GOLDEN PROSPECT PRECIOUS METALS LIMITED

Annual Report and Audited Financial Statements
for the year ended 31 December 2012

GOLDEN PROSPECT PRECIOUS METALS

Contents

Chairman's Statement

Dear Shareholder

In this most difficult of years both your board of directors and the investment manager remain very firmly committed to the outlook for bullion prices and the short term volatility should not retract from medium to long term investing. Whilst mining and exploration shares have suffered a dramatic shift in market sentiment over recent months, this provides managers with the renewed opportunity to take advantage of oversold positions now boasting exceptional fundamental values. The GPPM team fully intend to exploit the many share price anomalies trapped in the shakeout.

As far as we can ascertain very little has changed in regard to the reasons gold attracted such heavy demand over the past decade. What has transpired so far in 2013 is a rotation of funds from so deemed safe haven assets like bonds and gold to higher risk equities. The perception rightly or wrongly is that the Eurozone crisis is under control by pure political will and that increasing evidence of USA economic recovery is more important than the hardy perennial issues of the deficit and spiralling debt.

It is certainly understandable why some large institutional and other investors would want to take some profits on gold after such a stellar rise over recent years and redeploy the funds into a possible bull phase for equities. This explains why the goldbacked Exchange Traded Funds have fallen back by 5 per cent so far this year. And this will likely continue over the next few months testing the bullion price further to previous support levels.

However once the sellers and profit takers have been shaken out fully, the arguments for a new revival upwards are more solidly in place than ever. Consider how many fundamentally bullish factors are still at play. Central bank buying is hovering around a near 50 year high with the BRIC economies, China, India, Russia and Brazil still channelling a significant part of their increasing sovereign wealth into gold.

This should continue following the recent rules set by the Basel Committee on Banking Supervision (essentially a committee of central bankers from around the world that sets regulatory and capital standards for commercial banks) which has decided that gold should now be treated as Tier I capital. This means that gold will be given its full value when calculating capital adequacy ratios. Before this gold was treated as Tier 3 capital and given a weighting of only 50 p.c. So bullion is officially as important as cash and treasuries! This coincided with Germany's strategic move to repatriate approximately US$ 90bn worth of gold from foreign vaults. Whether this is an insurance against future currency crises or not, it has to be seen as hugely relevant in today's era of monetary debasement from the huge QE programmes of recent past. Even Japan has jumped on the QE bandwagon triggering a much needed fall in the Yen.

Moreover, gold's positive reaction to QE cannot evaporate overnight. The inflationary implications of QE are still much in force and there is nothing more that attracts buyers to gold than monetary depreciation.

There are times when gold is affected by seasonal and other unforeseen events as played out last year when even the surge in Central Bank buying failed to offset a 12 p.c. fall in Indian sales during 2012. India's usual robust buyers were affected by a rain induced bad crop harvest and also cut back because of new import duties by the Indian government worried about its own trade balance.

China continues to be the major and steady accumulator of bullion. It is shortly to further liberate its gold markets by the launch of several new gold backed ETFs following the introduction of new rules by the China Securities Regulatory Commission. The new ETFs are expected to appeal to larger scale investors such as institutional or sovereign wealth. Even before they start up, the volume of gold recently traded on the Shanghai Gold Exchange reached a record level in the latter part of 2012.

In spite of all these collective and compelling arguments, ticking most of the boxes, gold remains pinned to channel support. The price has been range bound for several months and this sustained sideways trend has not helped the case for gold equities when other leading industrial shares around the globe have been staging impressive recoveries.

The Investment Managers report deals with the specifics of the underlying share portfolio but I may add that the great disparity that has developed between the gold price itself and gold equities is to a large extent explained by the advent of the Exchange Traded Funds. In previous bull markets, these attractive investment vehicles did not exist. Fifteen or so years back investors had to go to the Mint or bullion dealers and pay cash for their gold and gold coins. Now there are many paper ways of getting access to gold and silver and the theory is that this is cannibalising the market for gold equities i.e. investors have been putting their cash directly into the yellow metal at the expense of gold shares. This is true. But the fact is that mining companies have focused on production and per oz valuations for too long and will now be forced to look more closely at shareholder returns as competition increases for the investment dollars.

The industry needs a period of intense rationalisation. It has become too fragmented and management has allowed costs to get out of control. Of approximately 85 mid to senior gold producers very few consistently generate a plus 25 per cent return on shareholders equity. They have been spending twice as much but producing less. Also there are still too many juniors scrambling around the Globe looking for bonanza grades, absorbing vast amounts of investors cash with very little to show for their efforts. They have clogged up investment portfolios and indigestion as a result has left a bad taste in the mouth of both managers and their compliance teams.

Moreover the discovery cycle usually in full swing by now following the frenzied exploration spending still stubbornly refuses to kick start the sector again. However, after some 60p.c. falls in explorers' share prices in the last year perhaps today's low cost entry point is going to prove astute compared to the high cost entry point say in 2010 and in particular because we are three years further into the exploration cycle and the pay off should be closer!

As a group of investors in this highly stimulating sector we need to do more to convince gold enthusiasts to sell some of their ETFs and buy more gold shares. At today's much lower and derisked levels we should also see some of the major companies become more active in the field of mergers and acquisitions. They have hoards of cash and there is no lack of suitable takeover targets.

We strongly believe that the Company will continue to offer excellent investment opportunities and meet the specific criteria of our investors in an uncertain world.

