Golden Prospect Precious Metals Limited

Interim Report and Financial Statements

for the period ended 30 June 2015

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In our annual report last March we wrote extensively about where we viewed gold against a macro background of ' muddle through' global negatively and economics covering a plethora of different scenarios, concluding that gold and gold/silver shares should still continue to be accumulated.

Clearly many investors have since shared the same view as many gold and gold producers have recently seen a significant pick up. Investors in precious metals are definitely becoming more optimistic perhaps best illustrated by the fact that US Mint sales of gold coins rose 124 p.c. month on month in July while third quarter sales of silver eagle coins are running at their highest level for 29 years!

Moreover a number of bullish gold indicators reflected in precious metals charts point to the recent more favourable price action becoming sustainable. Gold (GLD) and Silver (SLV) ETF's and junior miners also (GDX) are pushing against downward trends.

With their weaker currency boosting profit margins many of the Australian and Canadian producers in particular have being enjoying significant renewed support with share price recoveries rewarding patient and contrarian investors alike.

Elsewhere at the top end, producers are making changes to increase cash flow and strengthen their balance sheets and they are doing this by divesting assets which will now likely be bought by the many mid-tier miners looking for mature bolt on acquisitions.

As we move forward, new mined gold production will be turning down sharply in response to the long period of lower price levels and this reduction will, by say 2018, start to give the gold price an added boost with the supply/demand situation tightening in response to lower mine and refinery output.

Also with China, Russia and other Central Banks continuing to buy gold they may soon find themselves competing with investors to obtain diminishing amounts of physical metal resulting in a gradual price rise to yet higher levels.

On balance therefore the improving situation in the gold sector looks like continuing in the immediate future particularly as there has been a big chill in global equities as a result of the Chinese slowdown.

Adding to market fears, the IMF recently warned that corporate failures are likely to jump in the developing world, after the borrowing binge over the past decade. Corporations are now trying to adjust their spending, reiterated by the warning from Standard and Poors that the combination of eventual rate increases, China's economic slowdown and the unwinding of domestic credit bubbles herald a much bleaker outlook for emerging markets and corporate earnings.

In general metals and commodities, groups like Glencore benefited so much from the super-cycle and now have to deal with the sectors demise as evidenced by the IHS non-oil Materials price commodities index which peaked in April 2011 and now over past year alone has crashed a further 45p.c. This fall out has hit the mining markets sector particularly hard with demand slowing (think China) just as years of investment in new production brings a glut of supply onto world markets.

What happens next is impossible to gauge but as the Fed continues to leave rates on hold particularly with a real and sustained US recovery still some way off, there is renewed support into safe haven assets. As a result, sentiment in the gold sector is improving at long last.

In conclusion we hope to report a more favourable performance in our net asset value in our final accounts to end December.

Malcolm Burne
Chairman

Board Members

For the period ended 30 June 2015

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.

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

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

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

Gold began the year in strong fashion posting a solid US$100/oz gain to US$1,300 in January following the Swiss National Bank's prescient decision to drop its Euro peg in mid-January, just days prior the ECB's commencing a €1.1tr programme of quantitative easing. Falling oil prices weighed on the energy sensitive Rouble with a consequence being to focus investor attention on global currency instability and gold's intrinsic use as a store of value. Further impetus was provided as events in Greece fuelled concerns debt default contagion and uncertainty over the future of the Eurozone. However, as bailout funding was made available to Greece alleviating Eurozone concerns, so too US economic data showed improvement, raising the prospect of US rate increases and gold prices retreated. From the year high gold prices ended the half largely unchanged though in non-dollar currencies gold has performed admirably in its role as a store of value rising 5% in A$, 6% in C$ and 7% in € terms over the period.

Exchange rates remain the method of choice for these governments to improve international competitiveness and combat tepid economic growth, exemplified by China's recent move to loosen its US$ peg. This move has not only raised fears of a potential escalation in such behaviour among exporting nations but, via potential deflationary impacts of cheapening exports and the drag effect on company earnings, offers further reason to delay US interest rate increases. Against this backdrop the removal of monetary stimulus and talk of increasing rates in the US, which has resulted in a consensus long dollar position, looks increasingly incongruous with the rest of the world. Consequently, despite gold slipping to US$1,080/oz since the half year end, it has subsequently recovered as China's move forced managed funds addressed record short positions, representative of equally crowded long US$ positioning. Looking forward investment in gold appears increasingly sensible insurance as a store of value. Currency debasement continues, evidenced by relaxed or abandoned currency pegs, while ever increasing rounds of QE result in government debt/GDP ratios spiralling to dangerous levels, over 200% and rising in the case of Japan. In the short-term the impact of a strengthening dollar on US economic growth, as highlighted by the FED, may limit both the timing and extent to which US rates rise. Meanwhile, among a plethora of geopolitical risks previously highlighted by the Chairman, Eurozone woes remain unresolved with Germany and indeed Greece both questioning the viability of the country's continual hand-to-mouth bail out funding, a reminder of latent regional risks.

