GOLDEN PROSPECT PRECIOUS METALS LIMITED

Interim Report and Financial Statements
for the period ended 30 June 2012

GOLDEN PROSPECT PRECIOUS METALS

Contents

Chairman's Statement

I am pleased to present the Chairman's statement to Shareholders for the six months under review.

Over the six months to 30 June, gold prices were range bound beginning the year at $1,563.70 per ounce going up to $1,784.23 per ounce on 28 February and falling to $1,539.57 per ounce on 16 May before staging a recovery to finish the half year at $1,597.40 per ounce. This gave the investor a return of 2.16% in US dollars or 1.01% in Sterling terms. The NAV of the company opened the year at 97.85p and finished at 77.67p, a negative return of 20.6%. As I write, the NAV is 101.22p.

The shares in gold mining companies underperformed gold during the six months primarily due to lack of capital discipline and the pursuit of a growth strategy at any price. As a consequence, investors have expressed their disappointment and new Chief Executives have been appointed at five significant gold mining companies. I foresee greater focus on dividends and the shelving or deferment of expensive projects.

On the macro view, gold is and will remain the best insurance policy against:

(1) the global debt crises;

(2) the deflation to inflation cycle;

(3) geopolitical uncertainties with specific reference to Middle East situation and

(4) continued decline in the US dollar.

Additional factors include demand still outstripping supply, central bank buying reflecting a positive stance towards long term bullion prices, the large emerging markets still generating wealth creation with much of it being channelled into bullion. An anticipated sustained appreciation in gold prices over the next few years will enable the better quality producers to generate increasing cash flows from which earnings will support stronger dividend policies at a time when the investment community is demanding better yields from asset allocation.

Gold and silver shares as a consequence should benefit substantially going forward and some will be subject to healthy premiums from an expected rise in M&A activity.

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

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 over 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, the UK and Canada.

Kaare Foy

Kaare Foy has been a director of Great Panther Silver Limited (formerly Great Panther Resources Limited), a silver exploration and mining company based in Vancouver, from 1994 until the beginning of 2012. He is currently executive chairman of Great Panther and has been heavily involved with its silver and gold projects in North America. He also serves as executive chairman for Canadian exploration company Cangold Limited. Kaare has been a director of several other resource exploration and mining companies over the past eight years and worked with Malcolm Burne at the Australian Bullion Company (Pty) Ltd during the 1980s.

Robert King

Robert King is an independent non-executive director and holds a number of board appointments in other investment companies. Until February 2011 he was a director of Cannon Asset Management Limited and from 1990 to 2007 he was a director of Northern Trust International Fund Administration Services (Guernsey) Limited, specialising in offshore open and closed ended investment funds. He has been in the offshore finance industry since 1986.

Paul Craig

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

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 was a Director of the Company from its inception until 2008 and he has recently published a definitive reference work on the oxide minerals in the DHZ Rock-Forming Minerals series.

Investment Manager's Report

Within the gold and silver mining space, the first six months were not encouraging. After a brief rally in February, gold mining companies underperformed gold and in absolute terms declined fairly aggressively until May. There were a number of reasons for this. Firstly, some major gold mining companies have not had much capital discipline. These companies had been pursuing a strategy of growth at any price. As a result, whether it was poor acquisitions, or whether it was building projects with low returns on capital, or simply mining lower grade material we saw lower returns and hence erosion of capital. Secondly, investors have not favoured 'risk on' assets, preferring securities perceived as defensive.

On the positive side, investors have since made their views known and over the last few months, we had changes in CEOs of a number of gold mining companies, including Barrick Gold, Kinross, Semafo, Centerra Gold and Great Basin Gold. I believe the message at last is getting through and we are seeing companies starting to pay or increase their dividends to shareholders. In addition, large capital projects are now being shelved or deferred indefinitely. These steps are crucial in restoring the health of gold mining companies, especially when capital markets are difficult to access.

One side development of this changing view is the impact on explorers. As a consequence, I believe that this will make gold exploration much more difficult to finance and only projects which indicate high grades and low capital costs are likely to succeed in the future. Those companies who are finding gold in remote locations with very high capital costs are going to find it very difficult to finance their projects while those with very low grades might also potentially struggle.