Malcolm Burne
Chairman

Board Members

Directors of the Company

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

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

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

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

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

Paul Craig, is a Director of Multi-Manager at Henderson Global Investors. Mr. Craig has over 20 years of investment experience, including 10 years at Exeter Investment Group and 6 years at New Star Asset Management, where Mr. Craig was a Director of the asset management subsidiary. During the past 18 years, Mr. Craig's focus has been multi-manager products with an emphasis on closed-end funds. Mr. Craig is an Associate of the UK Society for Investment Professionals.

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

Directors' Report

The Directors present their Report and the Audited Financial Statements of Golden Prospect Precious Metals Limited (the "Company") for the year ended 31 December 2012.

The Company

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

Investment Policy

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

Shareholder Information

The Company announces its net asset value on a weekly basis.

Results and Dividends

The Company's performance during the year is discussed in the Investment Manager's Report on page 8. The results for the year are set out in the Statement of Comprehensive Income on page 10. The Directors do not recommend the payment of a dividend for the year ended 31 December 2012 (2011: £nil).

Directors' Responsibilities

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

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

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

Directors' Report (Continued)

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

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

Directors

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

Directors' Interests

The Directors held the following interests in the share capital of the Company either directly or beneficially as at 31 December 2012, and as at the date of signing these financial statements:

	Ordinary Shares	Subscription shares
Robert King	20,000	10,000
Malcolm Burne	387,500	193,750
Kaare Foy	25,000	12,500
Dr John Bowles (appointed 3 January 2012)	4,124	2,107
Paul Craig (appointed 3 January 2012*)	-	-

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

All Directors received remuneration for their services of £16,000 per annum (2011: £16,000). None of the Directors have a contract of service with the Company.

Directors' Authority to Buy Back Shares

As agreed at the Company AGM on 7 June 2012, and in accordance with the Articles of Association of the Company and the Companies (Guernsey) Law, 2008, as amended (the "Law"), the Company is authorised to make market purchases of up to a maximum of 14.99 per cent. of the issued Share Capital. This authority is renewable annually. At the Annual General Meetings to take place on 2 May 2013 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 market quotations taken from the London Stock Exchange Daily Official List on each of the five business days before the purchase is made.

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

Directors' Report (Continued)

Board Responsibilities and Corporate Governance

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

The Board meets at least four times a year and all directors attended all such meetings during the 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 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") introduced on 1 January 2012. The Directors have taken the action that they consider appropriate to ensure that the appropriate level of corporate governance, for an investment company incorporated in Guernsey whose securities are listed on the Channel Islands Stock Exchange, is attained and maintained.

The Directors have taken appropriate measures to ensure that the Company complies, as appropriate given the Company's size and nature of business, with the principles of the Code. For the purposes of assessing compliance with the Code, the Board considers all of the Directors as independent of the Investment Manager.

As part of the process of reviewing its compliance with the Finance Sector Code of Corporate Governance the Board has concluded that it is appropriate to establish formal Nomination, Audit and Remuneration Committees and to instigate an annual formal evaluation of the Directors and the Company service providers. These committees will commence their duties with effect from 1 January 2013.

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

Nomination Committee : R King (Chairman), M Burne and P Craig.

The Nomination Committee meets at least once a year.

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

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

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

The Audit Committee will meet no less than twice a year in Guernsey to review the findings of the audit and/or review, with the external Auditor.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of the internal control policies and procedures. This includes ensuring that the identification, assessment and reporting of risks are adequate.

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

The Committee or the Committee Chairman shall meet formally with the Board at least once a year to discuss such matters as the annual report and the relationship with the external auditors.

In the light of its other duties, the Committee shall make whatever recommendations to the Board it deems appropriate and shall compile a report to shareholders to be included in the Company's annual report and accounts. Ultimate responsibility for reviewing and approving the annual report and financial statements will remain with the Board.

The Committee shall also monitor and review the effectiveness of the Company's other third party service providers and report this to the Board.

Directors' Report (Continued)

Remuneration Committee : R King (Chairman), M Burne and P Craig.

The Committee shall meet at least once a year.

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

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

The Committee Chairman shall report formally to the Board on its proceedings after each meeting and the Committee shall compile a report to shareholders on its activities to be included in the Company's Annual Report.

Environment

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

Going Concern

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

Relations with Shareholders

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

Shareholders Significant Interests

The following Shareholders had a substantial interest of 10% or more of the Company's issued share capital as at the year end;

	% of issued share capital
Clients of HSBC Global Custody Nominee (UK)	20.25%
Clients of the Bank of New York (Nominees) Limited	11.01%

Investment Manager

The Investment Manager is entitled to an investment management fee and a performance fee as detailed in note 5.

Auditor

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

Approved by the Board of Directors on 28 March 2013 and signed on behalf of the Board by:

Robert King
John Bowles

Investment Manager's Report

The gold market over the last year has been trading in a wide range between $1,540 and $1,790 per oz. The drivers for gold over that period have remained broadly positive. We continued to see central banks accumulate physical gold, buying a total of 534.6 tons during the year, which is the highest level over the last 20 years. At the same time, central bankers around the world are continuing to devalue their currencies, specifically with more money printing, whether that is the Federal Reserve, which initiated QE3 or the Bank of Japan which are committed to creating inflation.

Against this backdrop, it is not surprising to see that gold bullion had a reasonably good year, up 7.1% for the year to 31 December 2012. Gold prices specifically reacted ahead of the announcement of QE3 by the Federal Reserve and made a short term peak in October, at $1,790 before closing the year at $1,675. The gold shares as represented by the Philadelphia Gold & Silver Index did not fare well, for it fell by 8.3% in US$ terms. In sterling terms, it fell by 12.5%. Our share price fell by 15.6% and our NAV fell by 11.6%.

