Golden Prospect Precious Metals Limited

Interim Report and Financial Statements

for the period ended 30 June 2016

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It's a great privilege to be addressing shareholders as founder Chairman as in this month ten years ago your company was formed and commenced trading on the Stock Exchange. What better way to remember this than to enjoy a circa 150% increase in the company net asset value over the past year. This performance tops the sector rankings and although our market has come from a very low base it is nevertheless extremely satisfying and I can personally attest to that as a substantial shareholder.

It is also pleasing to note that most of the other large shareholders on the register also held through the bad times and are now being partially rewarded for their patience. We are indeed very fortunate to have such a strong and solid shareholder base.

The robust and sharp recovery in precious metals and related share prices should not take away from the fine skills of our management team who saw silver as a superior leverage play on the back of the rally in gold and increased the weightings accordingly. Their report can be appreciated elsewhere in these accounts.

As I consistently outlined in my last few statements we were close to a new bull market in gold and precious metals and I remain of the view that we are still only in the early stages of a classic run in gold over the next couple of years as nervous investors struggle to come to terms with financially and politically confused economies. The global geopolitical climate, the procrastinating Fed and its US ,monetary policies and the Chinese flagging growth story still dominate the financial media and quality money from professional investors is responding by increasing asset allocations to gold. Central bank buying also continues to be very strong.

Recent short term trends have seen a pull back or correction as gold breached a key technical support level and there are hawkish comments by Fed officials about rate hikes.

However it should not be long before the upward swing resumes as the fundamentals remain extremely solid with most of the usual boxes still ticked.

It is extremely unlikely that golds safe haven status will be seriously challenged during a time of global uncertainty on both political and economic fronts. In fact Goldman Sachs, so often behind the market comment and punditry that creates so much volatility, is now arguing that gold has become THE political hedge. And another big named investment bank has claimed that gold will be $1,850 if Trump becomes President.

Gold is perhaps the story of the stock market this year. Conferences are full, gold miners are raising fresh capital across the board and public recognition of the role that gold can play is at a high.

Ignoring the present short term lull in Chinese buying and ETF accumulations in the third quarter, demand will continue to outstrip supply forecasts, industry hedging is beginning to reappear and companies are raising money for renewed exploration. The M&A space is hotting up as the majors are absorbing some the mid-tier producers and promising developers.

As we move forward the fed rate dilemma and the US election will dictate golds further renaissance and Europe's alarming debt crisis and in parts its negative interest rate moves will add to the uncertainty that gold is responding to. Currency wars and China's worrying borrowing ratios add to the drama.

In gold and silver equities our managers have outpaced the HUI Index admirably during the correction and their stock selection criteria has bucked the general consolidation in the sector.

Canadian and Australian gold shares continue to do best given their currency advantages and I expect this situation to continue once the upward trend has been resumed. There will be many attractive financings and company share placements for our managers to sift through and given their strong performance and shortage of good competition; GPPM will I am sure be among the first to be offered the better quality deals.

I would expect the company to increase its capital base during the next period in order to take full advantage of such opportunities.

Malcolm Burne
Chairman

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

Toby Birch, is 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.

GPPM Interim Report & Accounts 2016

Gold has proved one of the best performing assets over the first half of 2016 with the price rising over 18% to US$1,256/oz in reaction to fears of a global liquidity crisis early the year and latterly spurred by the UK's Brexit vote. In sterling terms gold prices rose 43% while silver outpaced this with a rise of almost 52%. The Fund NAV has risen 130% to end-June and at the time of writing in mid –October had risen 143% year-to-date. The Fund's performance compares well against sterling returns for the GDX ETF and HUI and XAU indicies, which have risen between 100% and 114% year-to-date. Despite a focus on low cost projects the fund has also kept pace with the more leveraged GDXJ ETF, which has risen 143% thus far in 2016. The Funds healthy exposure to silver miners and a focus on cash flow valuation have contributed to this strong relative performance. These remain central investment themes.