This de-rating in gold mining companies has presented us with a very interesting and challenging opportunity. We see clearly the path to navigate through these difficult times and we have been adjusting the portfolio to reflect our strategy. We have increased our weighting in quality producers in both gold and silver miners with good management teams. We have also taken our explorers' weighting down. We are re-positioning the type of explorers in our portfolio to include only those which we believe have a high chance of being developed or acquired by larger companies in the future.

Our medium and long term views of gold and silver mining companies have not changed. We believe that the macro environment is very conducive for precious metals securities and hence have taken the opportunity of recent lower share price levels to increase our gearing. I am confident in the sector and believe the portfolio is well positioned to enhance shareholder value.

John Wong
New City Investment Managers Limited

Statement of Comprehensive Income (Unaudited)
For the period from 1 January 2012 to 30 June 2012

	Notes	Revenue £	Capital £	01.01.12 to 30.06.12 Total £	01.01.11 to 30.06.11 Total £
Income					
Dividend income from equity securities designated at fair value through profit or loss		130,662	-	130,662	77,910
		130,662	-	130,662	77,910
Net (losses) on financial assets at fair value through profit or loss	2,7	-	(11,234,644)	(11,234,644)	(4,801,306)
Net gains on foreign currency	2	149,862	-	149,862	343,289
Total income		280,524	(11,234,644)	(10,954,120)	(4,380,107)
Expenses					
Investment Management fees	5	(388,510)	-	(388,510)	(359,630)
Administration fees	5	(27,606)	-	(27,606)	(27,273)
Directors' fees	5	(39,803)	-	(39,803)	(23,893)
Audit fees		(8,207)	-	(8,207)	(5,951)
Brokerage fees		(9,909)	-	(9,909)	(5,306)
Directors' insurance costs		(3,827)	-	(3,827)	-
Registrar's fees		(14,522)	-	(14,522)	(6,008)
Sponsor fees		(6,977)	-	(6,977)	(15,688)
Legal fees		(26,243)	-	(26,243)	(4,560)
Printing		(12,382)	-	(12,382)	(11,777)
Other expenses		(32,334)	-	(32,334)	(23,354)
Total operating expenses		(570,320)	-	(570,320)	(483,440)
Operating (loss) before finance costs and tax		(289,796)	(11,234,644)	(11,524,440)	(4,863,547)
Withholding tax	3	-	-	-	(3,297)
Total comprehensive deficit for the period		(£289,796)	(£11,234,644)	(£11,524,440)	(£4,866,844)
Basic earnings per Ordinary Share (pence)	6	(0.01p)	(0.20p)	(0.20p)	(0.12p)
Diluted earnings per Ordinary Share (pence)	6			(0.20p)	(0.12p)

The 'Total' column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with IFRS. 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 9 to 23 form part of these Financial Statements.

Statement of Changes in Equity (Unaudited)

For the period from 1 January 2012 to 30 June 2012

	Notes	Share Capital £	Share Premium £	Realised Capital Reserve £	Unrealised Capital Reserve £	Revenue Reserve £	Distributable Reserve £	Total £
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 income								
Total comprehensive loss for the period	12	-	-	(1,063,020)	(10,171,624)	(289,796)	-	(11,524,440)
Balance as at 30 June 2012		£57,000	£-	£4,518,618	(£2,842,526)	(£2,082,047)	£43,993,327	£43,644,372

For the period from 1 January 2011 to 30 June 2011

	Notes	Share Capital £	Share Premium £	Realised Capital Reserve £	Unrealised Capital Reserve £	Revenue Reserve £	Other Distributable Reserve £	Total £
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								
Total comprehensive (loss)/income for the period	12	-	-	5,952,667	(10,753,973)	(65,538)	-	(4,866,484)
Balance as at 30 June 2011		£40,370	£-	£4,120,642	£18,636,850	(£1,547,088)	£25,796,070	£47,046,844

The notes on pages 9 to 23 form part of these Financial Statements.