This is the second year running where gold companies have underperformed gold bullion. Is this trend going to continue this year? In my previous reports, I flagged a number of reasons why gold companies underperformed. Firstly management teams essentially over promised and under delivered whether it was in operations or in development of new mines. These management teams were focussing on growth at any price and forgot that investors are interested only in profitable growth. Costs were rising faster than the gold price and hence we saw margin compression. On the exploration side, there were few economic deposits found.

Looking at all these issues, I am seeing some signs of change, particularly in the more leading edge management teams. They are responding to shareholders by postponing or cancelling the building of marginal projects. They are looking at costs much more carefully and are returning cash back to shareholders in the form of dividends. Under performing CEOs are being replaced.

Does this mean that these companies are going to outperform this year? I believe that the right companies will. We are getting to levels in valuations where it is very attractive and the expectations of investors for the sector are very low. These are ingredients that I would expect to see in a turnaround. In the very short term, investors continue to look at sectors which are geared to an economic recovery in China and the US and hence are unlikely to pay too much attention to this sector. However, as the year unfolds and as some of these gold companies start to put out some decent results, I would expect them to re-rate over time.

We have positioned our portfolio in what we believe are the companies which best fit that mould and should react favourably over the year as they deliver on their promises.

John Wong
New City Investment Managers

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

We have audited the financial statements of Golden Prospect Precious Metals Limited for the year ended 31 December 2012 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective Responsibilities of the Directors and Auditor

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

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

Scope of the Audit of the Financial Statements

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

Opinion on the Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and;
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Matters on Which We are Required to Report by Exception

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

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

BDO LIMITED
CHARTERED ACCOUNTANTS
Place du Pré
Rue du Pré
St Peter Port
Guernsey

28 March 2013

Statement of Comprehensive Income
for the year ended 31st December 2012

Income	Notes	Revenue £	Capital £	01.01.12 to 31.12.12 Total £	01.01.11 to 31.12.11 Total £
Income from investments designated at fair value through profit or loss		392,860	-	392,860	266,136
Interest income for financial assets that are not a fair value through profit or loss: on cash and cash equivalents	2	2,624	-	2,624	12,212
		395,484	-	395,484	278,348
Net capital losses on financial assets	2,7	-	(5,551,873)	(5,551,873)	(14,648,062)
Net realised gains on foreign currency	2	84,918	-	84,918	435,390
Total income		480,402	(5,551,873)	(5,071,471)	(13,934,324)
Expenses					
Investment management fees	5	(801,067)	-	(801,067)	(763,674)
Administration fees	5	(55,000)	-	(55,000)	(55,000)
Custodian fees	5	(14,788)	-	(14,788)	13,807
Directors' fees	5	(78,810)	-	(78,810)	(48,000)
Audit fees		(14,802)	-	(14,802)	(11,968)
Brokerage fees		(3,493)	-	(3,493)	(13,417)
Overdraft Interest		(114,935)	-	(114,935)	(27,735)
Directors' insurance costs		(7,608)	-	(7,608)	-
Registrar's fees		(22,600)	-	(22,600)	(12,133)
Sponsor fees		(15,982)	-	(15,982)	(23,240)
Legal fees		(9,500)	-	(9,500)	-
Printing		(19,219)	-	(19,219)	(18,385)
Other expenses		(60,807)	-	(60,807)	(64,694)
Total operating expenses		(1,218,611)	-	(1,218,611)	(1,024,439)
Operating loss		(738,209)	(5,551,873)	(6,290,082)	(14,958,763)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		(738,209)	(5,551,873)	(6,290,082)	(14,958,763)
Basic and diluted loss per Ordinary Share (pence)	6			(11.04p)	(34.49p)

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

The notes on pages 14 to 29 form part of these Audited Financial Statements.

Statement of Changes in Equity
for the year ended 31st December 2012

	Notes	Share Capital £	Share Premium £	Realised Capital Reserve £	Unrealised Capital Reserve £	Revenue Reserve £	Distributable Reserve £	Total Equity £
Balance as at 1 January 2012		57,000	-	5,581,638	7,329,098	(1,792,251)	43,993,327	55,168,812
Total comprehensive loss for the year	12	-	-	(3,904,251)	(1,647,622)	(738,209)	-	(6,290,082)
Issue of ordinary shares	11	2	2,406	-	-	-	-	2,408
Transfer to Distributable Reserve		-	(2,406)	-	-	-	2,406	-
Balance as at 31 December 2012		**£57,002**	**£-**	**£1,677,387**	**£5,681,476**	**(£2,530,460)**	**£43,995,733**	**£48,881,138**

	Notes	Share Capital £	Share Premium £	Realised Capital Reserve £	Unrealised Capital Reserve £	Revenue Reserve £	Distributable Reserve £	Total Equity £
Balance as at 1 January 2011		40,370	-	(1,832,025)	29,390,823	(1,481,550)	25,796,070	51,913,688
Total comprehensive income for the year	12	-	-	7,413,663	(22,061,725)	(310,701)	-	(14,958,763)
Issue of ordinary shares	11	16,630	18,608,970	-	-	-	-	18,625,600
Issue costs relating to the issue of ordinary shares		-	(411,713)	-	-	-	-	(411,713)
Transfer to Distributable Reserve		-	(18,197,257)	-	-	-	18,197,257	-
Balance as at 31 December 2011		£57,000	£-	£5,581,638	£7,329,098	(£1,792,251)	£43,993,327	£55,168,812

The notes on pages 14 to 29 form part of these Audited Financial Statements.