Given significant volatility in the gold price the fund remains focussed on lower cost producers with around 90% of the gold holdings profitable at US$900/oz gold prices. Exposure to fully funded developers was increased during the first half, a subsector we feel may benefit from consolidation following an appreciable decline in gold reserves across major mining groups. With the gold to silver ratio ending the period largely unchanged at decade highs the fund also retains a healthy exposure to silver though exposure dragged on performance as the share price of Tahoe Resources was weighed down significantly by the secondary placing by GoldCorp and Silver Wheaton was impacted by the Canadian Revenue Authority's tax investigation.

PGM prices declined markedly over the half year with platinum and palladium registering declines of ~11% and 15% respectively, with precipitous declines towards the end of the period continuing into Q3. These declines are now limiting supply with Lonmin's proposed restructuring testament to industry production cuts now taking place. Having exited palladium ETF positions early in the year the fund has recently acquired shares Norilsk Nickel, the largest producer of the metal outside of the challenging South African region, which should benefit from the rouble's devaluation and which produces an attractive suite of metals.

The fund NAV declined 5.4% over the first half versus a decline 10% in the HUI and XAU indices and flat performance in the GDXJ.

Since the half year end precious metals equities were pressured as expectations of US interest rate increases weighed. The fund NAV declined 27% at 30th September, versus sterling declines of 25% for the HUI and XAU indices. Exposure to the more volatile silver price and also industrial metals such as nickel, via Independence and Norilsk, contributed to the differential performance. Post end-June the gold/silver ratio rose to 80 though silver has subsequently regained some relative strength with the ratio declining 77 and silver equities have belatedly begun to react in positive fashion.

Unaudited Interim Statement of Comprehensive Income
For the period ended 30 June 2015

	Notes	Revenue £	Capital £	Period to 30 June 2015 Total £	Period to 30 June 2014 Total £
Income					
Income from investments designated at fair value through profit or loss	7	137,514	-	137,514	74,499
Net capital losses/(gains) on investments at fair value through profit or loss	7	-	(757,671)	(757,671)	4,623,887
Net investment (losses)/gains		**137,514**	**(757,671)**	**(620,157)**	**4,698,386**
Expenses					
Investment management fees	5	(113,011)	-	(113,011)	(155,166)
Administration fees	5	(32,352)	-	(32,352)	(27,275)
Custodian fees	5	(4,959)	-	(4,959)	(6,744)
Directors' fees	5	(24,000)	-	(24,000)	(27,121)
Depositary fees	5	(8,381)	-	(8,381)	(5,723)
Audit fees		(9,918)	-	(9,918)	(13,058)
Directors' insurance costs		(3,298)	-	(3,298)	(3,316)
Registrar's fees		(12,728)	-	(12,728)	(6,910)
Sponsor fees		(3,965)	-	(3,965)	(7,623)
Legal fees		(13,748)	-	(13,748)	(2,903)
Printing		(3,219)	-	(3,219)	(2,835)
Other expenses		(32,391)	-	(32,391)	(87,099)
Total operating expenses		**(261,970)**	**-**	**(261,970)**	**(345,773)**
Operating (loss)/profit		**(124,456)**	**(757,671)**	**(882,127)**	**4,352,613**
Finance cost					
Finance income		135	-	135	3,704
Overdraft interest	8	(27,224)	-	(27,224)	(62,339)
(Loss)/profit for the period before tax		**(151,545)**	**(757,671)**	**(909,216)**	**4,293,978**
Withholding tax		(29,899)	-	(29,899)	(12,534)
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/profit for the period		**(181,444)**	**(757,671)**	**(939,115)**	**4,281,444**
Basic and diluted (loss)earnings per Ordinary share (pence)	6			**(1.65)p**	**7.51p**

Unaudited Interim Statement of Comprehensive Income (continued)

For the year ended 31 March 2015

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 11 to 29 form part of these Unaudited Interim Financial Statements.