Balance Sheet (Unaudited)

as at 30th June 2012

	Notes	30.06.2012 £	31.12.2011 £
Current Assets			
Financial assets at fair value through profit or loss	2,7	46,326,308	54,971,023
Cash and cash equivalents	2,8	300,429	1,370,599
Receivables	9	39,669	51,027
Total Assets		46,666,406	56,392,649
Current Liabilities			
Payables and accruals	10	(1,369,446)	(85,565)
Bank overdraft	8	(1,652,588)	(1,138,272)
Total Liablities		(3,022,034)	(1,223,837)
Total Assets less Current Liabilities		£43,644,372	£55,168,812
Equity			
Ordinary share capital	11	57,000	57,000
Revenue reserve	12	(2,082,047)	(1,792,251)
Distributable reserve	12	43,993,327	43,993,327
Other reserves	12	1,676,092	12,910,736
Total Equity		£43,644,372	£55,168,812
Number of Ordinary Shares in issue	11	57,000,000	57,000,000
Net Assets Value per Ordinary Share (pence)		76.57p	96.78p

The Unaudited Financial Statements on pages 5 to 23 were approved by the Board of Directors on 4 October 2012 and signed on its behalf by:

Robert King　　　　Kaare Foy

The notes on pages 9 to 23 form part of these Financial Statements.

Cash Flow Statement (Unaudited)

For the period from 1 January 2012 to 30 June 2012

	Notes	01.01.2012 to 30.06.2012 £	01.01.2011 to 30.06.2011 £
Cash flows from operating activities			
Loss for the period		(11,524,440)	(4,866,844)
Adjustment for:			
Losses on financial assets at fair value through profit or loss		11,234,644	4,801,306
Operating cash flows before movements in working capital		(289,796)	(65,538)
Decrease/(increase) in receivables		11,358	(9,517)
(Decrease) in payables and accruals		(5,745)	(21,907)
Purchase of financial assets at fair value		(11,982,911)	(14,213,013)
Sale of financial assets at fair value		10,682,608	17,437,001
Net cash generated (used in)/from operating activities		(1,584,486)	3,127,026
Net (decrease)/increase in cash and cash equivalents		(1,584,486)	3,127,026
Net cash and cash equivalents at beginning of period		232,327	(429,722)
Cash and cash equivalents at end of period		(1,352,159)	2,697,304

The notes on pages 9 to 23 form part of these Financial Statements.

Notes to the Financial Statements

For the period from 1 January 2012 to 30 June 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 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 to 31 December 2011 the Company issued 16,630,000 new Ordinary shares at a value of £18,213,887 after issue costs; a further 200 shares were issued in the current period on exercise of Subscription Shares. In addition to the ordinary shares the company issued 28,499,974 Subscription 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 Income Statement and in accordance with the Investments Trusts Statement of Recommended Practice (SORP) 2009 (Revised).

Notes to the Financial Statements (continued)
For the period from 1 January 2012 to 30 June 2012

2. Principal Accounting Policies (continued)

Basis of preparation
The Financial Statements are presented in Sterling which is also the functional currency of the Company as the majority of 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 income statement.

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 income statement 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 balance sheet 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 balance sheet 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 Income Statement 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.

Notes to the Financial Statements (continued)
For the period from 1 January 2012 to 30 June 2012

2. Principal Accounting Policies (continued)

Financial liabilities measured at amortised cost
These include trade 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 Income Statement.

Fair value measurement hierarchy
Effective 1 January 2009, the Company adopted the amendment to IFRS 7 for financial instruments that are measured in the Balance Sheet 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 (that is, 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 Balance Sheet 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 Income Statement.

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 profit or loss are included in the initial cost of the investment.

Share Issue Expenses
During the period the Company did not issue any shares or incur share issue costs (30 June 2011: £nil). Any expenses incurred would be treated as a deduction from equity in the Statement of Changes in Equity, and written off against the Share Premium Account.

Capital Reserves
Gains and losses recorded on the realisation of investments and realised exchange differences of a capital nature are accounted for in the Realised Capital Reserve. Unrealised gains and losses recorded on the revaluation of investments held at the period 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.

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 . 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 .

Notes to the Financial Statements (continued)
For the period from 1 January 2012 to 30 June 2012

2. Principal Accounting Policies (continued)

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 Ltd.

The Company does not hold any non-current assets which require disclosure under IFRS 8. However, for additional information, the total fair value of the segment and the equivalent percentages of the total value of the Company can be found in the portfolio statement on page 24.

Sales of investments awaiting settlement
Sales of investments awaiting settlement are sales of securities transacted before the period end with a post period 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. During the period ended 30 June 2012, directors' fees of £39,803 were charged to the Company (30 June 2011: £23,893) and £16,091 was payable at the period end (31 December 2011: £74). All Directors are non-executive.

