Golden Prospect Precious Metals Limited

Interim Report and Financial Statements

for the period ended 30 June 2017

Contents

Gold is currently giving its followers one of its notorious roller-coaster rides with its continued volatility reflective of the huge number of issues that are buffeting the world's economic and geopolitical climate. It is widely recognised and acknowledged that we are at a critical point in global affairs and there are plenty of reasons for both large scale financial cynicism and scepticism. There are so many "maybe's", "would be's" and "could be's", it is hard to escape the increasingly deafening noise.

So let's look at many of the situations and possible events that could trigger the next major swings in the price of precious metals and attempt to navigate our way through. For ease of comprehension we will break down the scenario into three major areas.

Finance and Economics

- The FED has announced it is unwinding its $4 trillion QE (Quantitative Easing) programme which will force up interest rates, prop up the dollar, which as we know gold reacts to negatively.

- The US debt ceiling that Congress has to approve or not is approaching $20 trillion and any uncertainty about extending this beyond the already revised December date this year will have a substantial impact in terms of market volatility.

- Trump is proposing to reduce corporation tax from 35% to 20% which has been holding up equities at the higher levels. Further, middle class tax cuts could, it is argued, provide substantial stimulus for the economy which could lead to further monetary breaks.

- Trump is also proposing a tax repatriation of the estimated $4 trillion from the Tech and Social Media giants who have been hoarding their funds in offshore jurisdictions, namely the likes of Apple, Google (Alphabet), Amazon, Microsoft, Cisco etc. Capital inflows from this should have a dramatic impact on the $US, Wall Street and the Global financial system. A survey of 300 firms found that most have few plans to invest these repatriated funds in the real economy, however. It is believed that they are more likely to pay down debt, instigate share repurchase programmes or engage in M & A activity. It is feared that this repatriation will drain dollar liquidity from offshore markets at a time when the FED has declared it will begin quantitative tightening.

- Interest rates must eventually rise, pushing bonds down which traditionally leads to a big sell off in equities. Inflation, however, is still being held back by lacklustre wage growth.

De-dollarisation

- There is a lot of comment and punditry about an attack on the dollar and the death of money. China has allegedly sold $100bn of securities in the past year and is buying/stock piling high purity gold bullion bars. In fact, many Countries are collectively hedging an estimated $1.4 trillion and it has been noted that Germany has at last received its gold bullion back from the US which it requested 3 years ago.

- Many economists like to argue that all FIAT currencies inevitably or eventually go to zero. Over the last few hundred years a substantial number of FIAT currencies have become worthless with over one quarter of those due to hyperinflation.

- The message from history seems to be that no FIAT currency has lasted forever and that in today's world they are all made of paper and backed by nothing. Worse still total debt derivatives, according to estimates, have reached circa $1.2 quadrillion (Source unknown). However, the same economists are the same who believe that a debt-default tsunami could devastate wealth overnight. Russia, as well as China, has been taking steps over ten years to prepare for this possible eventuality by boosting its gold reserves. Even the Eurozone, the 19 euro-using nations collectively have just over 10,000 metric tonnes of gold with most of their central banks still in the accumulation mode.

- Commentators for some time have been writing about China, Russia and Iran coordinating a new monetary order that does not involve US dollars. China would buy oil from Russia and Iran in exchange for the Yuan, or so the argument runs and apparently the BRIC's leaders have indicated their support for oil to be priced in Yuan and then convertible into gold.

- Russia has actively been promoting the Ruble as a regional hard/reserve currency. It has also been expanding its digital economy and exploring the use of Blockchain technology and cryptocurrencies as a medium of exchange.

All of the above seem eminently feasible and not just rhetoric as there has been too much complacency over the soaring debt to GDP ratios in recent years. It is feared that US consumers are now being subject to a record $13 trillion in household debt, raising the national debt well passed $20 trillion which would have been unimaginable just 10 years ago.

Geopolitics

- Geopolitically there is no shortage of potential conflicts in the world today. North Korea's pursuit of nuclear armed weapons masks the other emerging conflicts which include a possible coalition of Arab states, including Saudi Arabia and Egypt, promoting a fight with Iran.

- The South China Sea is another flashpoint where a violent confrontation between the US and China could happen in the near future.

- Venezuela is another country that is declining into political chaos and social disorder.