Statement of Financial Position
as at 31st December 2012

	Notes	31.12.12 £	31.12.11 £
Current Assets			
Financial assets at fair value through profit or loss	7	51,005,844	54,971,023
Cash and cash equivalents	8	5,502,763	1,370,599
Receivables	9	88,192	51,027
Total Assets		56,596,799	56,392,649
Current Liabilities			
Payables and accruals	10	(119,837)	(85,565)
Bank overdraft	8	(7,595,824)	(1,138,272)
Total Liabilities		(7,715,661)	(1,223,837)
Net Assets		£48,881,138	£55,168,812
Equity			
Ordinary share capital	11	57,002	57,000
Revenue reserve	12	(2,530,460)	(1,792,251)
Distributable reserve	12	43,995,733	43,993,327
Other reserves	12	7,358,863	12,910,736
Total Equity		£48,881,138	£55,168,812
Number of Ordinary Shares in issue	11	57,001,852	57,000,000
Net Asset Value per Ordinary Share (pence)		85.75p	96.78p

The Audited Financial Statements on pages 10 to 29 were approved by the Board of Directors and authorised for issue and signed on 28 March 2013 on its behalf by:

Robert King　　　　　　John Bowles

The notes on pages 14 to 29 form part of these Audited Financial Statements.

Statement of Cash Flows
for the year ended 31st December 2012

	Notes	01.01.2012 to 31.12.2012 £	01.01.2011 to 31.12.2011 £
Cash flows from operating activities			
Loss for the year		(6,290,082)	(14,958,763)
Adjustment for:			
Loss on financial assets at fair value through profit or loss		5,551,873	14,648,062
Net realised gains on foreign currency		(84,918)	-
Operating cash flows before movements in working capital		(823,127)	(310,701)
Decrease/(increase) in receivables	9	19,230	(42,739)
Increase/(decrease) in payable and accruals	10	34,272	(20,486)
Purchase of financial assets at fair value		(27,750,413)	(46,727,308)
Sale of financial assets at fair value		26,192,242	29,549,396
Net cash used in operating activities		(2,327,796)	(17,551,838)
Cash flows from financing activities			
Proceeds from issue of Ordinary Shares	11&12	2,408	18,625,600
Issue costs relating to issue of Ordinary Shares		-	(411,713)
Net cash generated from financing activities		2,408	18,213,887
Net (decrease)/increase in cash and cash equivalents		(2,325,388)	662,049
Net cash and cash equivalents at beginning of year		232,327	(429,722)
Cash and cash equivalents at end of year		(2,093,061)	232,327
Supplementary cash flow information			
Net cash used in operating activities include:		£	£
Interest received on cash balances		2,624	12,212
Interest paid on cash balances		(114,935)	(27,735)
Income received from securities		392,860	266,136

The notes on pages 14 to 29 form part of these Audited Financial Statements.

Notes to the Financial Statements
for the year ended 31st December 2012

1. Company Information

Golden Prospect Precious Metals Limited ("the Company") was incorporated in Guernsey on 16 October 2006 under the Companies Law (Guernsey) 1994 as a limited liability closed-end investment company.

The Company's ordinary shares were admitted to trading on AIM, the market of that name operated by the London Stock Exchange on 28 November 2006. On 5 June 2009, a special resolution was passed authorising the cancellation of the admission to trading on AIM. On 16 June 2009, the Company was simultaneously admitted to trading on the International Bulletin Board of the London Stock Exchange (ITBB) and cancelled from trading on AIM. As from September 2009, the shares have been traded on London Stock Exchange SETS QX with the code GPM.

The Company's ordinary shares were admitted to the Official List of the Channel Islands Stock Exchange ("CISX") on 24 June 2008.

During the year the Company issued 1,852 (2011: 16,630,000) new Ordinary shares at a value of £2,408 (2011: £18,213,887) after issue costs. In 2011 the Company issued 28,499,974 Subscription shares, of which 1,852 were redeemed during the year (2011: Nil) as a result of shareholders wishing to exercise their rights to acquire ordinary shares. For further details see note 11.

Investment Objective and 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.

2. Principal 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:

Statement of Compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) which comprise standards and interpretations by the International Accounting Standards Board (IASB) as endorsed by the European Union and the additional disclosures required regarding income and capital within the Statement of Comprehensive Income and in accordance with the Investments Trusts Statement of Recommended Practice (SORP) 2009 (Revised).

Adoption of New and Revised Standards

The accounting policies adopted in the year are consistent with those of the previous financial period with the exception of new standards that have become effective during the year. In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the IASB and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB as endorsed by the European Union that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2012.

The list below shows the IFRSs, IFRICs and amendments that are mandatory for the first time for 31 December 2012 year ends.

- IAS 12 (amended), "Income Taxes" (effective for periods commencing on or after 1 January 2012);
- IFRS 7 (amended), "Financial Instruments: Disclosures" (effective for periods commencing on or after 1 July 2011);

The adoption of these standards and interpretations has not led to any changes in the company's accounting policies.

Notes to the Financial Statements (Continued)
for the year ended 31st December 2012

2. Principal accounting policies (continued)

Standards and Interpretations in Issue and Not Yet Effective

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

- IAS 1 (amended), "Presentation of Financial Statements" (effective for periods commencing on or after 1 July 2012);
- IAS 32 (amended), "Offsetting Financial Assets and Financial Liabilities" (effective for periods commencing on or after 1 January 2014);
- IFRS 9, "Financial Instruments - Classification and Measurement" (effective for periods commencing on or after 1 January 2015);
- IFRS 13, "Fair Value Measurement" (effective for periods commencing on or after 1 January 2013);

These standards and interpretations will be adopted when they become effective. The Directors anticipate that, with the exceptions of IFRS 9 and IFRS 13, the adoption of these Standards and Interpretations in future periods will not have a material impact on the financial statements of the Company. The Directors are considering, but have not yet concluded, on what the impact of IFRS 9 will be on the Company's Statement of Financial Position but do not anticipate adopting the standard until the period ending December 2015. IFRS 13 introduces significant additional disclosures for fair values of non financial assets and liabilities. However as the standard aims to reduce complexity the Directors consider that any significant changes will be presentational only.