The following contracts, not being contracts in the ordinary course of business, have been entered into by the Company and are, or may be material:

Investment Manager
The Company's investment manager was novated on 15 September 2008 to New City Investment Managers Limited (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 Managers. 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 period ended 30 June 2012 investment management fees of £388,510 were charged to the Company (30 June 2011: £359,630) and £52,682 was payable at the period 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 period ended 30 June 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 period ended 30 June 2012 administration fees of £27,606 were charged to the Company (30 June 2011: £27,273) and £4,370 was payable at the period end (31 December 2011: £4,673).

Notes to the Financial Statements (continued)
For the period from 1 January 2012 to 30 June 2012

6. Basic And Diluted Earnings Per Ordinary Share

Basic earnings per Ordinary Share is calculated by dividing the comprehensive loss for the period of £11,524,440 (30 June 2011: comprehensive loss of £4,866,844) by the weighted average number of Ordinary Shares outstanding during the period. The weighted average number of ordinary shares is 57,000,000 as no further shares were issued in this period (30 June 2011: 40,370,000).

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 carrying amounts of the financial assets and liabilities by category as defined in IAS 39.

Categories of financial instruments:

	Fair Value £	30.06.2012 % of net assets attributable to shareholders
Financial assets designated as at fair value through profit or loss		
Listed equity securities and warrants	46,206,721	105.87
Bonds	119,587	0.27
	£46,326,308	106.14
Financial instruments designated as cash and cash equivalents and receivables		
Cash and cash equivalents	300,429	0.69
Receivables	39,669	0.09
	£340,098	0.78
Financial instruments designated as current liabilities		
Payables and accruals	(1,369,446)	(3.14)
Bank overdraft	(1,652,588)	(3.78)
	(£3,022,034)	(6.92)

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

	01.1.12 to 30.6.12 £
Realised losses on financial assets designated as at fair value through profit or loss	(1,063,020)
Net unrealised losses on financial assets designated as at fair value through profit or loss	(10,171,624)
Net losses on financial assets at fair value through profit or loss	(£11,234,644)

Notes to the Financial Statements (continued)
For the period from 1 January 2012 to 30 June 2012

7. Financial Instruments (Continued)

	Fair Value £	31.12.2011 % of net assets attributable to shareholders
Financial assets designated as at fair value through profit or loss		
Listed equity securities	54,789,738	99.31
Bonds	181,285	0.33
	£54,971,023	99.64
Financial instruments designated as 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 instruments designated as current liabilities		
Payables and accruals	(85,565)	(0.16)
Bank overdraft	(1,138,272)	(2.05)
	(£1,223,837)	(2.21)

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

	01.01.11 to 30.6.11 £
Realised gains on financial assets designated as at fair value through profit or loss	5,952,667
Net unrealised losses on financial assets designated as at fair value through profit or loss	(10,753,973)
Net losses on financial assets at fair value through profit or loss	(£4,801,306)

8. Cash and cash equivalents

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

	30.06.2012 £	31.12.2011 £
Cash at bank	£300,429	1,370,599
Bank overdraft	(£1,652,588)	(1,138,272)
	(£1,352,159)	(£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 the bank of liquidity a margin requirement is calculated to establish a 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 Credit Suisse can call in the funds.

Notes to the Financial Statements (continued)
For the period from 1 January 2012 to 30 June 2012

9. Receivables

	30.06.2012 £	31.12.2011 £
Dividend income receivable	23,060	41,586
Bond interest receivable	3,420	4,517
General expenses prepaid	13,189	4,924
	£39,669	£51,027

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

10. Payables and Accurals

	30.06.2012 £	31.12.2011 £
Administration fee payable (Note 5)	4,370	4,673
Directors' fees payable (Note 5)	16,091	74
Investment management fee payable (Note 5)	52,682	68,848
Audit fee payable	6,677	11,970
Purchase of investments awaiting settlement	1,289,626	-
	£1,369,446	£85,565

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

Notes to the Financial Statements (continued)
For the period from 1 January 2012 to 30 June 2012

11. Share Capital, Share Premium and Distributable Reserve

Authorised Share Capital	£
Unlimited Ordinary Shares of no par value	£-

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 period/year	-	16,630,000	-	16,630
As at 30 June/31 December	57,000,000	57,000,000	57,000	57,000

Issued and Fully Paid Share Capital	No. of Shares 2012	No. of Shares 2011	Share capital 2012 £	Share capital 2011 £
Subscription Shares of no par value				
As at 1 January	-	-	-	-
Issued during the period/year	28,499,974	-	-	-
Converted in the period/year	-	-	-	-
As at 30 June/31 December	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.