Against a backdrop of global over-indebtedness, a fundamental underlying message supporting precious metal ownership is the need to counter the risks to wealth posed by pernicious effects of central bank quantitative easing and money printing policies and also the risks posed by more abrupt liquidity crises. Decisions by Japanese and European central banks to introduce negative real interest rates, the US Federal Reserve's introduction of negative rate stress tests for its banking industry and latterly sterling's weakness resulting from the UK's BREXIT vote have all spurred gold demand. This is illustrated by the strong increase in gold holdings by physically back ETF's which added 16Moz to holdings over the interim period and have added a further 2Moz since, as BREXIT continues to be absorbed.

The UK's decision to leave Europe has initiated a populist chain reaction within the Eurozone with political groups in Italy and Spain in the south and the Netherlands and France in the north are already questioning their EU membership. A widening European divide is distinctly possible with southern members potentially seeking to retain a Euro which can be devalued in an effort to redress poor economic growth and chronic unemployment while northern members, as primary lenders and underwriters to the wider Eurozone finances, seek separation to limit further calls for funding support. Given the region's parlous fiscal and political situation, Europe has the potential to destabilise and precipitate further gold demand. This is particularly relevant as the UK begins its uncoupling process and influential EU members approach government elections. While presidential electioneering in the US is marching to a similar partisan beat this autumn's vote may prove more of a distraction from improving regional economic data which has thus far increased the probability of a rate hike later this year or early next. Nevertheless, though US growth is improving, it is far from running away and restricted by the nation's stretched fiscal position, whose service costs would accelerate markedly should rates rise, we feel the trajectory thereafter will be relatively muted. As such we believe precious metal prices can continue to perform well.

That said we feel equity investors will become more value discerning following the rapid recovery in prices experienced so far this year. In this regard, the Fund remains well placed to benefit both from continued re-rating of its underlying holdings and a potential narrowing of its discount to NAV. Of note, Fund investments are attractively valued particularly when compared to UK peers such as Randgold and Fresnillo, that appear to have benefitted noticeably more than their international peers from sterling's depreciation. Indeed, as illustration of the Fund's value approach, following the BREXIT result the entire Fresnillo holding was switched into its 75% parent, Industrias Penoles, which trades at a considerable discount to its majority owned subsidiary.

As mentioned the Fund maintains a healthy exposure to silver mining equities. In addition to metal price appreciation, as a precious metal and from increasing industrial use, silver investments held within the Fund offer potential to benefit from further cost reductions arising from currency weakness, notably the Mexican Peso, together with rising by-product credits, notably from associated zinc production where mine closures and supply curtailment elsewhere are lifting metal prices.

While retaining a focus towards high quality, low cost assets exposure to some more leveraged operators was increased with producers such as Silver Lake and Beadell purchased early in year. These investments were subsequently rotated into explorers such as West African Resources and Cardinal Resources. Similarly the Fund increased exposure to low cost developers participating in heavily discounted placements by MAG Silver, Rox Gold and Pretium, holdings that have been retained. We feel these, together with exploration holdings, will be natural consolidation targets when corporate appetite improves.

Unaudited Interim Statement of Comprehensive Income

For the year ended 30 June 2016

	Notes	Revenue £	Capital £	Period to 30 June 2016 Total £	Period to 30 June 2015 Total £
Income					
Income from investments designated at fair value through profit or loss	7	100,082	-	100,082	137,514
Net capital gains/(losses) on investments at fair value through profit or loss	7	-	16,091,434	16,091,434	(757,671)
Net investment gains/(losses)		**100,082**	**16,091,434**	**16,191,516**	**(620,157)**
Expenses					
Exchange loss		(165,257)	-	(165,257)	(22,730)
Investment management fees	5	(126,287)	-	(126,287)	(113,011)
Administration fees	5	(32,233)	-	(32,233)	(32,352)
Directors' fees	5	(24,000)	-	(24,000)	(24,000)
Audit fees		(9,973)	-	(9,973)	(9,918)
Investment advisers fees	5	(8,604)	-	(8,604)	-
Depositary fees	5	(8,381)	-	(8,381)	(8,381)
Other expenses		(6,366)	-	(6,366)	(9,661)
Legal fees		(5,367)	-	(5,367)	(13,748)
Registrar's fees		(5,193)	-	(5,193)	(12,728)
Custodian fees	5	(4,385)	-	(4,385)	(4,959)
Directors' insurance costs		(3,088)	-	(3,088)	(3,298)
Sponsor fees		(2,650)	-	(2,650)	(3,965)
Printing		(1,847)	-	(1,847)	(3,219)
Total operating expenses		**(403,631)**	**-**	**(403,631)**	**(261,970)**
Operating (loss)/profit		**(303,549)**	**16,091,434**	**15,787,885**	**(882,127)**
Finance cost					
Finance income		538	-	538	135
Overdraft interest	8	(16,184)	-	(16,184)	(27,224)
(Loss)/profit for the period before tax		**(319,195)**	**16,091,434**	**15,772,239**	**(909,216)**
Withholding tax		(17,971)	-	(17,971)	(29,899)
(Loss)/profit for the period after tax		(337,166)	16,091,434	15,754,268	(939,115)
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/profit for the period		**(£337,166)**	**£16,091,434**	**£15,754,268**	**(£939,115)**
Basic and diluted earnings/(loss) per Ordinary share (pence)	6			**27.64p**	**(1.65)p**