Unaudited Interim Statement of Changes in Equity

For the period ended 30 June 2015

	Notes	Share Capital £	Share Premium £	Realised Capital Reserve £	Unrealised Capital Reserve £	Revenue Reserve £	Distributable Reserve £	Total Equity £
Balance as at 1 January 2015		57,002	-	(9,213,510)	(13,734,718)	(3,588,186)	43,995,959	17,516,547
Total comprehensive loss for the period	12	-	-	(4,792,032)	4,034,361	(181,444)	-	(939,115)
Transactions with owners		-	-	-	-	-	-	-
Balance as at 30 June 2015		£57,002	£-	(£14,005,542)	(£9,700,357)	(£3,769,630)	£43,995,959	£16,577,432
For the period to 30 June 2014								
Balance as at 1 January 2014		57,002	-	(5,973,732)	(13,058,968)	(3,064,947)	43,995,829	21,955,184
Total comprehensive profit for the period	12	-	-	(884,512)	5,508,399	(342,443)	-	4,281,444
Transactions with owners		-	-	-	-	-	-	-
Balance as at 30 June 2014		£57,002	£-	(£6,858,244)	(£7,550,569)	(£3,407,390)	£43,995,829	£26,236,628

The notes on pages 11 to 29 form an integral part of these Unaudited Interim Financial Statements

Unaudited Interim Statement of Financial Position

As at 30 June 2015

	Notes	(Unaudited) 30 June 2015 £	(Audited) 31 December 2014 £
Current Assets			
Investments at fair value through profit or loss	7	19,068,693	19,761,708
Cash and cash equivalents	8	181,515	1,295
Receivables	9	24,502	23,724
Total Assets		19,274,710	19,786,727
Current Liabilities			
Payables and accruals	10	(63,353)	(65,553)
Bank overdraft	8	(2,633,925)	(2,204,627)
Total Liabilities		(2,697,278)	(2,270,180)
Net Assets		**£16,577,432**	**£17,516,547**
EQUITY			
Share Capital	11	57,002	57,002
Revenue reserve	12	(3,769,630)	(3,588,186)
Distributable reserve	12	43,995,959	43,995,959
Capital reserves	12	(23,705,899)	(22,948,228)
Total Equity		**£16,577,432**	**£17,516,547**
Number of Ordinary Shares in issue	11	**57,002,026**	**57,002,026**
Net Asset Value per Ordinary Share (pence)	17	**29.08p**	**30.73p**

The Financial Statements on pages 6 to 29 were approved by the Board of Directors and authorised for issue and signed on 2015 on its behalf by:

Robert King **Toby Birch**

The notes on pages 11 to 29 form part of these Unaudited Interim Financial Statements.

Unaudited Interim Statement of Cash Flows
For the period ended 30 June 2015

	Notes	Period to 30 June 2015 £	Period to 30 June 2014 £
Cash flows from operating activities			
(Loss)/profit for the period		(939,115)	4,281,444
Adjustment for:			
Capital loss/(gain) on investments at fair value		757,671	(4,623,887)
Operating cash flows before movements in working capital		(181,444)	(342,443)
Increase in receivables		(778)	(7,725)
Decrease in payable and accruals		(2,200)	(13,097)
Purchase of investments		(7,011,571)	(8,846,914)
Proceeds from sale of investments		6,946,915	7,523,117
Net cash used in operating activities		**(249,078)**	**(1,687,062)**
Net decrease in cash and cash equivalents		**(249,078)**	**(1,687,062)**
Net cash and cash equivalents at beginning of period		(2,203,332)	(1,808,062)
Cash and cash equivalents at period end	8	**(2,452,410)**	**(3,495,124)**

Supplementary cash flow information

	£	£
Net cash used in operating activities include:		
Interest received on cash balances	135	3,704
Interest paid on cash balances	(27,224)	(62,339)
Income received from investments	147,109	80,493

The notes on pages 11 to 29 form part of these Unaudited Interim Financial Statements.

1. COMPANY INFORMATION

Golden Prospect Precious Metals Limited (the "Company") was incorporated in Guernsey on 16 October 2006 as an authorised closed-ended investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended. The Company's registered office is shown on page 32.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Accounting judgements and estimates
The preparation of the Interim 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting judgements and estimates (continued)

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

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

Adoption of new and revised standards

The accounting policies adopted in the period are consistent with those of the previous financial period, with the exception of new standards that have become effective during the period. Although there were a number of new standards and interpretations that apply for the first time in 2015, none of these had any significant impact on the Company's Interim Financial Statements.