The months ahead will no doubt see a rise in tension in many areas of the world and it is not surprising that gold is promoted as a quasi insurance policy in terms of being the obvious safe haven asset.

The gold price has been under undue influence of the unconventional monetary policy and growth of cryptocurrencies as an alternative safe harbour. This could explain gold's relatively poor responsiveness to the recent political tensions and has appeared weaker than expected.

There is an increasing level of chatter about a dollar reset or reboot and the return of the gold standard leading to a quantum leap in bullion and other precious metals.

The current market dynamics in play for gold are more challenging for investors than I can ever recall. The short term view is that gold will stay under pressure as interest rates rise and until the dollar loses its strong grip of late, the gold price will be constrained despite all the 'black swans' circulating the globe.

However, as gold pitches and tosses in these turbulent waters it still remains, in our view, the only real place to park money and it has shown plenty of signs that it is ready to take off and accelerate should even more fear increasingly grip the worlds stage. According to some major investment banks, in the last gold bull market their clients had roughly a 7% allocation to the gold sector whereas now their client's gold ownership is only at about 1%. We have been waiting for the Dow/gold ratio to substantially change and I believe we are very near to a major reversal. Thanks to our investment managers our fund is well placed to respond to gold and silver's undervalued equities sector.

It is interesting that the market research team at Deutsche Bank very recently published an assets survey that devoted almost all of it to "The Next Financial Crisis". They predicted that a crisis is coming and that it is imperative to prepare for it.

Summarising, the financial system is more precariously poised today than I can recall in my last 50 years of financial and investment commentating with few options for an orderly outcome other than hyperinflation with gold the only real protection against it!

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 Corp, 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. 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 in Guernsey. 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 lagged industrial metals' performance with prices declining 4% over the financial year. Cyclical "risk" assets were the clear beneficiary of fund flows at the expense of safe haven assets during the period. Donald Trump's surprise election as US President, won via the electoral-college system despite receiving three million less votes than Hillary Clinton, was a significant driver behind this. His pro-US growth stance and prospect of rising rates saw a rapid and significant withdrawal of funds from precious metal funds.

The first 6 months of calendar 2017 saw a continued recovery in precious metal pricing, following the weaker prior half in 2016. Gold gained 6.3% whilst silver lagged, rising 0.34%. Performance of the small cap ETF for precious metals equities, the Van Eck Vectors Gold mining ETF (formerly the GDXJ), was also muted, gaining 5.8% despite the operating leverage of its constituent stocks.

This relative lag in performance was in part due to disruption caused by an equity weight rebalancing by the smaller market capital focussed ETF. It announced in April that it would relax its market cap restrictions, allowing a greater weight in mid-cap producers than previously, due to it having outgrown the liquidity available within its previous mandated size limitations. This technical rebalancing caused considerable underperformance among less liquid smaller capitalised which were sold to make way for the addition of new larger equities. This led to a 7.1% underperformance from the fund versus the ETF as positions within the Fund such as Asanko and Guyana were affected by heavily reduced weightings by the ETF, although we believe this to be technically driven rather than valuation focused. During this time the Fund undertook some relative value switching, adding to positions where share prices were significantly weighed down by the ETF rebalancing which we believe will unwind once the short-term technical adjustment is digested. We believe buying into this weakness, along with some gearing, will provide beneficial performance as valuations correct. These stocks now trade at a historic discount versus their relative fundamentals on a cash flow basis and P/NAV multiples.

We believe inflationary pressures, which have been slow to materialise, are nevertheless building given improving economic data trends of major economies. As yet this has been accompanied by only muted inflation though we believe upward pressure is building which may see some further FED rate increases. However, high levels of government and consumer debt will limit the ability to increase rates significantly.

Geopolitical risks, whether from North Korea, Brexit, the Middle East, or Trump's "Dictate by Twitter" management style remain supportive factors. The ever rising US debt ceiling, with current deliberations due to conclude at the same time as the expected FED rate increase in December, provides a reminder to the still high debt levels globally and value of insurance in such an environment.

We also note the potential for asset reallocation towards safe haven assets, given extended valuations across broader equity markets.