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 10 to 28 form part of these Unaudited Interim Financial Statements.

Unaudited Interim Statement of Changes in Equity
For the period ended 30 June 2016

	Notes	Share Capital £	Share Premium £	Realised Capital Reserve £	Unrealised Capital Reserve £	Revenue Reserve £	Distributable Reserve £	Total Equity £
Balance as at 1 January 2016		57,002	-	(20,402,470)	(7,322,650)	(3,916,365)	43,995,959	12,411,476
Total comprehensive loss for the period	12	-	-	1,308,271	14,783,163	(337,166)	-	15,754,268
Transactions with owners		-	-	-	-	-	-	-
Balance as at 30 June 2016		**£57,002**	**£-**	**(£19,094,199)**	**£7,460,513**	**(£4,253,531)**	**£43,995,959**	**£28,165,744**
For the period to 30 June 2015								
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**

The notes on pages 10 to 28 form an integral part of these Unaudited Interim Financial Statements

Unaudited Interim Statement of Financial Position

As at 30 June 2016

	Notes	(Unaudited) 30 June 2016 £	(Audited) 31 December 2015 £
Current Assets			
Investments at fair value through profit or loss	7	28,351,690	13,449,764
Cash and cash equivalents	8	98,963	29,902
Receivables	9	34,480	29,750
Total Assets		28,485,133	13,509,416
Current Liabilities			
Payables and accruals	10	(85,302)	(83,125)
Bank overdraft	8	(234,087)	(1,014,815)
Total Liabilities		(319,389)	(1,097,940)
Net Assets		**£28,165,744**	**£12,411,476**
EQUITY			
Share Capital	11	57,002	57,002
Revenue reserve	12	(4,253,531)	(3,916,365)
Distributable reserve	12	43,995,959	43,995,959
Capital reserves	12	(11,633,686)	(27,725,120)
Total Equity		**£28,165,744**	**£12,411,476**
Number of Ordinary Shares in issue	11	**57,002,026**	**57,002,026**
Net Asset Value per Ordinary Share (pence)	17	**49.41p**	**21.77p**

The Financial Statements on pages 6 to 28 were approved by the Board of Directors and authorised for issue and signed on 10 October 2016 on its behalf by:

Robert King **Toby Birch**

The notes on pages 10 to 28 form part of these Unaudited Interim Financial Statements.

Unaudited Interim Statement of Cash Flows

For the period ended 30 June 2016

	Note	Period to 30 June 2016 £	Period to 30 June 2015 £
Cash flows from operating activities			
Profit/(loss) for the period		15,754,268	(939,115)
Adjustment for:			
Capital (gain)/loss on investments at fair value through profit or loss		(16,091,434)	757,671
Operating cash flows before movements in working capital		(337,166)	(181,444)
Increase in receivables		(4,730)	(778)
Increase/(decrease) in payable and accruals		2,177	(2,200)
Purchase of investments		(8,088,447)	(7,011,571)
Proceeds from sale of investments		9,277,955	6,946,915
Net cash generated from (used in) operating activities		**849,789**	**(249,078)**
Net increase/(decrease) in cash and cash equivalents		**849,789**	**(249,078)**
Net cash and cash equivalents at beginning of period		(984,913)	(2,203,332)
Cash and cash equivalents at period end	8	**(£135,124)**	**(£2,452,410)**

Supplementary cash flow information

Net cash generated from(used in) operating activities include:	£	£
Interest received on cash balances	538	135
Interest paid on cash balances	(16,184)	(27,224)
Income received from investments	113,342	147,109

The notes on pages 10 to 28 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 31.