Basis of Preparation

The Financial Statements are presented in Sterling which is also the functional currency of the Company as the majority of operating transactions are effected in Sterling. The Financial Statements have been prepared on a historical cost basis except for the measurement of financial assets and financial liabilities at fair value through profit or loss.

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

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

Financial Assets

The classification of financial assets at initial recognition depends on the purpose for which the financial asset was acquired and its characteristics. The Company's financial assets fall within the following categories:

Receivables
These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are measured at amortised cost using the effective interest method, less any impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms of the receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, such impairments directly reduce the carrying amount of the impaired asset and are recognised against the relevant income category in the Statement of Comprehensive Income.

Notes to the Financial Statements (Continued)
for the year ended 31st December 2012

2. Principal Accounting Policies (continued)

Cash and cash equivalents are carried at cost and consist of cash in hand and short term deposits in banks with an original maturity of three months or less.

Financial Assets at Fair Value

Classification

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

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

Recognition

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

Measurement

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

Fair Value Estimation

The fair value of financial assets traded in active markets is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for the financial assets held by the Company is the bid price at the close of the respective market at the Statement of Financial Position date.

Derecognition of Financial Assets

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

Financial Liabilities

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

Financial Liabilities Measured at Amortised Cost

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

Derecognition of Financial Liabilities

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

Notes to the Financial Statements (Continued)
for the year ended 31st December 2012

2. Principal accounting policies (continued)

Fair Value Measurement Hierarchy

Effective 1 January 2009, the Company adopted the amendment to IFRS 7 for financial instruments that are measured in the Statement of Financial Position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

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

Offsetting Financial Instruments

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.

Interest Income and Expense

Interest income and interest expense are recognised within the Statement of Comprehensive Income using the effective interest rate method. The effective interest rate is the rate that exactly discounts the future cash inflows and outflows of a financial instrument through its expected life.

The calculation includes all incidental fees, discounts and transaction costs, these cash flows are integral in calculating the Statement of Comprehensive Income charge. Transaction costs are incremental costs that are directly attributable to the purchase or disposal of a financial instrument.

Income

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

Expenses

Expenses are accounted for on an accruals basis. Expenses are charged to the Statement of Comprehensive Income as items of a revenue nature. Expenses incurred on the acquisition of investments at fair value through the profit or loss are included in the initial cost of the Investment.

Share Issue Expenses

Any share issue expenses have been treated as a deduction from equity in the Statement of Changes in Equity, and written off against the Share Premium Account. During the year there were no such expenses incurred (31 December 2011: £411,713).

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 of a capital nature are accounted for in the Unrealised Capital Reserve.

Translation of Foreign Currency

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.

Notes to the Financial Statements (Continued)
for the year ended 31st December 2012

2. Principal Accounting Policies (continued)

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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Translation differences on non-monetary items such as financial assets held at fair value through profit or loss are reported as part of net gains or losses on financial assets through profit or loss in the Statement of Comprehensive Income.

Segmental Reporting

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

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

The Company does not hold any non-current assets which require disclosure under IFRS 8. The Company also does not have any external customers and therefore the disclosure of customers geographically required under IFRS 8 is not applicable. However, for additional information, the total fair value of the geographical base and the equivalent percentages of the total value of the Company can be found in the portfolio statement on page 30.

Sales of Investments Awaiting Settlement

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

3. Taxation

The Company is exempt from taxation in Guernsey under the provisions of The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and has paid an annual exemption fee of £600. With effect from 1 January 2008, Guernsey's Corporate Tax changed, however there is no effect on the Company's tax position as a result of this change as the Company continues to register as tax exempt.

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 Channel Islands Stock Exchange.

5. Related Party Transactions

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

Directors Fees

The Directors are responsible for the determination of the investment policy of the Company and have overall responsibility for the Company's activities. All Directors are entitled to remuneration for their services of £16,000 per annum (2011: £16,000). During the year ended 31 December 2012, directors' fees of £78,810 were charged to the Company (31 December 2011: £48,000) and £20,588 was payable at the year end (31 December 2011: £74). All Directors are non-executive.

Notes to the Financial Statements (Continued)
for the year ended 31st December 2012

5. Related party transactions (continued)

Investment Manager

The Company's investment manager agreement was novated on 15 September 2008 to New City Investment Managers (the "Investment Manager"). New City Investment Managers Limited changed its name to CQS Asset Management Limited on 5 March 2010 but continued to trade as New City Investment . The Investment Manager is entitled to an annual management fee, payable monthly in arrears, of 1.5 % of Net Asset Value.

The Investment Manager is also entitled to reimbursement of certain expenses incurred by it in connection with its duties. During the year ended 31 December 2012 investment management fees of £801,067 were charged to the Company (31 December 2011: £763,674) and £62,741 was payable at the year end (31 December 2011: £68,848).

The Investment Manager is also entitled to receive an annual Performance Fee equal to 20% of the increase in the Company's Net Asset Value on the last Trading Day of each calendar year, above an annual hurdle for growth of 8% and subject to a high water mark. During the year ended 31 December 2012 no performance fees had accrued to the Investment Manager (31 December 2011: £Nil).