Physical gold demand has varied by region. Helpfully, physically backed gold ETF's added around 5.5Moz over the 6 months, which has increasingly become a swing factor in global physical demand. However, Indian consumption has slackened after the imposition of a circa 1% sales tax, implemented on 1st July, which pulled forward demand, as well as softer demand following the removal of higher denomination 500 rupee notes to tackle corruption. This has seen the price premium in India declining to US$1/oz from ~US$20/oz previously. Chinese demand appears to remain robust despite moves to tighten controls on wealth management products, which latterly appear to easing with physical premiums maintaining around US$10/oz.

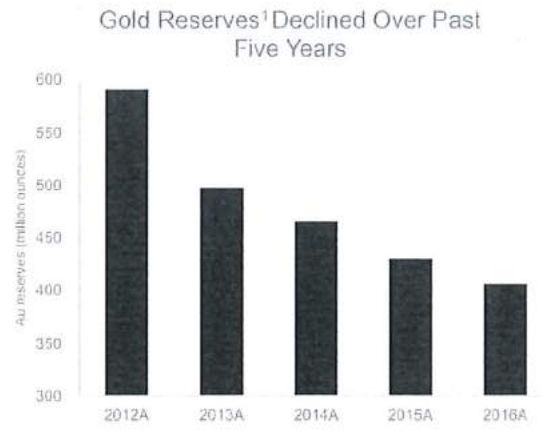
US dollar strength had provided a headwind for precious metal prices for 3 years, but this reversed at the start of 2017, consistently weakening as rate expectations adjusted lower, and now provides a tail wind. The impact has differed for the underlying companies where we focus on the currencies in which the majority of their costs lie. For example the Mexican Peso has strengthened in 2017 after recovering from significant weakness post Trump's election in late 16'. The fund reduced its exposure to the Mexican silver producers in response. The

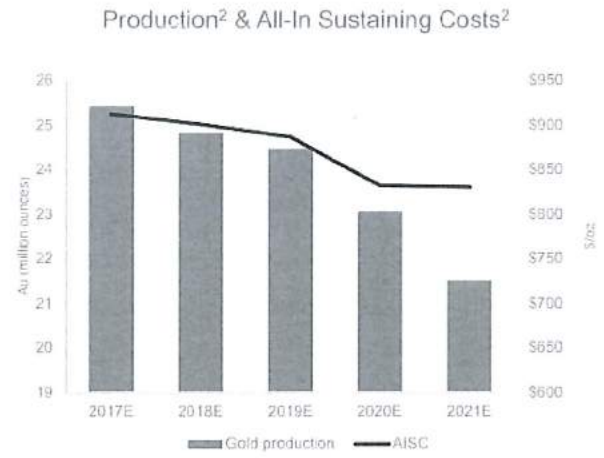
Australian dollar was weaker which led the fund to add to Westgold Resources, as a discounted Australian producer with one of the best growth profiles in the sector.

Outlook

We continue to pay particular attention to valuation for the companies within the Fund, which now look increasingly attractive for the smaller cap end of the sector where investments are focused, following the GDXJ small cap ETF rebalance. The Fund continues to favour producing companies that are able to demonstrate strong levels of free cash flow from current operations with scope for meaningful growth that can lead to a rerating. At this point in the cycle we do not feel a pressing need to hold investments in Greenfield Exploration as the valuations in producers and developers are so compelling.

We also believe we will see a pickup in corporate takeovers going forward, following an extended period of capex declines across the industry. This has resulted in limited organic growth, which in the case of the largest producers is leading to declining production going forward as illustrated in the charts below. Given the long lead time of bringing on new projects in this stricter regulatory environment they are likely to acquire production to fill this gap. This is supported by the valuation gap between the larger companies versus those capitalised at less than $1bn, as transactions could be made on a basis that it is accretive to earnings. We believe many of the positions within the Fund can be viewed as potential take out targets, with positions such as Integra Resources and Mariana Resources already succumbing to M&A in 2017, at sizeable premiums.