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.

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

For two unlisted equities, which related to restricted placements in listed equities, the quoted price of the appropriate listed equity has been used.

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

Adoption of new and revised standards

The accounting policies adopted in the period are consistent with those of the previous financial period, 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 2016, 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*, as set by the IASB).
- IFRS 7, Financial Instruments Disclosures – Amendments regarding initial application of IFRS 9* - effective for when IFRS 9 is applied.
- IFRS 15, Revenue from contracts with customers – effective for periods commencing on or after 1 January 2018*.

*still to be endorsed by the EU.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and interpretations in issue and not yet effective (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets at fair value (continued)

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.

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 cash flow techniques/models. Warrants are carried at fair value using standard Black Scholes valuation models. Further details are disclosed in note 7. Unlisted investments are carried at such fair value as the Directors consider appropriate given the performance of each investee company and after considering the financial position of the entity, latest news and developments.

Fair value measurement hierarchy

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

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

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest input that is significant to the fair value measurement. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 and are recognised in the Interim Statement of Comprehensive Income.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segmental reporting (continued)
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 29.

3. TAXATION

The Company has been granted exemption from Guernsey taxation and has paid an annual exemption fee for the year of £1,200 (2015: £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 2016, and as at the date of signing these interim Financial Statements:

	Ordinary Shares Period ended 30 June 2016	Ordinary Shares Year ended 31 December 2015
Director		
M Burne	437,500	437,500
K Foy	25,000	25,000
R King	20,000	20,000
T Birch	50,000	50,000

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

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 (2015: £12,000). During the period Directors' fees of £24,000 were charged to the Company (2015: £24,000) and £nil was payable at the period end (31 December 2015: £12,000). All Directors are non-executive.

Investment Manager

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

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 £126,287 were charged to the Company (2015: £113,011) and £52,289 was payable at the period end (31 December 2015: £13,068).

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 (2015: £nil).

Other significant agreements

Administrator

The Company's Administrator is R&H Fund Services (Guernsey) Limited. In consideration for the services provided by the Administrator under the Administration Agreement, the Administrator is entitled to receive from the Company an annual fee of £65,000 per annum payable quarterly in arrears. During the period administration fees of £32,233 were charged to the Company (2015: £32,352) and £16,250 was payable at the period end (31 December 2015: £32,767).

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 £4,385 were charged to the Company (2015: £4,959) and £nil was payable at the period end (31 December 2015: £nil).

Depositary Fees

The Company's Depositary is INDOS Financial Limited. In consideration for the services provided by the Depositary under the Depositary Agreement, the Depositary is entitled to receive from the Company an annual fee of 0.25% 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 (2015: £8,381) and £1,408 was payable at the period end (31 December 2015: £1,427).

Financial Adviser and Corporate Broker

The Company appointed Cantor Fitzgerald as Financial Advisor and Corporate Broker ("Financial Adviser") from 12 January 2016. Under the agreement, the Financial Adviser is entitled to receive from the Company an annual fee of £17,500 per annum payable quarterly in advance. During the period financial adviser fees of £8,604 were charged to the Company and £nil was payable at the period end.

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

Basic earnings/(loss) per Ordinary Share is calculated by dividing the comprehensive income for the period of £15,754,268 (2015: loss £939,115) 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 (2015: 57,002,026). 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 2016	12,949,568	500,196	-	13,449,764
Purchases	7,137,508	-	950,939	8,088,447
Sales	(9,277,955)	-	-	(9,277,955)
Gain/(loss)				
- realised	1,308,271	-	-	1,308,271
- unrealised	14,380,854	89,901	312,408	14,783,163
Closing fair value at 30 June 2016	26,498,246	590,097	1,263,347	28,351,690
Split by:				
Listed equities	26,498,246	-	-	26,498,246
Unlisted equities	-	-	1,263,347	1,263,347
Bonds	-	590,097	-	590,097
Warrants	-	-	-	-
	26,498,246	590,097	1,263,347	28,351,690

During the period there were no transfers between Level 1, Level 2 and Level 3 fair value measurements. There are four investments held at Level 3 with £1,263,347 value.