Administrator

The Company's administrator is Legis Fund Services Limited (the "Administrator"). In consideration for the services provided by the Administrator under the Administration and Secretarial Agreement, the Administrator is entitled to receive from the Company an annual fee of £55,000 per annum payable monthly in arrears. During the year ended 31 December 2012 administration fees of £55,000 were charged to the Company (31 December 2011: £55,000) and £5,097 was payable at the period end (31 December 2011: £4,673).

Custodian Fees

The Company's Custodian is Credit Suisse Securities (Europe) Limited. Custodian fees are charged on a trade volume basis. During the year custodian fees of £14,788 were charged to the company (31 December 2011: (£13,807)) and £2,440 was payable at the year end (31 December 2011 :£Nil). In the 2011 expense figure an accrual relating to 2010 was written back to the Statement of Comprehensive Income, which resulted in the negative charge.

6. Basic and Diluted Earnings Per Ordinary Share

Basic earnings per Ordinary Share is calculated by dividing the comprehensive loss for the year of £6,290,082 (31 December 2011: loss of £14,958,763) by the weighted average number of Ordinary Shares outstanding during the year. The weighted average number of ordinary shares is 57,000,506 (31 December 2011: 43,377,068). The subscription shares are non dilutive.

Notes to the Financial Statements (Continued)
for the year ended 31st December 2012

7. Financial Instruments

Details of the significant accounting policies and methods adopted, 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 financial assets and liabilities by category as defined in IAS 39.

Categories of Financial Instruments

	Fair Value £	31.12.12 % of net assets attributable to shareholders
Financial assets at fair value through profit or loss		
Listed equity securities (Level 1)	50,447,946	103.21
Debt securities (Level 2)	557,898	1.14
	£51,005,844	104.35
Cash and cash equivalents and receivables		
Cash and cash equivalents	5,502,763	11.26
Receivables	88,192	0.18
	£5,590,955	11.44
Financial liabilities at amortised cost		
Payables and accruals	(119,837)	(0.25)
Bank overdraft	(7,595,824)	(15.54)
	(£7,715,661)	(15.79)

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

	01.01.12 to 31.12.12 £
Realised loss on financial assets designated as at fair value through profit or loss	(3,904,251)
Net unrealised losses on financial assets designated as at fair value through profit or loss	(1,647,622)
Capital net losses on financial assets	(£5,551,873)
Dividend income and interest on bonds	392,860
Net realised gains on foreign currency	84,918
Total net losses on financial assets	(£5,074,095)

Notes to the Financial Statements (Continued)
for the year ended 31st December 2012

7. Financial Instruments (continued)

	Fair Value £	31.12.2011 % of net assets attributable to shareholders
Financial assets at fair value through profit or loss		
Listed equity securities (Level 1)	54,789,738	99.31
Debt securities (Level 2)	181,285	0.33
	£54,971,023	99.64
Cash and cash equivalents and receivables		
Cash and cash equivalents	1,370,599	2.48
Receivables	51,027	0.09
	£1,421,626	2.57
Financial liabilities at amortised cost		
Payables and accruals	(85,565)	(0.16)
Bank overdraft	(1,138,272)	(2.05)
	(£1,223,837)	(2.21)

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

		01.01.11 to 31.12.11 £
Realised gains on financial assets designated as at fair value through profit or loss		7,413,663
Net unrealised losses on financial assets designated as at fair value through profit or loss		(22,061,725)
Capital net losses on financial assets		(£14,648,062)
Dividend income and interest on bonds		266,136
Net realised gains on foreign currency		435,390
Total net losses on financial assets		(£13,946,536)

Notes to the Financial Statements (Continued)
for the year ended 31st December 2012

8. Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise the following:

	31.12.2012 £	31.12.2011 £
Cash at bank	5,502,763	1,370,599
Bank overdraft	(7,595,824)	(1,138,272)
	(£2,093,061)	£232,327

Overdraft interest is calculated on a daily basis using the one month Libor rate plus 175 basis points and is charged to the client on a monthly basis. In order to satisfy Credit Suisse Securities (Europe) Limited ("CSSEL") of liquidity, a margin requirement is calculated to establish a net equity and cash position that must be maintained as collateral. If the Company falls into deficit then more funds are called. If the margin calls are not met then CSSEL can call in all outstanding funds.

The overdraft interest of £114,935 represents the only gain or loss on financial liabilities measured at amortised cost.

9. Receivables

	31.12.2012 £	31.12.2011 £
Dividend income receivable	19,805	41,586
Bond interest receivable	3,921	4,517
Sales of investments awaiting settlement	56,395	-
General expenses prepaid	8,071	4,924
	£88,192	£51,027

The Directors consider that the carrying amount of receivables approximate their fair value.

10. Payables and Accruals

	31.12.2012 £	31.12.2011 £
Administration fee payable (Note 5)	5,097	4,673
Directors' fees payable (Note 5)	20,588	74
Investment management fee payable (Note 5)	62,741	68,848
Bank overdraft interest	15,470	-
Audit fee payable	13,501	11,970
Custodian fee payable (Note 5)	2,440	-
	£119,837	£85,565

The Directors consider that the carrying amount of payables approximate their fair value.