[1] Source: Company reports as of December 31, 2016: Agnico-Eagle, Anglogold, Barrick, Kinross, Newmont, Newcrest, Yamana; as of June 30, 2016, Harmony; as of December 31, 2015: Goldfields
[2] Street consensus (including Anglogold, Agnico-Eagle, Barrick, Goldfields, Harmony, Kinross, Newcrest, Newmont, Yamana.) as compiled by RBC

Source: http://s1.q4cdn.com/038672619/files/docs_presentations/2017/05-2017-Corporate-Update_June.pdf

Unaudited Interim Statement of Comprehensive Income

For the period ended 30 June 2017

	Notes	Revenue £	Capital £	Period to 30 June 2017 Total £	Period to 30 June 2016 Total £
Income					
Income from investments designated at fair value through profit or loss	7	77,846	-	77,846	100,082
Net capital (losses)/gains on investments at fair value through profit or loss	7	-	(1,292,892)	(1,292,892)	16,091,434
Net investment (losses)/gains		**77,846**	**(1,292,892)**	**(1,215,046)**	**16,191,516**
Expenses					
Investment management fees	5	(162,487)	-	(162,487)	(126,287)
Exchange loss		(119,964)	-	(119,964)	(165,257)
Administration fees	5	(32,500)	-	(32,500)	(32,233)
Directors' fees	5	(28,000)	-	(28,000)	(24,000)
Audit fees		(9,745)	-	(9,745)	(9,973)
Investment advisers fees	5	(8,750)	-	(8,750)	(8,604)
Registrar's fees	5	(8,590)	-	(8,590)	(5,193)
Depositary fees	5	(8,304)	-	(8,304)	(8,381)
Legal fees		(7,350)	-	(7,350)	(5,367)
Custodian fees	5	(6,669)	-	(6,669)	(4,385)
Other expenses		(5,807)	-	(5,807)	(6,366)
Sponsor fees		(4,745)	-	(4,745)	(2,650)
Directors' insurance costs		(2,310)	-	(2,310)	(3,088)
Printing		-	-	-	(1,847)
Total operating expenses		**(405,221)**	**-**	**(405,221)**	**(403,631)**
Operating (loss)/profit		**(327,375)**	**(1,292,892)**	**(1,620,267)**	**15,787,885**
Finance cost					
Finance income		8,448	-	8,448	538
Overdraft interest	8	(55,417)	-	(55,417)	(16,184)
(Loss)/profit for the period before tax		**(374,344)**	**(1,292,892)**	**(1,667,236)**	**15,772,239**
Withholding tax		(13,712)	-	(13,712)	(17,971)
(Loss)/profit for the period after tax		(388,056)	(1,292,892)	(1,680,948)	15,754,268
Other comprehensive income		-	-	-	-
Total comprehensive (expense)/income for the period		**(£388,056)**	**(£1,292,892)**	**(£1,680,948)**	**£15,754,268**
Basic and diluted (loss)/earnings per Ordinary share (pence)	6			**(2.95p)**	**27.64p**

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 28 form part of these Unaudited Interim Financial Statements.

Unaudited Interim Statement of Changes in Equity

For the period ended 30 June 2017

	Share Capital	Revenue Reserve	Distributable Reserve	Realised Capital Reserve	Unrealised Capital Reserve	Total Equity
	£	£	£	£	£	£
Balance as at 1 January 2017	57,002	(4,582,998)	43,995,959	(16,502,251)	2,252,265	25,219,977
Total comprehensive expense for the period	-	(388,056)	-	2,683,523	(3,976,415)	(1,680,948)
Transactions with owners	-	-	-	-	-	-
Balance as at 30 June 2017	**£57,002**	**(£4,971,054)**	**£43,995,959**	**(£13,818,728)**	**(£1,724,150)**	**£23,539,029**
For the period to 30 June 2016						
Balance as at 1 January 2016	57,002	(3,916,365)	43,995,959	(20,402,470)	(7,322,650)	12,411,476
Total comprehensive income for the period	-	(337,166)	-	1,308,271	14,783,163	15,754,268
Transactions with owners	-	-	-	-	-	-
Balance as at 30 June 2016	**£57,002**	**(£4,253,531)**	**£43,995,959**	**(£19,094,199)**	**£7,460,513**	**£28,165,744**

The notes on pages 11 to 28 form an integral part of these Unaudited Interim Financial Statements