Please refer to pages 29 and 30 for an analysis of financial assets at fair value through profit or loss which are disclosed above.

7. INVESTMENTS AT FAIR VALUE (continued)

	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	10,965,186	-	-	10,965,186
Sales	(12,500,238)	-	-	(12,500,238)
Transfers	(494,000)	-	494,000	-
Gain/(loss)				
- realised	(11,188,960)	-	-	(11,188,960)
- unrealised	6,828,457	77,611	(494,000)	6,412,068
Closing fair value at 31 December 2015	12,949,568	500,196	-	13,449,764
Split by:				
Listed equities	12,949,568	-	-	12,949,568
Bonds	-	500,196	-	500,196
Warrants	-	-	-	-
	12,949,568	500,196	-	13,449,764

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

	Period ended 30 June 2016	Period ended 30 June 2015
	£	£
Realised gain/(loss) on financial assets designated as at fair value through profit or loss	1,308,271	(4,792,032)
Net unrealised gain on financial assets designated as at fair value through profit or loss	14,783,163	4,034,361
Net capital gains/(losses) on financial assets	£16,091,434	(£757,671)
Dividend income and interest on bonds	100,082	137,514
Total net gains/(losses) on financial assets	£16,191,516	(£620,157)

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.

7. INVESTMENTS AT FAIR VALUE (continued)

Item	Fair value hierarchy level	Valuation techniques
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.
Financial assets at fair value through profit or loss – Unlisted equity securities	Level 3	The fair value of the unlisted equities (which relate to restricted placements of listed equities) is based on the quoted price of the listed equity it relates to.

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Period ended 30 June 2016 £	Year ended 31 December 2015 £
Cash at bank	98,963	29,902
Bank overdraft	(234,087)	(1,014,815)
	(£135,124)	(£984,913)

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 £15,492,320 (31 December 2015: £6,700,299).

The overdraft interest during the period of £16,184 (2015: £27,224) 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 2016 £	Year ended 31 December 2015 £
General expenses prepaid	14,099	5,050
Dividend income receivable	11,438	15,668
Bond interest receivable	8,820	9,030
Bank interest receivable	123	2
	£34,480	£29,750

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 2016 £	Year ended 31 December 2015 £
Investment management fee payable (note 5)	52,289	13,068
Administration fee payable (note 5)	16,250	32,767
Audit fee	10,227	20,000
Bank overdraft interest	2,740	2,372
Sundry debtor	2,388	1,491
Depositary fee payable (note 5)	1,408	1,427
Directors' fees payable (note 5)	-	12,000
	£85,302	£83,125

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 2016 and 31 December 2015

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

	No. of Shares		Share Capital	
	2016	2015	2016	2015
Issued and Fully Paid Share Capital			£	£
Equity Shares				
Ordinary Shares of £0.001 each at inception				
As at 1 January	57,002,026	57,002,026	57,002	57,002
Issue during the period/year	-	-	-	-
As at 30 June/31 December	57,002,026	57,002,026	57,002	57,002

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.

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 2016 there were no financial assets which were past due or impaired (31 December 2015: none).

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.

13. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The following table illustrates the credit concentration by category:

	Period ended 30 June 2016 £	Year ended 31 December 2015 £
Debt securities	590,097	500,196
Cash and cash equivalents:		
Credit Suisse Securities (Europe) Limited	98,963	29,902
Receivables	34,480	24,700
Total assets at credit risk	£723,540	£554,798

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 2016 amounts to £1,853,444 (31 December 2015: £500,196).