Notes to the Financial Statements (Continued)
for the year ended 31st December 2012

11. Share Capital

Authorised Share Capital	2012 No. of shares	2011 No. of shares	2012 & 2011 £
Ordinary share of £0.001 par value	200,000,000	200,000,000	£200,000

Subsequent to the additional placing on 31 October 2011 the Company issued subscription shares for nil consideration to all registered shareholders, by way of the Bonus Issue, on the basis of one Subscription Share for every two existing ordinary shares held on 31 October 2011. No fractions of Subscription shares were issued so the actual number issued was 28,499,974. Each Subscription share confers the right (but not the obligation) to subscribe for one Ordinary Share at a Subscription price of 130p per Ordinary Share. The Subscription Rights may be exercised quarterly on the last business day in August, November, February or May from May 2012 to November 2014, after which time the Subscription rights will lapse.

During the year shareholders have elected to exercise 1,852 subscription shares (2011: Nil).

Issued and Fully Paid Share Capital	No. of Shares 2012	No. of Shares 2011	Share capital 2012 £	Share capital 2011 £
Equity Shares				
Ordinary Shares of £0.001 each at inception				
As at 1 January	57,000,000	40,370,000	57,000	40,370
Issued during the year	1,852	16,630,000	2	16,630
As at 31 December	57,001,852	57,000,000	57,002	57,000
Subscription shares of no par value each				
As at 1 January	28,499,974	-	-	-
Issued during the year	-	28,499,974	-	-
Exercised during the year	(1,852)	-	-	-
As at 31 December	28,498,122	28,499,974	-	-

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.

Notes to the Financial Statements (Continued)
for the year ended 31st December 2012

12. Reserves

	01.01.2012 £	Movement £	31.12.2012 £
Distributable reserve	43,993,327	2,406	43,995,733
Realised capital reserve	5,581,638	(3,904,251)	1,677,387
Unrealised capital reserve	7,329,098	(1,647,622)	5,681,476
Comprehensive loss for the year	(1,792,251)	(738,209)	(2,530,460)
	£55,111,812	(£6,287,676)	£48,824,136

	01.01.2011 £	Movement £	31.12.2011 £
Distributable reserve	25,796,070	18,197,257	43,993,327
Realised capital reserve	(1,832,025)	7,413,663	5,581,638
Unrealised capital reserve	29,390,823	(22,061,725)	7,329,098
Comprehensive loss for the year	(1,481,550)	(310,701)	(1,792,251)
	£51,873,318	£3,238,494	£55,111,812

Distributable Reserve

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

Realised Capital Reserve and Unrealised Capital Reserve

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

Revenue Reserves

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

Notes to the Financial Statements (Continued)

for the year ended 31st December 2012

13. Financial Risk Management

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

Credit Risk

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

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

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

As at 31 December 2012 there were no financial assets which were past due or impaired (31 December 2011: Nil).

The Board of Directors are satisfied that the Company's transactions are concluded with a suitably approved counterparty with an appropriate credit quality, CSSEL has a Standard and Poor's credit rating of A+/ A1. The Company's exposure to this counterparty, and its credit rating, is continuously monitored by management. The following table illustrates the credit concentration by institution:

	31.12.2012 £	31.12.2011 £
Cash and cash equivalents:		
Credit Suisse Securities (Europe) Limited	5,502,763	1,370,599
Receivables	80,121	46,103
Total assets at credit risk	£5,582,884	£1,416,702

Notes to the Financial Statements (Continued)
for the year ended 31st December 2012

13. Financial Risk Management (Continued)

Liquidity Risk

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

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

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

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

	Less than 1 month £	1-3 months £	3 months to 1 year £	1 year to 5 years £	31.12.11 Total £
Gross settled					
Borrowings	-	-	-	-	-
Bank overdraft	-	1,138,272	-	-	1,138,272
Investment management fee payable	68,848	-	-	-	68,848
Administration fee payable	4,673	-	-	-	4,673
Directors' fees payable	74	-	-	-	74
Audit fee payable	-	-	11,970	-	11,970
	£73,595	£1,138,272	£11,970	£-	£1,223,837

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

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

Notes to the Financial Statements (Continued)
for the year ended 31st December 2012

13. Financial Risk Management (Continued)

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 fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

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

The Company's financial assets are exposed to market price fluctuations which are monitored by the Investment Manager in pursuance of the 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 £2,550,292 (31 December 2011: £2,748,551) to a 5% increase or decrease in the market prices with other variables being held constant as at 31 December 2012. A 5% change is the sensitivity rate used when reporting price risk internally to key management personnel.

Interest Rate Risk

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

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

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

Interest Rate Sensitivity

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

If interest rates had been 25 basis points higher or lower and all other variables had been held constant, the Company's net assets attributable to holders of Ordinary Shares for the year to 31 December 2012 would have been £23,080 (31 December 2011: £13,364) higher or lower due to the change in the interest payable on the bank loan and the interest receivable on cash and cash equivalents.

Notes to the Financial Statements (Continued)
for the year ended 31st December 2012

13. Financial Risk Management (Continued)

Currency Risk

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

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

There were no hedging instruments held at 31 December 2012 (31 December 2011: None).

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

	31.12.2012		31.12.2011	
	Assets	Liabilities	Assets	Liabilities
	£	£	£	£
Australian Dollar (AUD)	12,454,890	-	17,722,256	(862,628)
Canadian Dollar (CAD)	34,132,071	-	30,387,268	(275,645)
United States Dollar (USD)	4,883,866	-	3,900,208	-
	51,470,827	-	52,009,732	(1,138,273)

Foreign Currency Sensitivity

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

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

			31.12.2012
	AUD	CAD	USD
	£	£	£
Change in net assets in response to a 5% change in foreign currency rates	655,521 (593,090)	1,796,425 (1,625,337)	257,046 (232,565)

			31.12.2011
	AUD	CAD	USD
	£	£	£
Change in net assets in response to a 5% change in foreign currency rates	887,349 (802,840)	1,584,822 (1,433,887)	205,274 (185,724)

Notes to the Financial Statements (Continued)
for the year ended 31st December 2012

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 notes 11 and 12.