Standards and interpretations in issue and not yet effective

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

IFRS 9, "Financial Instruments – Classification and Measurement" (effective 1 January 2018*, though no effective date has been set by the ISAB).

IFRS 7, Financial Instruments Disclosures – Amendments regarding initial application of IFRS 9* - effective for when IFRS 9 is applied.
*still to be endorsed by the EU.

IFRS 15, Revenue from contracts with customers – effective for periods commencing on or after 1 January 2017.

These standards and interpretations will be adopted by the Company when they become effective. The Directors anticipate that, with the exception of IFRS 9, the adoption of these standards and interpretations in future periods will not have a material impact on the Financial Statements of the Company.

The Directors are considering, but have not yet concluded, on what the impact of IFRS 9 will be on the Company's Statement of Financial Position but do not anticipate adopting the standard until the year ending December 2018.

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

Financial instruments

Financial assets and financial liabilities are recognised in the Interim Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the Interim Statement of Financial Position and Interim 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

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

Loans and receivables

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

Cash and cash equivalents

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

Financial assets at fair value

Classification

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

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

Recognition

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

Derecognition of financial assets

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets at fair value (continued)

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 Interim 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 Interim 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 Interim Statement of Financial Position date. Debt securities are carried at fair value using discounted cashflow. Warrants are carried at fair value using standard Black Scholes valuation models. Further details are disclosed in note 7.

Fair value measurement hierarchy

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

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

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

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

Financial liabilities

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

Financial liabilities measured at amortised cost

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

Derecognition of financial liabilities

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest income and expense

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

Income

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

Expenses

Expenses are accounted for on an accrual basis.

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 period end and unrealised exchange differences on investments are accounted for in the Unrealised Capital Reserve.

Revenue reserves

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

Translation of foreign currency

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

Segmental reporting

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

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

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

3. TAXATION

The Company has been granted exemption from Guernsey taxation and has paid an annual exemption fee for the year of £1,200.

4. DISTRIBUTION TO SHAREHOLDERS

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

5. RELATED PARTY TRANSACTIONS AND OTHER SIGNIFICANT AGREEMENTS

Related party transactions

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

Directors' Interests

The Directors held the following interests in the share capital of the Company either directly or beneficially as at 30 June 2015, and as at the date of signing these interim financial statements:

Director	Ordinary Shares Period ended 30 June 2015	Ordinary Shares Year ended 31 December 2014
M Burne	437,500	437,500
K Foy	25,000	25,000
R King	20,000	20,000
T Birch	-	-

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 £12,000 per annum (2014: £12,000). During the period Directors' fees of £24,000 were charged to the Company (2014: £27,121) and £12,000 was payable at the period end (31 December 2014: £12,000). All Directors are non-executive.

Investment Manager

The Investment Manager, New City Investment Managers (a trading name of CQS Asset Management Limited), is entitled to an annual management fee, payable monthly in arrears, of 1.25% of the Company's Net Asset Value.

The Investment manager is also entitled to reimbursement of certain expenses incurred by it in connection with its duties. During the period investment management fees of £113,011 were charged to the Company (2014: £155,166) and £17,200 was payable at the period end (31 December 2014: £18,816).

The Investment Manager is also entitled to receive an annual performance fee equal to 20% of the increase in the Company's Net Asset Value on the last Trading Day of each calendar period, above an annual hurdle for growth of 8% and subject to a high water mark. During the period no performance fees had accrued to the Investment Manager (2014: £nil).

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

Other significant agreements

Administrator

Legis Fund Services Limited ("Old Administrator") was the Company's Administrator until 30 November 2014. In consideration for the services provided by the Old Administrator under the Administration and Secretarial Agreement, the Old Administrator was entitled to receive from the Company an annual fee of £55,000 per annum payable monthly in arrears. An exit fee of £5,000 was paid to the Old Administrator. During the period no administration fees were charged to the Company (2014: £27,275) and no fees were payable at the period end (31 December 2014: £nil).

R&H Fund Services (Guernsey) Limited ("the Administrator") was appointed as the Company's administrator on 1 December 2014. In consideration for the services provided by the Administrator under the Administration Agreement, the Administrator is entitled to receive from the Company an annual fee of £65,000 per annum payable quarterly in arrears. During the period administration fees of £32,352 were charged to the Company and £16,205 was payable at the period end (31 December 2014: 5,521). From 1 December 2014, the Company moved from a monthly NAV to a daily NAV.

