Agent

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

Advocates to the Company as to Guernsey Law

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

Solicitors to the Company as to English Law

Gowling WLG (UK) LLP
4 More London Riverside
London
SE1 2AU

Market Makers

Nplus 1 Singer Limited
One Bartholomew Lane
London EC2N 2AX

Shore Capital
Bond Street House
14 Clifford Street
London W1S 4JU

KBC Peel Hunt
111 Old Broad Street
London EC2N 1PH

Cantor Fitzgerald Europe
17 Crosswall
London
EC3N 2LB

Market Makers

Winterflood Securities
25 Dowgate Hill
London
EC4R 2GA

Golden Prospect Precious Metals Limited

Report of the UK Investment Manager Relating to Matters under the Alternative Investment Fund Managers' Directive
For the year ended 31 December 31 2019

Risk management systems

The Company's Offering Memorandum sets out the risks to which the Company is exposed. The UK Investment Manager employs risk management disciplines which monitor the Company's portfolio and to quantify and manage the associated market and other risks. A permanent independent department has been established by the UK Investment Manager to perform the risk management function. The risk management and performance analysis team ("RMPA") is led by the Chief Risk Officer and is functionally and hierarchically separate from the operating units of the portfolio managers of the Company.

RMPA is a dedicated control function over the operating units of the Investment Manager and is not involved in the performance activities of the Company. RMPA has designed, documented and implemented effective risk management policies, processes and procedures in order to identify, quantify, analyse, monitor, report on and manage all material risks relevant to the Company's investment strategy. The systems include third party vendor applications such as Tradar, Sungard Front Arena and MSCI Risk Metrics, complemented with a number of proprietary applications.

Material changes to information required to be made available to investors of the Company

No material changes.

Assets of the Company subject to special arrangements arising from their illiquid nature

There are no assets of the Company which are subject to special arrangements arising from their illiquid nature.

Remuneration

The AIFM has adopted a remuneration policy which meets the requirements of the Directive and has been in place for the current financial year of the Fund. The variable remuneration period of the AIFM ended on 31 December 2019 and therefore coincides with the financial year of the Fund.

The remuneration process is overseen by the remuneration committee (comprised predominately of independent non-executive parties). An internal working group encompassing senior management is responsible for gathering relevant information (both quantitative and qualitative) to evaluate the performance (both short and long term) of individuals, teams and the AIFM as a whole, against external market benchmarks and to utilise this to develop proposals for fixed and variable remuneration for all staff. The remuneration committee receives these proposals and the supporting information and is responsible for independently reviewing and scrutinising the proposals and evidence provided in line with the AIFM's stated objectives and developing its final recommendations for delivery to the governing body of the AIFM and other entities associated with the AIFM.

The variable remuneration of all staff in excess of a threshold, which includes those individuals categorised as remuneration code staff ("code staff"), is subject to the following:

- deferred payment of up to 50% of the variable remuneration for a period of 3 years,
- deferred remuneration is linked to funds managed by the AIFM ,
- the breaching of certain covenants may lead to forfeiture of deferred remuneration, and
- a claw-back provision of deferred remuneration in certain circumstances including future performance issues by the individuals.

Golden Prospect Precious Metals Limited

Report of the UK Investment Manager Relating to Matters under the Alternative Investment Fund Managers' Directive (continued)

For the year ended 31 December 2019

The below information provides the total remuneration paid by the AIFM (and any delegates) for the year ending, December 31, 2019. This has been presented in line with the information available to the Company. There is no allocation made by the AIFM to each AIF and as such the disclosure reflects the remuneration paid to individuals who are partly or fully involved in the AIF, as well as staff of any delegate to which the firm has delegated portfolio management and/or risk management responsibilities in relation to the AIF.

Of the total AIFM remuneration paid of \$123.5m for the year ending December 31, 2019 to 207.2 individuals (full time equivalent), \$35.4m has been paid as fixed remuneration determined based upon the FCA guidance with the remainder being paid as variable remuneration.

The AIFM has assessed the members of staff whom it determines to be code staff in line with AIFMD as reflected in SYSC 19b.3.4R. Senior management and staff engaged in the control functions are identified based upon their roles and responsibilities within the AIFM and the delegates. With respect to investment professionals, in determining whether such staff are code staff, due consideration is taken of the allocated capital and trading limits that apply to the funds managed and whether the individuals report into and seek consent for investment decisions from others who are themselves code staff. There are 19.4 individuals (full time equivalent) who meet this definition and these individuals have collectively been compensated \$74.1m.