Unaudited Interim Statement of Financial Position

As at 30 June 2017

	Notes	(Unaudited) 30 June 2017 £	(Audited) 31 December 2016 £
Current Assets			
Investments at fair value through profit or loss	7	27,866,938	29,352,529
Cash and cash equivalents	8	720,953	61,400
Receivables	9	14,417	16,602
Total Assets		28,602,308	29,430,531
Current Liabilities			
Payables and accruals	10	(61,344)	(115,955)
Bank overdraft	8	(5,001,935)	(4,094,599)
Total Liabilities		(5,063,279)	(4,210,554)
Net Assets		**£23,539,029**	**£25,219,977**
EQUITY			
Share Capital	11	57,002	57,002
Revenue reserve	12	(4,971,054)	(4,582,998)
Distributable reserve	12	43,995,959	43,995,959
Realised capital reserve	12	(13,818,728)	(16,502,251)
Unrealised capital reserve	12	(1,724,150)	2,252,265
Total Equity		**£23,539,029**	**£25,219,977**
Number of Ordinary Shares in issue	11	**57,002,026**	**57,002,026**
Net Asset Value per Ordinary Share (pence)	17	**41.30p**	**44.24p**

The Financial Statements on pages 7 to 28 were approved by the Board of Directors and authorised for issue and signed on 11 October 2017 on its behalf by:

Robert King **Toby Birch**

The notes on pages 11 to 28 form part of these Unaudited Interim Financial Statements.

Unaudited Interim Statement of Cash Flows

For the period ended 30 June 2017

	Notes	Period to 30 June 2017 £	Period to 30 June 2016 £
Cash flows from operating activities			
(Loss)/profit for the period		(1,680,948)	15,754,268
Adjustment for:			
Capital loss/(gain) on investments at fair value through profit or loss		1,292,892	(16,091,434)
Operating cash flows before movements in working capital		(388,056)	(337,166)
Decrease/(increase) in receivables		2,185	(4,730)
(Decrease)/increase in payable and accruals		(54,611)	2,177
Purchase of investments	7	(8,081,094)	(8,088,447)
Proceeds from sale of investments	7	8,273,793	9,277,955
Net cash (used in)/generated from operating activities		**(247,783)**	**849,789**
Net (decrease)/increase in cash and cash equivalents		**(247,783)**	**849,789**
Net cash and cash equivalents at beginning of period	8	(4,033,199)	(984,913)
Cash and cash equivalents at period end	8	**(£4,280,982)**	**(£135,124)**

Supplementary cash flow information

Net cash (used in)/generated from operating activities include:	£	£
Interest received on cash balances	7,823	538
Interest paid on cash balances	(47,098)	(16,184)
Income received from investments	87,288	113,342

The notes on pages 11 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 which subsequently transferred to The Channel Islands Securities Exchange Limited on 24 June 2008. The Channel Islands Securities Exchange rebranded to The International Securities Exchange on 6 March 2017.

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.

Following the results of the EGM the directors are reviewing the on-going composition of the Board and the continuing appointment of the Auditors. The outcome of these reviews will be provided to shareholders upon their completion.

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 IFRS Interpretations Committee ('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.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting judgements and estimates (continued)

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.

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. Although there were a number of new standards and interpretations that apply for the first time in 2017, 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.

These standards and interpretations will be adopted by the Company when they become effective. The Directors anticipate that 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 have considered the impact of IFRS 9. All of the existing investments are already fair valued, using either listed prices or Black Scholes models, in accordance with IAS 39 and the Company does not issue any debt. On this basis there will be no material impact on the financial statements with the adoption of IFRS 9.

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

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

Cash and cash equivalents

Cash and cash equivalents comprise current accounts, 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

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 cash flow techniques/models. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Derecognition

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.

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 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 (2016: £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 TISE.

5. RELATED PARTY TRANSACTIONS AND OTHER SIGNIFICANT AGREEMENTS

Related party transactions

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

Directors' Interests

The Directors held the following interests in the share capital of the Company either directly or beneficially as at 30 June 2017, and as at the date of signing these interim Financial Statements:

	Ordinary Shares Period ended 30 June 2017	Ordinary Shares Year ended 31 December 2016
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

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. Up until 31 March 2017 all Directors were entitled to remuneration for their services of £12,000 per annum. From 1 April 2017 all Directors are entitled to remuneration for their services of £16,000 per annum. During the period Directors' fees of £28,000 were charged to the Company (2016: £24,000) and £nil was payable at the period end (31 December 2016: £12,000). All Directors are non-executive.