Custodian Fees

The Company's Custodian is Credit Suisse Securities (Europe) Limited. Custodian fees are charged monthly at 5 basis points based on the Company's assets under management. During the period custodian fees of £4,151 were charged to the Company (2014: £6,744) and £808 was payable at the period end (31 December 2014: £nil).

Depositary Fees

Legis Depositary Servies Limited ("Old Depositary") was appointed as the Company's depositary on 22 July 2014 and resigned on 30 November 2014. In consideration for the services provided by the Old Depositary under the Depositary Services Agreement, the Old Depositary was entitled to receive from the Company an ad valorum fee of 2 b.p. of the Company's Net Asset Value up to £175 million; 1.5 b.p. up to £350 million and 1.0 b.p. thereafter, subject to a minimum fee of £1,000 per month. During the period no depositary fees were charged to the Company (31 December 2014: £4,296) and no fees were payable at the period end (31 December 2014: £nil).

INDOS Financial Limited ("the Depositary") was appointed as the Company's depositary on 1 December 2014. In consideration for the services provided by the Depositary under the Depositary Agreement, the Depositary is entitled to receive from the Company an annual fee of 0.25% of the Company's Net Asset Value up to £150 million; 0.015% up to £300 million; 0.0125% up to £450 million and 0.015% thereafter, subject to a minimum fee of £1,400 per month. During the period depositary fees of £8,381 were charged to the Company (31 December 2014: £1,427) and £1,408 was payable at the period end (31 December 2014: £1,427).

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

Basic loss per Ordinary Share is calculated by dividing the comprehensive loss for the period of £939,115 (2014: profit £4,281,444) by the weighted average number of Ordinary Shares outstanding during the period. The weighted average number of Ordinary Shares for the period is 57,002,026 (2014: 57,001,926). The Company's Subscription Shares lapsed on 28 November 2014; therefore there are no dilutive instruments in issue.

7. INVESTMENTS AT FAIR VALUE

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

	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Fair Value Total
	£	£	£	£
Opening fair value at 1 January 2015	19,339,123	422,585	-	19,761,708
Purchases	7,011,571	-	-	7,011,571
Sales	(6,946,915)	-	-	(6,946,915)
Gain/(loss)				
- realised	(4,792,032)	-	-	(4,792,032)
- unrealised	4,157,029	(122,668)	-	4,034,361
Closing fair value at 30 June 2015	18,768,776	299,917	-	19,068,693
Split by:				
Listed equities	18,768,776	-	-	18,768,776
Bonds	-	299,879	-	299,879
Warrants	-	38	-	38
	18,768,776	299,917	-	19,068,693

During the period there were no transfers between Level 1, Level 2 and Level 3 fair value measurements. There are two investments held at Level 3 with £nil value.

Please refer to pages 30 and 31 for an analysis of financial assets at fair value through profit or loss which are disclosed above.

	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Fair Value Total
	£	£	£	£
Opening fair value at 1 January 2014	23,341,036	483,331	-	23,824,367
Purchases	12,527,243	271,537	-	12,798,780
Sales	(12,945,911)	-	-	(12,945,911)
Gain/(loss)				
- realised	(3,239,778)	-	-	(3,239,778)
- unrealised	(343,467)	(332,283)	-	(675,750)
Closing fair value at 31 December 2014	19,339,123	422,585	-	19,761,708

7. INVESTMENTS AT FAIR VALUE (continued)

	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Fair Value Total
	£	£	£	£
Split by:				
Listed equities	19,339,123	-	-	19,339,123
Bonds	-	420,774	-	420,774
Warrants	-	1,811	-	1,811
	19,339,123	422,585	-	19,761,708

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

	Period ended 30 June 2015	Period ended 30 June 2014
	£	£
Realised loss on financial assets designated as at fair value through profit or loss	(4,792,032)	(884,512)
Net unrealised gain on financial assets designated as at fair value through profit or loss	4,034,361	5,508,399
Net capital (losses)/gains on financial assets	(£757,671)	£4,623,887
Dividend income and interest on bonds	137,514	74,499
Total net (losses)/gains on financial assets	(£620,157)	£4,698,386

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

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

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Period ended 30 June 2015 £	Year ended 31 December 2014 £
Cash at bank	181,515	1,295
Bank overdraft	(2,633,925)	(2,204,627)
	(£2,452,410)	(£2,203,332)

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

Overdraft interest is calculated on a daily basis using the one month Libor rate plus 175 basis points and is charged to the Company on a monthly basis. In order to satisfy CSSEL of liquidity, a margin requirement is calculated to establish a net equity and cash position that must be maintained as collateral. If the Company falls into deficit then more funds are called. If the margin calls are not met then CSSEL can call in all outstanding funds. At no point during the period did the Company fall into deficit and at the period end the Company held an excess over the margin requirement of £9,481,089 (31 December 2014: £7,980,852).