Not all individuals are directly remunerated by the AIFM due to the structure of the AIFM entity, however in the interests of meeting the underlying requirement of this disclosure all staff involved have been assessed as if directly remunerated by the AIFM.

Golden Prospect Precious Metals Limited

Registered Office Address: 1 Le Truchot, St. Peter Port, Guernsey, GY1 1WD

Registration Number: 45676

Golden Prospect Precious Metals Limited

Report of the UK Investment Manager Relating to Matters under the Alternative Investment Fund Managers' Directive (continued)

For the year ended 31 December 2019

The Fund is subject to the Regulation (EU) 2015/2365 on Transparency of Securities Financing Transactions and of Reuse and Amending Regulation (EU) No 648/2012 of the European Parliament ("SFTR"). The regulation was issued on November 25, 2015 effective for all alternative investment funds from January 12, 2016. The disclosure requirements accompanying this regulation are effective for annual reports published after January 13, 2017.

A Securities Financing Transaction ("SFT") is defined per Article 3(11) of the SFTR as;

- a repurchase transaction or a reverse repurchase transaction;
- a securities or commodities lending and securities or commodities borrowing;
- a buy-sell back transaction or sell-buy back transaction;
- a margin lending transaction.

The regulation also covers transactions that are commonly referred to as total return swaps ("Swaps"). As at 31 December 2019, there were no SFT's or Swaps held by the Fund and as such there are no disclosure requirements in respect of these securities. The Fund did however incur margin lending fees during the year and these have been disclosed below.

Data on return and cost for each type of SFT and Swap

The following table reflects the return and cost for each type of SFT and Swap broken down between the Fund, the Investment Manager and third parties for the year ended 31 December 2019.

	Fund	Manager	Third parties
	£	£	£
Repurchase transaction	-	-	-
Securities or commodities lending and securities or commodities	-	-	-
Buy-sell back transactions or sell-buy back transactions	-	-	-
Margin lending transactions	(47,504)	-	-
Total return swaps	-	-	-
Total	(47,504)	-	-

These disclosures have been prepared by the Investment Manager and reflect the Investment Managers data as at 31 December 2019.

New City Investment Managers (a trading name of CQS (UK) LLP)

24 April 2020

Golden Prospect Precious Metals Limited

Registered Office Address: 1 Le Truchot, St. Peter Port, Guernsey, GY1 1WD

Registration Number: 45676

This document is important and requires your immediate attention. If you are in doubt as to any aspect of the proposals referred to in this document or the action you should take, you should seek your own advice from a stockbroker, solicitor or other independent professional adviser. If you have recently sold or transferred all of your shares in Golden Prospect Precious Metals Limited, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

NOTICE OF ANNUAL GENERAL MEETING 2020

Notice is hereby given that the Annual General Meeting (“**AGM**”) of Members of Golden Prospect Precious Metals Limited (the ‘**Company**’) will be held at 1 Le Truchot, 3rd Floor, St. Peter Port, Guernsey on Tuesday 23 June 2020 at 11:00 BST to transact the business set out in the Resolutions below.

IMPORTANT NOTE: As a result of the ongoing COVID-19 pandemic, physical attendance in person at the AGM will not be possible. The Company therefore encourages shareholders to cast their votes by completing and returning the attached Form Of Proxy. The Form of Proxy includes the contact details of the Company’s Registrar, Computershare Investor Services, should you have any questions on the voting process.

ORDINARY RESOLUTIONS

1. To receive the Company’s Annual Report and Audited Financial Statements for the year ended 31 December 2019.
2. To re-appoint BDO Limited as auditor to the Company until the conclusion of the next general meeting at which accounts are laid before the Company.
3. To authorise the Directors of the Company to determine the remuneration of the auditor.
4. To re-elect Mr Graeme Ross as a Director of the Company who retires by rotation in accordance with Article 18.3 of the Articles of Association of the Company.
5. To re-elect Mr Malcolm Burne as a Director of the Company who retires by rotation in accordance with Article 18.3 of the Articles of Association of the Company.
6. To re-elect Mr Robert King as a Director of the Company who retires by rotation in accordance with Article 18.3 of the Articles of Association of the Company.
7. To re-elect Mr Toby Birch as a Director of the Company who retires by rotation in accordance with Article 18.3 of the Articles of Association of the Company.