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. 200 Ordinary Shares were issued following the subscription opportunity in May 2012 (listed 3 July 2012) changing the number of Ordinary Shares to 57,000,200 and Subscription Shares to 28,499,774.

Notes to the Financial Statements (continued)
For the period from 1 January 2012 to 30 June 2012

12. Reserves

	01.01.2012 £	Movement £	30.06.2012 £
Distributable reserve	43,993,327	-	43,993,32
Realised capital reserve	5,581,638	(1,063,020)	(4,518,618)
Capital reserve	7,329,098	(10,171,624)	(2,842,526)
Comprehensive loss for the period	(1,792,251)	(289,796)	(2,082,047)
	£55,111,812	(£11,524,440)	£43,587,372

	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
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, and 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 period from 1 January 2012 to 30 June 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 Balance Sheet, financial assets exposed to credit risk comprise 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 Balance Sheet.

As at 30 June 2012 there were no debt instruments past due (31 December 2011: None).

The Board of Directors has a policy in place of spreading the aggregate value of transactions concluded amongst approved counterparties with an appropriate credit quality. The Company's exposure and the credit ratings of its counterparties are continuously monitored by management. The following table illustrates the credit concentration by institution:

	30.06.2012 £	31.12.2011 £
Cash and cash equivalents:		
Credit Suisse Securities (Europe) Limited	300,429	1,370,599
Receivables	-	46,103
Total assets at credit risk	£300,429	£1,416,702

Notes to the Financial Statements (continued)
For the period from 1 January 2012 to 30 June 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 £	30.06.10 Total £
Gross settled:					
Borrowings	-	-	-	-	-
Bank overdraft	-	1,652,588	-	-	1,652,588
Loan interest	-	-	-	-	-
Performance fee accrual	-	-	-	-	-
Investment management fee payable	52,682	-	-	-	52,682
Administration fee payable	4,370	-	-	-	4,370
Directors' fees payable	16,091	-	-	-	16,091
Audit fee payable	-	-	6,677	-	6,677
Purchase of investments awaiting settlement	1,289,626	-	-	-	1,289,626
Other payables	-	-	-	-	-
	£1,362,769	£1,652,588	£6,677	£-	£3,022,034

	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
Bank overdraft interest	-	-	-	-	-
Performance fee accrual	-	-	-	-	-
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
Purchase of investments awaiting settlement	-	-	-	-	-
Other payables	-	-	-	-	-
	£73,595	£1,138,272	£11,970	£-	£1,223,837

Notes to the Financial Statements (continued)
For the period from 1 January 2012 to 30 June 2012

13. Financial Risk Management (Continued)

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

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

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 £2,316,315 (31 December 2011: £2,748,551) to a 5% increase or decrease in the market prices with other variables being held constant as at 30 June 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. 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.

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 Balance Sheet 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 period to 30 June 2012 would have been £338 (31 December 2011: £13,364) higher or lower 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 period from 1 January 2012 to 30 June 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 30 June 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 Balance Sheet was as follows:

	30.06.2012		31.12.2011	
	Assets £	Liabilities £	Assets £	Liabilities £
Australian Dollar (AUD)	11,994,424	-	17,722,256	(862,628)
Canadian Dollar (CAD)	28,049,043	-	30,387,268	(275,645)
United States Dollar (USD)	3,346,938	(104,368)	3,900,208	-
	43,390,405	(104,368)	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.

Notes to the Financial Statements (continued)

For the period from 1 January 2012 to 30 June 2012

13. Financial Risk Management (Continued)

Foreign currency sensitivity (Continued)

	AUD £	CAD £	30.06.2012 USD £
Change in net assets in response to a 5% change in foreign currency rates	631,286 (571,163)	1,476,265 (1,335,669)	170,662 (154,408)

	AUD £	CAD £	31.12.2011 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)

Fair value analysis

The following table shows an analysis of the fair values of financial instruments recognised in the Balance Sheet by level of their fair value hierarchy (see Note 2, fair value measurement hierarchy).