The overdraft interest during the period of £27,224 (2014: £62,339) represents the only gain or loss on financial liabilities measured at amortised cost.

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

9. RECEIVABLES

	Period ended 30 June 2015 £	Year ended 31 December 2014 £
Debtors	5,000	-
Bond interest receivable	9,482	9,595
Bank interest receivable	51	145
General expenses prepaid	9,969	13,984
	£24,502	£23,724

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

10. PAYABLES AND ACCRUALS

	Period ended 30 June 2015 £	Year ended 31 December 2014 £
Investment management fee payable (note 5)	17,200	18,816
Audit fee	10,173	19,000
Directors' fees payable (note 5)	12,000	12,000
Administration fee payable (note 5)	16,205	5,521
Sundry debtor	535	4,606
Bank overdraft interest	5,024	4,183
Custodian fee payable (note 5)	808	-
Depositary fee payable (note 5)	1,408	1,427
	£63,353	£65,553

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

11. SHARE CAPITAL

Authorised Share Capital as at 30 June 2015 and 31 December 2014

	No. of shares	£
Ordinary Shares of £0.001 par value	200,000,000	£200,000

	No. of Shares 2015	2014	Share Capital 2015 £	2014 £
Issued and Fully Paid Share Capital				
Equity Shares				
Ordinary Shares of £0.001 each at inception				
As at 1 January	57,002,026	57,001,926	57,002	57,002
Issue during the period/year	-	100	-	-
As at 30 June/31 December	57,002,026	57,002,026	57,002	57,002

	No. of Shares 2015	2014	Share Capital 2015 £	2014 £
Subscription Shares of no par value each				
As at 1 January	-	28,498,048	-	-
Exercised during the period/year	-	(100)	-	-
Cancellation of Subscription Shares	-	(28,497,948)	-	-
As at 30 June/31 December	-	-	-	-

11. SHARE CAPITAL (continued)

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

Each Subscription share conferred the right (but not the obligation) to subscribe for one Ordinary Share at a Subscription price of 130p per Ordinary Share. The Subscription Rights could have been exercised quarterly on the last business day in August, November, February or May as from May 2012 to November 2014, after which time the Subscription Rights lapsed.

12. RESERVES

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

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

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

13. FINANCIAL RISK MANAGEMENT

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

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

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

As at 30 June 2014 there were no financial assets which were past due or impaired (31 December 2014: none).

13. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

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

	Period ended 30 June 2015 £	Year ended 31 December 2014 £
Debt securities	299,879	420,774
Cash and cash equivalents:		
Credit Suisse Securities (Europe) Limited	181,515	1,295
Receivables	9,533	9,740
Total assets at credit risk	£490,927	£431,809

Liquidity risk

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

Whilst most of the Company's financial assets are listed securities which are considered readily realisable as they are listed on major recognised stock exchanges, some of the financial assets held by the Company may not be listed on recognised stock exchanges and so will not be readily realisable and their marketability may be restricted. The Company might only be able to liquidate these positions at disadvantageous prices, should the Investment Manager determine, or it become necessary, to do so. The fair value of these financial assets as at 30 June 2015 amounts to £299,917 (31 December 2014: £422,585).

13. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

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 June 2015 Total
	£	£	£	£	£
Gross settled:					
Bank overdraft	-	2,633,925	-	-	2,633,925
Bank overdraft interest	5,024	-	-	-	5,024
Investment management fee payable	17,200	-	-	-	17,200
Administration fee payable	16,205	-	-	-	16,205
Directors' fees payable	12,000	-	-	-	12,000
Audit fee	-	-	10,173	-	10,173
Depositary fee payable	1,408	-	-	-	1,408
Custodian fee payable	808	-	-	-	808
Sundry creditor	535	-	-	-	535
	53,180	2,633,925	10,173	-	2,697,278

	Less than 1 month	1-3 months	3 months to 1 year	1 year to 5 years	31 December 2014 Total
	£	£	£	£	£
Gross settled:					
Bank overdraft	-	2,204,627	-	-	2,204,627
Bank overdraft interest	4,183	-	-	-	4,183
Investment management fee payable	18,816	-	-	-	18,816
Administration fee payable	5,521	-	-	-	5,521
Directors' fees payable	12,000	-	-	-	12,000
Audit fee	-	-	19,000	-	19,000
Depositary fee payable	1,427	-	-	-	1,427
Sundry creditor	4,606	-	-	-	4,606
	£46,553	£2,204,627	£19,000	£-	£2,270,180