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

14. Contingent Liabillities

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

15. Subsequent Events

There are no subsequent events.

16. Controlling Party

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

17. Nav Reconciliation

Net Asset Value 31 December 2012	48,881,138
Number of shares in issue	57,001,852
Audited NAV per share	85.75p
Issued NAV per share	86.25p

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

Portfolio Statement
As at 31 December 2012

Description	Holding	Fair Value £	% of Total Net Assets
Equities			
Australia			
Aziana Ltd	975,167	54,857	0.11%
Ausgold Ltd	2,250,000	201,363	0.41%
Doray Minerals Ltd	800,00	383,548	0.78%
Gascoyne Resources	1,200,000	210,951	0.43%
Integra Mining Ltd	2,000,000	639,246	1.31%
Lachlan Star Ltd	500,000	288,300	0.59%
Mineral Deposits Ltd	302,681	744,928	1.52%
Regis Resources Ltd	1,700,000	5,509,665	11.27%
Renaissance Minerals Ltd	1,825,460	221,715	0.45%
Resolute Mining Ltd	3,000,000	3,030,028	6.20%
		11,284,601	23.07%
Canada			
Alamos Gold Inc	225,000	2,423,948	4.96%
Aureus Mining Inc	750,000	345,000	0.71%
Brazil Resources Inc	300,000	200,487	0.41%
Eagle Hill Exploration Corp	1,000,000	68,067	0.14%
Eldorado Gold Corp	100,000	790,192	1.62%
Endeavour Mining Corp	1,350,000	1,704,143	3.49%
First Majestic Silver Corp	275,000	3,399,931	6.96%
Mandalay Resources	350,000	242,565	0.50%
Perseus Mining Ltd	1,250,000	1,670,728	3.42%
Pilot Gold Corp	125,000	163,979	0.34%
PMI Gold Corp	1,300,000	651,584	1.33%
Polar Star Mining Corp	2,000,000	247,515	0.51%
Rio Alto Mining Ltd	600,000	1,886,066	3.87%
Romarco Minerals	900,000	412,113	0.84%
Royal Canadian Mint	51,800	587,709	1.20%
Semafo Inc	800,000	1,683,104	3.44%
Silver Wheaton Corp	275,000	6,088,566	12.46%
Tahoe Resources Inc	130,000	1,462,444	2.99%
Telegraph Gold	800,000	247,515	0.51%
Timmins Gold Corp	1,300,000	2,405,230	4.92%
Yamana Gold Inc	250,000	2,636,037	5.39%
		29,316,923	60.01%

Portfolio Statement (Continued)
As at 31 December 2012

Equities	Holding	Fair Value £	% of Total Net Assets
United Kingdom			
EFTS Phys Platinum	7,000	653,576	1.30%
Fresnillo Plc	185,000	3,413,250	6.98%
Lydian International	650,000	832,579	1.70%
Sovereign Mines of Africa	4,170,000	156,375	0.32%
		5,037,780	10.30%
United States			
Royal Gold Inc	30,000	1,501,662	3.07%
SPDR Gold Trust	30,000	2,993,536	6.12%
ZKB Gold	275	276,092	0.56%
		4,711,290	9.75%
Total Equities		50,410,594	103.13%
Warrants			
Ausgold EQW31-Mar-13	5,000,000	19,177	0.04%
Aziana Ltd CW13	500,000	5,114	0.01%
Gran Colombia Gold Corp	375,000	8,122	0.02%
Kinross Gold Corp	13,750	2,382	0.00%
Resource CW 13	400,000	2,557	0.01%
African MI EQW 01 Jan 00	2,500,000	-	0.00%
Afri-Can EWQ 31 Dec 49	1,800,000	-	0.00%
Aureus Mng Wts	187,500	-	0.00%
Gran Columbia Gold	187,500	-	0.00%
Huldra SLV WQ 14 7 13	238,095	-	0.00%
Pan Am EQW 12 jul 01	20,000	-	0.00%
Robex Res EQW 15 9 13	1,087,500	-	0.00%
Rockridge War 21 Mar 13	800,000	-	0.00%
Sovereign Bauxite of Guinea Limited	100,000	-	0.00%
Sovereign Mines of Africa plc	500,000	-	0.00%
Total Warrants		37,352	0.08%
Bonds			
Canada			
Gran Colombia Gold Corp 10% 31 Oct 2017	750,000	461,709	0.94%
United States			
Atna Resources Ltd 10% 31 Dec 2013	156,250	96,189	0.20%
Total Bonds		557,898	1.14%
Total Investments		51,005,844	104.35%
Other current assets less current liabilities		(2,124,706)	(4.35%)
Total Net Assets		£48,881,138	100.00%

GOLDEN PROSPECT PRECIOUS METALS LIMITED

Directors
Malcolm Alec Burne
Kaare Glenne Foy
Robert Paul King
John Bowles (appointed 3.1.12)
Paul Craig (appointed 3.1.12)
all of
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Secretary, Administrator and CISX Sponsor
Legis Fund Services Limited
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Financial Adviser and Broker to the Company
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Investment Manager

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George Town
Grand Cayman KY1-1104
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(a trading name of CQS Asset Management Limited)
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Note: The Company has appointed CQS as its investment manager. However, CQS has, with the agreement of the Board, delegated that function to NCIM.

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