	Level 1 £	Level 2 £	Level 3 £	30.06.2012 Total £
Opening balance	54,971,023	-	-	54,971,023
Purchases	13,272,536	-	-	13,272,536
Sales	(10,682,608)	-	-	(10,682,608)
Net changes in Fair Value through profit or loss	(11,234,644)	-	-	(11,234,644)
Financial assets at fair value through profit or loss	46,326,307	-	-	46,326,307

	Level 1 £	Level 2 £	Level 3 £	31.12.11 Total £
Opening balance	52,422,683	-	-	52,422,683
Purchases	46,727,308	-	-	46,727,308
Sales	(29,530,906)	-	-	(29,530,906)
Net changes in Fair Value through profit or loss	(14,648,062)	-	-	(14,648,062)
Financial assets at fair value through profit or loss	54,971,023	-	-	54,971,023

Notes to the Financial Statements (continued)

For the period from 1 January 2012 to 30 June 2012

14. Contingent Liabilities

There were no contingent liabilities at the balance sheet 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.

Portfolio Statement
As at 30 June 2012

Description	Holding	Fair Value £	% Of Total Net Assets
Equities			
Australia			
Ausgold Ltd	2,250,000	587,413	1.35%
Integra Mining Ltd	4,500,000	1,130,770	2.59%
Mineral Deposits Ltd	450,000	1,210,071	2.77%
Regis Resources Ltd	1,700,000	4,227,415	9.68%
Resolute Mining Ltd	2,500,000	2,186,481	5.00%
Resource & Inv Nl	2,000,000	463,404	1.06%
Other Holdings		1,792,901	4.11%
		11,598,455	26.56%
Canada			
Alamos Gold Inc	225,000	2,233,021	5.12%
Endeavour Mining Cor	1,050,000	1,380,669	3.16%
First Majestic Silv	250,000	2,285,461	5.24%
Fortuna Silver Mines	445,000	964,089	2.21%
Iamgold Corp	250,000	1,876,896	4.30%
Lydian International	500,000	651,200	1.49%
Osisko Mining Corp	100,000	435,803	1.00%
Perseus Mining Ltd	1,200,000	1,976,141	4.53%
Royal Canadian Mint	51,800	520,676	1.19%
Scorpio Mining Corp	1,400,000	552,268	1.27%
Semafo Inc	725,000	2,115,460	4.85%
Silver Wheaton Corp	300,000	5,128,199	11.75%
Tahoe Resources Inc	130,000	1,145,298	2.62%
Timmins Gold Corp	1,150,000	1,339,343	3.07%
Yamana Gold Inc	275,000	2,698,253	6.19%
Other Holdings		1,816,080	4.16%
		27,118,857	62.15%

Portfolio Statement (Continued)
As at 30 June 2012

Equities	Holding	Fair Value £	% Of Total Net Assets
United Kingdom			
Fresnillo Plc	200,000	2,908,000	6.66%
Other Holdings		432,700	1.00%
		3,340,700	7.66%
United States			
Spdr Gold Trust	30,000	2,966,898	6.80%
Other Holdings		251,625	0.58%
		3,218,523	7.38%
Total Equities		45,276,535	103.75%
Warrants			
Ausgold Eqw 31-Mar-13	5,000,000	587,413	1.35%
Other Holdings		92,312	0.20%
Total Warrants		679,725	1.55%
Bonds			
United States			
Atna Resources Ltd 10% 31 Dec 2013	187,500	119,587	0.27%
Others			
Telegraph Gold In Pp	800,000	250,461	0.57%
		250,461	0.57%
Total Investments		46,326,308	106.14%
Other Current Assets Less Current Liabilities		(2,681,936)	-6.14%
Total Net Assets		£43,644,372	100.00%

Management and Administration

Directors

Malcolm Alec Burne
Kaare Glenne Foy
Robert Paul King
John Bowles (appointed 3.1.12)
Paul Craig (appointed 3.1.12)

All of
11 New Street, St. Peter Port
Guernsey GY1 2PF

Secretary, Administrator and CISX Sponsor

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

Investment Manager

CQS Cayman Limited Partnership
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Gardenia, Camana Bay
Grand Cayman KY1-1104
Cayman Islands

New City Investment Managers
(a trading name of CQS Asset Management Limited)
5th Floor, 33 Chester Street
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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.