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 2016 Total £
Gross settled:					
Bank overdraft	-	234,087	-	-	234,087
Bank overdraft interest	2,740	-	-	-	2,740
Investment management fee payable	52,289	-	-	-	52,289
Administration fee payable	16,250	-	-	-	16,250
Audit fee	-	-	10,227	-	10,227
Depositary fee payable	1,408	-	-	-	1,408
Sundry creditor	2,388	-	-	-	2,388
	£75,075	£234,087	£10,227	-	£319,389

13. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

	Less than 1 month	1-3 months	3 months to 1 year	1 year to 5 years	31 December 2015 Total
	£	£	£	£	£
Gross settled:					
Bank overdraft	-	1,014,815	-	-	1,014,815
Bank overdraft interest	2,372	-	-	-	2,372
Investment management fee payable	13,068	-	-	-	13,068
Administration fee payable	32,767	-	-	-	32,767
Directors' fees payable	12,000	-	-	-	12,000
Audit fee	-	-	20,000	-	20,000
Depositary fee payable	1,427	-	-	-	1,427
Sundry creditor	1,491	-	-	-	1,491
	£63,125	£1,014,815	£20,000	£-	£1,097,940

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.

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

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

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

The Company is exposed to market price risk arising from its financial assets designated as at fair value through profit or loss. The performance of these financial assets will be affected by the performance of the investee companies. The exploration, development and production of metal and mineral deposits involve significant uncertainties and the investee companies will be subject to all the hazards and risks normally encountered in such activities. Many of these are difficult to predict and are outside the control of the investee companies. They include, amongst others, issues relating to the environment, the climate, the geographical environment, local and international regulatory requirements, licensing terms, planning permission, unexpected geological formations, rock falls, flooding, pollution, legal liabilities, the availability and reliability of plant and equipment, the scaling-up of operations, the reliance on key individuals, local finance and tax regimes, foreign currency repatriation, capital and budget constraints, contractors and suppliers, local employment regulations and practices, employment unions and the availability of suitable labour.

13. FINANCIAL RISK MANAGEMENT (continued)

Price risk (continued)

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 £8,505,507 (31 December 2015: £4,034,929) to a 30% increase or decrease in the market prices with other variables being held constant as at 30 June 2016. A 30% 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.

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.

13. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

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 2016	0-3 Months £	1-5 Years £	Total £
Variable rate assets			
Cash and cash equivalents	98,963	-	98,963
Fixed rate assets			
Debt securities	-	590,097	590,097
Total interest bearing assets	98,963	590,097	689,060
Variable rate liabilities			
Bank overdraft	(234,087)	-	(234,087)
Total interest bearing liabilities	(234,087)	-	(234,087)

As at 31 December 2015	0-3 Months £	1-5 Years £	Total £
Variable rate assets			
Cash and cash equivalents	29,902	-	29,902
Fixed rate assets			
Debt securities	-	500,196	500,196
Total interest bearing assets	29,902	500,196	530,098
Variable rate liabilities			
Bank overdraft	(1,014,815)	-	(1,014,815)
Total interest bearing liabilities	(1,014,815)	-	(1,014,815)

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.

13. FINANCIAL RISK MANAGEMENT (continued)

Interest rate sensitivity (continued)

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 £1,273 (31 December 2015: £5,635) 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 2015: None).

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 were as follows:

	30 June 2016		31 December 2015	
	Assets	Liabilities	Assets	Liabilities
	£	£	£	£
Australian Dollar (AUD)	6,406,512	(1,674)	3,494,810	(859,344)
Canadian Dollar (CAD)	18,542,702	(1,066)	7,624,129	(143,420)
United Stated Dollar (USD)	1,698,942	-	1,144,274	-
Swiss Franc (CHF)	220	-	194	-
	26,648,376	(2,740)	12,263,407	(1,002,764)

Foreign currency sensitivity

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

The following table details the Company's sensitivity to a 10% (2015: 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.

13. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency sensitivity (continued)

30 June 2016	AUD £	CAD £	USD £
Change in net assets in response to a	711,835	2,060,292	188,752
10% change in foreign currency rates	(582,410)	(1,685,694)	(154,434)
31 December 2015			
Change in net assets in response to a	292,830	831,190	127,142
10% change in foreign currency rates	(239,588)	(680,064)	(104,025)

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.