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

13. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

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

Market Risk

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

Price risk

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

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

The Company's financial assets are exposed to market price fluctuations which are monitored by the Investment Manager in pursuance of the Company's investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers set out in the Placing and Offer for Subscription document mitigates the risk of excessive exposure to any particular type of security or issuer. However, the 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 £3,813,739 (31 December 2014: £3,952,342) to a 20% increase or decrease in the market prices with other variables being held constant as at 30 June 2015. A 20% change is the sensitivity rate currently used when reporting price risk internally to key management personnel.

A change in the XAU index has a correlation to the movement in Gold equity prices. A correlation cannot be reliably measured so no sensitivity is prepared.

Interest rate risk

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

13. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

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

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

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

As at 30 June 2015	0-3 Months £	1-5 Years £	Total £
Variable rate assets			
Cash and cash equivalents	181,515	-	181,515
Fixed rate assets			
Debt securities	-	299,879	299,879
Total interest bearing assets	181,515	299,879	481,394
Variable rate liabilities			
Bank overdraft	(2,633,925)	-	(2,633,925)
Total interest bearing liabilities	(2,633,925)	-	(2,633,925)

13. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

As at 31 December 2014	0-3 Months £	1-5 Years £	Total £
Variable rate assets			
Cash and cash equivalents	1,295	-	1,295
Fixed rate assets			
Debt securities	-	420,774	420,774
Total interest bearing assets	1,295	420,774	422,069
Variable rate liabilities			
Bank overdraft	(2,204,627)	-	(2,204,627)
Total interest bearing liabilities	(2,204,627)	-	(2,204,627)

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

Interest rate sensitivity

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

If interest rates had been 25 basis points higher or lower and all other variables had been held constant, the Company's net assets attributable to holders of Ordinary Shares for the period would have been £2,995 (2014: £6,410) higher or lower due to the change in the interest payable on the bank overdraft and the interest receivable on cash and cash equivalents.

Currency risk

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

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

There were no hedging instruments held at the period end or used in the period (31 December 2014: None).

13. FINANCIAL RISK MANAGEMENT (continued)

Currency risk (continued)

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

	30 June 2015		31 December 2014	
	Assets	Liabilities	Assets	Liabilities
As at 31 March 2015	£	£	£	£
Australian Dollar (AUD)	3,059,702	-	3,300,346	-
Canadian Dollar (CAD)	13,112,113	(71)	11,751,360	(652)
United Stated Dollar (USD)	1,116,686	(172)	2,593,514	-
Swiss Franc (CHF)	195	-	185	-
	17,288,696	(243)	17,645,405	(652)

Foreign currency sensitivity

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

The following table details the Company's sensitivity to a 10% (2014: 10%) increase or decrease in Sterling against the relevant foreign currencies. A 10% change is the sensitivity rate currently used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated financial assets and financial liabilities and adjusts their translation at the period end for a 10% change in the foreign currency rates. A positive number indicates an increase in net assets attributable to holders of Ordinary Shares where Sterling weakens against the relevant currency and a negative number indicates a decrease in net assets where Sterling strengthens against the relevant currency.

	AUD	CAD	USD
30 June 2015	£	£	£
Change in net assets in response to a	339,967	1,456,894	124,057
10% change in foreign currency rates	(278,155)	(1,192,004)	(101,501)
31 December 2014			
Change in net assets in response to a	366,705	1,305,634	288,168
10% change in foreign currency rates	(300,031)	(1,068,246)	(235,774)

Capital management

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

13. FINANCIAL RISK MANAGEMENT (continued)

Capital management (continued)

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

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

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

14. CONTINGENT LIABILITIES

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

15. EVENTS AFTER THE FINANCIAL REPORTING DATE

There were no significant events after the financial reporting date.