Golden Prospect Precious Metals Limited

Registered Office Address: 1 Le Truchot, St. Peter Port, Guernsey, GY1 1WD

Registration Number: 45676

8. To authorise the Company, in accordance with Article 4.8 of the Articles of Association of the Company and The Companies (Guernsey) Law, 2008, as amended (the 'Law'), to make market purchases of its own ordinary shares of £0.01 each ('Ordinary Shares'), such authorisation conditional upon the Ordinary Shares of the Company continuing to be admitted to listing on the Official List of The International Securities Exchange ('TISE') and, with the exception of a tender offer or partial offer being made to all holders of Ordinary Shares on the same terms:-
- 8.1 the maximum number of Ordinary Shares hereby authorised to be purchased shall be up to 15% of the Company's existing issued ordinary share capital;
 - 8.2 the minimum price (exclusive of expenses) which may be paid for the Ordinary Shares to be £0.01 per Ordinary Share;
 - 8.3 the maximum price (exclusive of expenses) payable by the Company for the Ordinary Shares to be 5% above the average of the closing middle market quotations (as derived from Bloomberg) of an Ordinary Share for the five (5) consecutive dealing days preceding the date on which the purchase is made;
 - 8.4 the authority (unless previously renewed or revoked) will expire at the end of the annual general meeting of the Company to be held in 2021 or, if earlier, the date being fifteen months from the date of this resolution;
 - 8.5 the Company may make a contract to purchase its own Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed or wholly or partly executed after the expiry of such authority, and may make a purchase of its own Ordinary Shares in pursuance of any such contract; and
 - 8.6 the purchase price for any Ordinary Shares may be paid by the Company out of distributable profits or out of capital and share premium or otherwise to the fullest extent permitted by The Companies (Financial Assistance for Acquisition of Own Shares) Ordinance, 1998.

By order of the Board

Maitland Administration (Guernsey) Limited

1 Le Truchot
St Peter Port
Guernsey
GY1 1WD

24 April 2020

Golden Prospect Precious Metals Limited

Registered Office Address: 1 Le Truchot, St. Peter Port, Guernsey, GY1 1WD

Registration Number: 45676

EXPLANATORY NOTES

IN THE LIGHT OF RESTRICTIONS ON ATTENDANCE AT THE ANNUAL GENERAL MEETING DUE TO COVID-19, WE ENCOURAGE YOU APPOINT THE CHAIR AS YOUR PROXY.

ALL NOTES BELOW REFERRING TO ATTENDANCE AT THE ANNUAL GENERAL MEETING SHOULD BE READ IN THIS CONTEXT.

1. Members entitled to attend and vote at the Meeting are entitled to appoint one or more proxies to attend, speak and vote instead of him or her, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such member. A proxy need not be a member of the Company. A form of proxy accompanies this notice. Completion and return of the form of proxy will not preclude members from attending or voting at the Meeting, if they so wish. The fact that members may have completed forms of proxy will not prevent them from attending and voting at the Meeting in person should they afterwards decide to do so.
2. To be valid, the form of proxy, together with the power of attorney or the authority, if any, under which it is executed (or a notarially, certified copy of such power of attorney) must be deposited with Computershare Investor Services (Guernsey) Limited, c/o The Pavillons, Bridgewater Road, Bristol, BS99 6ZY by no later than 11:00 BST on Friday 19 June 2020 before the time for holding the Meeting or adjourned Meeting or the taking of a poll at which the person named in the instrument proposes to vote.
3. A member must first have his or her name entered on the register of members not later than 11:00 BST on Friday 19 June 2020. If the Meeting is adjourned, members entered on the register not later than 11:00 BST on Friday 19 June 2020 before the time fixed for the adjourned Meeting shall be entitled to attend and vote at the Meeting. Changes to entries in the register after that time shall be disregarded in determining the rights of any holders to attend and vote at the Meeting.

Golden Prospect Precious Metals Limited
Registered Office Address: 1 Le Truchot, St. Peter Port, Guernsey, GY1 1WD
Registration Number: 45676

FORM OF PROXY

For use at the Annual General Meeting of Golden Prospect Precious Metals Limited (the 'Company') to be held on Tuesday 23 June 2020 at 11:00 BST

I/We (block capitals please) _____

of (address) _____

_____ being (a) member(s) of the Company appoint the Chairman of the meeting or*

As my/our proxy and, on a poll, to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 1 Le Truchot, 3rd Floor, St. Peter Port, Guernsey on Tuesday 23 June 2020 at 11:00 BST and any adjournment thereof.

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

* To allow effective constitution of the meeting, if it is apparent to the Chairman that no shareholders will be present other than by proxy, then the Chairman may appoint a substitute to act as proxy in his stead for any shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman. A proxy need not be a member of the Company.