Financial Adviser and Broker to the Company

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One Hanover Street
London W1S 1YZ

Auditors to the Company

BDO Limited
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Advocates to the Company as to Guernsey Law

Babbé
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Registrar and CREST Agent

Capita Registrars (Guernsey) Limited
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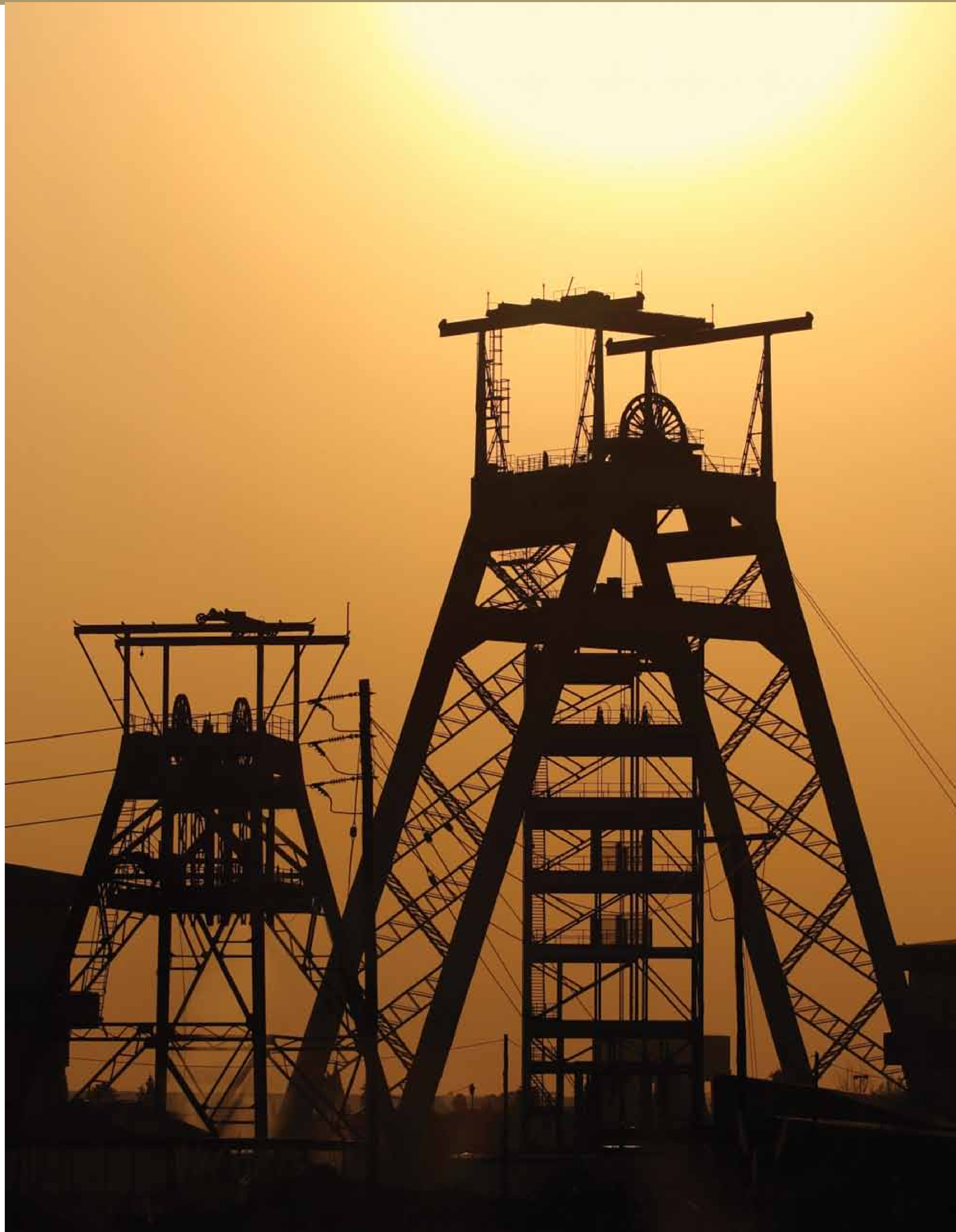
Further details are available on the Investment Manager's website - www.ncim.co.uk

Notes

Notes



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