16. CONTROLLING PARTY

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

17. NAV RECONCILIATION

	Period ended 30 June 2015 £	Year ended 31 December 2014 £
Net Asset Value per financial statements	£16,577,432	£17,516,547
Number of shares in issue	57,002,026	57,002,026
NAV per Ordinary Share	29.08p	30.73p
Issued NAV per Ordinary Share	29.32p	31.04p

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

Portfolio Statement

As at 30 June 2015

Description	Holding	Fair Value £	% of Total Net Assets
Equities			
Australia			
Ausgold	3,375,000	52,994	0.32
Independence Group	430,000	879,846	5.31
Lachlan Star	600,000	-	-
Perseus Mining	3,381,451	705,171	4.25
Phoenix Gold	2,873,979	148,073	0.89
Regis Resources	496,870	263,311	1.59
Resolute Mining	4,000,000	588,821	3.55
Saracen Mineral Holdings	1,200,000	253,193	1.53
		2,891,409	17.44
Canada			
Asanko Gold	615,857	691,875	4.17
Atico Mining	350,000	94,726	0.57
Brazil Resources	287,500	91,024	0.55
Newcastle Gold	2,006,750	368,911	2.23
Endeavour Mining	1,675,000	530,312	3.20
First Majestic Silver	370,000	1,139,316	6.87
Fortuna Silver Mines	491,500	1,134,455	6.84
Goldcorp	50,000	516,014	3.11
Guyana Goldfields	207,900	419,350	2.53
Kennady Diamonds	177,631	431,769	2.60
Klondex Mines	759,900	1,307,710	7.89
Lake Shore Gold	250,000	163,409	0.99
Mandalay Resources	2,908,300	1,381,171	8.33
Mountain Province	323,330	847,010	5.11
Perseus Mining	917,500	182,724	1.10
Pilot Gold	275,000	85,662	0.52
Revelo Resources	610,350	34,284	0.21
Rubicon Minerals	900,000	592,867	3.58
Silver Wheaton	89,917	991,792	5.98
Tahoe Resources	78,700	607,648	3.67
Teranga Gold	1,000,000	362,563	2.19
		11,974,592	72.24

Portfolio Statement (continued)
As at 30 June 2015

Description	Holding	Fair Value £	% of Total Net Assets
Equities - continued			
Russia			
JSC MMC Norilsk Nickel	20,000	214,821	1.30
		214,821	1.30
United Kingdom			
Aureus Mining	1,111,500	308,441	1.86
Condor Gold	655,555	373,666	2.25
DB Physical Rhodium	7,904	405,592	2.45
ETFS Physical Platinum	6,000	395,206	2.38
Fresnillo	185,860	1,288,939	7.78
Sovereign Bauxite of Guinea	100,000	-	-
		2,771,844	16.72
United States			
Continental Gold	600,000	916,110	5.53
		916,110	5.53
Total Equities		18,768,776	113.23
Warrants			
Condor Gold 10/09/2018	277,777	-	-
Gran Colombia Gold 30/10/2017	7,500	-	-
Gran Colombia Gold Corp 30/10/2017	15,000	38	-
Total Warrants		38	-
Bonds			
Canada			
Gran Colombia Gold Corp 10% 31 Oct 2017	750,000	95,618	0.58
Maya Gold & Silver Conv Debt 8% 28/03/2017	500,000	204,261	1.23
Total Bonds		299,879	1.81
Total investments		19,068,693	115.04
Other current assets less payables and accruals		142,664	0.86
Bank overdraft		(2,633,925)	(15.90)
Total Net Assets		**16,577,432**	**100.00**

Management and Administration

Directors
Malcolm Alec Burne
Toby Birch
Kaare Glenne Foy
Robert Paul King

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Financial Adviser and Broker to the Company
Nplus 1 Singer Limited
One Bartholomew Lane
London
EC2N 2AX

Depositary
INDOS Financial Limited
25 North Row
London
W1K 6DJ

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

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

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

Independent Auditor to the Company
BDO Limited
P.O. Box 180
Rue du Pré
St Peter Port
Guernsey
GY1 3LL

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

Advocates to the Company as to Guernsey Law
Babbé
18-20 Smith Street
St Peter Port
Guernsey
GY1 4BL

Solicitors to the Company as to English Law
Lawrence Graham LLP
4 More London Riverside
London
SE1 2AU

Registrar and CREST Agent to 30 March 2015
Capita Registrars (Guernsey) Limited
Mon Crevett House
Bulwer Avenue
St Sampson
Guernsey
GY2 4LH

Registrar and CREST Agent from 31 March 2015
Computershare Investor Services (Guernsey) Limited
c/o Queensway House
Hilgrove Street
St Helier
Jersey JE1 1ES

Market Makers
Nplus 1 Singer Limited
One Bartholomew Lane
London EC2N 2AX

KBC Peel Hunt
111 Old Broad Street
London EC2N 1PH

Winterflood Securities
25 Dowgate Hill
London EC4R 2GA

Cantor Fitzgerald Europe
17 Crosswall
London EC3N 2LB