ORDINARY RESOLUTIONS

	FOR	AGAINST	VOTE WITHELD
1. To receive the Company's Annual Report and Audited Financial Statements for the year ended 31 December 2019.			
2. To re-appoint BDO Limited as auditor to the Company until the conclusion of the next general meeting at which accounts are laid before the Company.			
3. To authorise the Directors of the Company to determine the remuneration of the auditor.			
4. To re-elect Mr Graeme Ross as a Director of the Company who retires by rotation in accordance with Article 18.3 of the Articles of Association of the Company.			
5. To re-elect Mr Malcolm Burne as a Director of the Company who retires by rotation in accordance with Article 18.3 of the Articles of Association of the Company.			
6. To re-elect Mr Robert King as a Director of the Company who retires by rotation in accordance with Article 18.3 of the Articles of Association of the Company.			

Golden Prospect Precious Metals Limited

Registered Office Address: 1 Le Truchot, St. Peter Port, Guernsey, GY1 1WD

Registration Number: 45676

<p>7. To re-elect Mr Toby Birch as a Director of the Company who retires by rotation in accordance with Article 18.3 of the Articles of Association of the Company.</p>			
<p>8. To authorise the Company, in accordance with Article 4.8 of the Articles of Association of the Company and The Companies (Guernsey) Law, 2008, as amended (the 'Law'), to make market purchases of its own ordinary shares of £0.01 each ('Ordinary Shares'), such authorisation conditional upon the Ordinary Shares of the Company continuing to be admitted to listing on The International Stock Exchange ('TISE') and, with the exception of a tender offer or partial offer being made to all holders of Ordinary Shares on the same terms:-</p> <p>8.1 the maximum number of Ordinary Shares hereby authorised to be purchased shall be up to 15% of the Company's existing issued ordinary share capital;</p> <p>8.2 the minimum price (exclusive of expenses) which may be paid for the Ordinary Shares to be £0.01 per Ordinary Share;</p> <p>8.3 the maximum price (exclusive of expenses) payable by the Company for the Ordinary Shares to be 5% above the average of the closing middle market quotations (as derived from Bloomberg) of an Ordinary Share for the five (5) consecutive dealing days preceding the date on which the purchase is made;</p> <p>8.4 the authority (unless previously renewed or revoked) will expire at the end of the annual general meeting of the Company to be held in 2021 or, if earlier, the date being fifteen months from the date of passing of this resolution;</p> <p>8.5 the Company may make a contract to purchase its own Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed or wholly or partly executed after the expiry of such authority and may make a purchase of its own Ordinary Shares in pursuance of any such contract; and</p> <p>8.6 the purchase price for any Ordinary Shares may be paid by the Company out of distributable profits or out of capital and share premium or otherwise to the fullest extent permitted by The Companies (Financial Assistance for Acquisition of Own Shares) Ordinance, 1998.</p>			

Subject to any voting instructions so given, the proxy will vote, or may abstain from voting, on any resolution as he/she may think fit.

Signature _____

Dated this _____ day of _____ 2020

PROXY NOTES

REMINDER: IN THE LIGHT OF RESTRICTIONS ON ATTENDANCE AT THE ANNUAL GENERAL MEETING DUE TO COVID-19, WE ENCOURAGE YOU APPOINT THE CHAIR AS YOUR PROXY.

ALL NOTES BELOW REFERRING TO ATTENDANCE AT THE ANNUAL GENERAL MEETING SHOULD BE READ IN THIS CONTEXT.

1. A corporation must execute the proxy under its common seal or under the hand of an officer or attorney duly authorised
2. In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated. Joint holders are not permitted to vote independently of each other and must vote as one.
3. To appoint more than one proxy to vote in relation to different shares within your holding, you may photocopy this form. Please indicate on each copy of the form the proxy's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you).

Please also indicate if the appointment of a proxy is one of multiple appointments being made. All such forms should be signed and returned together in the same envelope. Appointing a proxy shall not preclude a member from attending and voting in person at the meeting.

4. If this form is returned without indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.
5. A vote withheld is not a vote in law and will not be counted in the calculation of the votes "For" and "Against" a resolution. If you do not indicate how your proxy is to vote, you will be deemed to have authorised your proxy to vote or withhold your vote as your proxy thinks fit. Your proxy will also be entitled to vote at their discretion on any other resolution put properly to the AGM.
6. To be valid, this form of proxy, duly executed together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must be deposited at Computershare Investor Services (Guernsey) Limited, c/o The Pavillions, Bridgewater Road, Bristol, BS99 6ZY by no later than 11:00 BST on Friday 19 June 2020 before the time for holding the meeting or adjourned meeting or the taking of a poll at which the person named in the instrument proposes to vote.
7. No member shall be entitled to be present or take part in any proceedings or vote either personally or by proxy at any meeting unless all calls due from him have been paid.