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 2016 £	Year ended 31 December 2015 £
Net Asset Value per financial statements	£28,165,744	£12,411,476
Number of shares in issue	57,002,026	57,002,026
NAV per Ordinary Share	49.41p	21.77p
Issued NAV per Ordinary Share	49.69p	21.55p

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 2016

Description	Holding	Fair Value £	% of Total Net Assets
Equities			
Australia			
Ausgold Ltd	3,375,000	98,242	0.35
Cardinal Resources	1,887,839	317,035	1.13
Doray Minerals	1,000,000	593,372	2.11
Independence Group	980,000	1,793,887	6.37
Lachlan Star Ltd *	600,000	-	-
Metals X	1,536,505	1,199,857	4.26
Troy Resources	5,536,672	1,673,647	5.94
West African Resources	6,252,425	717,503	2.55
		6,393,543	22.71
Canada			
American Silver (Placement Tranche 2) *	1,456,243	304,121	1.08
American Silver (Restricted) 10/10/2016 *	4,593,119	959,226	3.41
Asanko Gold	375,857	1,072,750	3.81
Atico Mining Corp	350,000	90,352	0.32
Continental Gold	500,000	1,047,099	3.72
Dalradian Resources	297,075	168,890	0.60
First Majestic Silver Corp	83,140	844,996	3.00
Fortuna Silver Mines	314,118	1,643,652	5.84
Guyana Goldfields	130,527	698,139	2.48
Integra Gold Corp (Restricted 03/10/2016)	805,000	373,591	1.33
Kennady Diamonds Inc	207,647	491,469	1.74
Klondex Mines	750,000	2,036,187	7.23
Mandalay Resources	2,877,801	1,969,942	6.99
Mountain Province	143,035	494,538	1.76
Newcastle Gold	667,653.00	286,611	1.02
Pilot Gold Inc	275,000	116,457	0.41
Pretium Resources	62,500	525,550	1.87
Roxgold	1,217,360	1,066,367	3.79
Sabina Gold & Silver	561,297	354,920	1.26
Silver Wheaton	76,917	1,356,012	4.81
Tahoe Resources Inc	148,700	1,664,865	5.91
Teranga Gold	1,000,000	655,525	2.33
		18,221,259	64.71

Description	Holding	Fair Value £	% of Total Net Assets
Equities - continued			
Russia			
JSC MMC Norilsk Nickel	55,000	548,450	1.95
		548,450	1.95
United Kingdom			
DB Physical Rhodium	7,904	445,463	1.58
Fresnillo Plc	110,860	1,822,538	6.47
Sovereign Bauxite of Guinea Ltd *	100,000	-	-
		2,268,001	8.05
United States			
MAG Silver	35,000	330,340	1.17
		330,340	1.17
Total Equities		27,761,593	98.59
Warrants			
American Silver	1,148,279	-	-
Condor Gold 10/09/2018	277,777	-	-
Gran Colombia Gold	7,500	-	-
Total Warrants		-	-
Bonds			
Canada			
Gran Colombia Gold 6% 02/01/2020	781,114	358,053	1.27
Maya Gold & Silver Conv Debt 8% 28/03/2017	500,000	232,044	0.82
Total Bonds		590,097	2.09
Total investments		28,351,690	100.68
Other current assets less payables and accruals		48,141	0.16
Bank overdraft		(234,087)	(0.84)
Total Net Assets		**28,165,744**	**100.00**

* Level 3 unlisted equities.

Management and Administration

Directors
Malcolm Burne
Toby Birch
Kaare Foy
Robert King

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Principal Bankers and Custodian
Credit Suisse Securities (Europe) Limited
One Cabot Square
London
E14 4QJ

Financial Adviser and Broker to the Company to 11 January 2016
Nplus 1 Singer Limited
One Bartholomew Lane
London
EC2N 2AX

Financial Adviser and Broker to the Company from 12 January 2016
Cantor Fitzgerald Europe L.P.
One Churchill Place
Canary Wharf
London
EH14 5RD

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 (UK) LLP, previously CQS Asset Management Limited)
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

Depositary
INDOS Financial Limited
25 North Row
London
W1K 6DJ

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
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