Investment Manager

The Investment Manager, New City Investment Managers (a trading name of CQS (UK) LLP), 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 £162,487 were charged to the Company (2016: £126,287) and £24,526 was payable at the period end (31 December 2016: £54,005).

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 (2016: £nil).

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

Other significant agreements

Administrator

The Company's Administrator is Maitland Administration (Guernsey) Limited (formerly 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 £32,500 were charged to the Company (2016: £32,233) and £16,250 was payable at the period end (31 December 2016: £16,250).

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 £6,669 were charged to the Company (2016: £4,385) and £nil was payable at the period end (31 December 2016: £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 £8,304 were charged to the Company (2016: £8,381) and £1,381 was payable at the period end (31 December 2016: £1,476).

Financial Adviser and Corporate Broker

The Company appointed Cantor Fitzgerald as Financial Advisor and Corporate Broker ('Financial Adviser'). 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 £8,750 (2016: £8,604) were charged to the Company and £nil was payable at the period end (31 December 2016: £nil).

Registrar Fees

The Company's Registrar is Computershare Investor Services (Guernsey) Limited. In consideration for the services provided by the Registrar under the Registrars Agreement, the Registrar is entitled to receive from the Company an annual fee of £8,100 per annum payable monthly in arrears as well as all reasonable out-of-pocket expenses. During the period registrar fees of £8,590 were charged to the Company (2016: £5,193) and £822 was payable at period end (31 December 2016: £849).

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

Basic (loss)/earnings per Ordinary Share is calculated by dividing the comprehensive expense for the period of £1,678,704 (2016: income £15,754,268) 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 (2016: 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.

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 2017	28,211,439	1,141,090	-	29,352,529
Purchases	8,081,094	-	-	8,081,094
Sales	(7,939,242)	(334,551)	-	(8,273,793)
Gain/(loss)				
- realised	2,620,509	63,014	-	2,683,523
- unrealised	(4,001,307)	24,892	-	(3,976,415)
Closing fair value at 30 June 2017	26,972,493	894,445	-	27,866,938
Split by:				
Listed equities	26,972,493	-	-	26,972,493
Bonds	-	497,716	-	497,716
Warrants	-	396,729	-	396,729
	26,972,493	894,445	-	27,866,938

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 29 and 30 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 2016	12,949,568	500,196	-	13,449,764
Purchases	18,016,120	396,274	-	18,412,394
Sales	(15,984,763)	-	-	(15,984,763)
Gain/(loss)				
- realised	3,900,219	-	-	3,900,219
- unrealised	9,330,295	244,620	-	9,574,915
Closing fair value at 31 December 2016	28,211,439	1,141,090	-	29,352,529
Split by:				
Listed equities	28,211,439	-	-	28,211,439
Bonds	-	754,562	-	754,562
Warrants	-	386,528	-	386,528
	28,211,439	1,141,090	-	29,352,529

7. INVESTMENTS AT FAIR VALUE (continued)

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

	Period ended 30 June 2017 £	Period ended 30 June 2016 £
Realised gain on financial assets designated as at fair value through profit or loss	2,683,523	1,308,271
Net unrealised gain on financial assets designated as at fair value through profit or loss	(3,976,415)	14,783,163
Net capital (losses)/gains on financial assets	(£1,292,892)	£16,091,434
Dividend income and interest on bonds	77,846	100,082
Total net (losses)/gains on financial assets	(£1,215,046)	£16,191,516

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.

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

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Period ended 30 June 2017 £	Year ended 31 December 2016 £
Cash at bank	720,953	61,400
Bank overdraft	(5,001,935)	(4,094,599)
	(£4,280,982)	(£4,033,199)

8. CASH AND CASH EQUIVALENTS (continued)

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 £11,778,176 (31 December 2016: £13,764,177).

The overdraft interest during the period of £55,417 (2016: £16,184) 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 2017 £	Year ended 31 December 2016 £
General expenses prepaid	13,693	6,786
Bank interest receivable	625	276
Bond interest receivable	99	9,540
	£14,417	£16,602

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 2017 £	Year ended 31 December 2016 £
Investment management fee payable (note 5)	24,526	54,005
Administration fee payable (note 5)	16,250	16,250
Audit fee	10,000	20,000
Bank overdraft interest	8,319	11,119
Depositary fee payable (note 5)	1,381	1,476
Registrar fee payable (note 5)	822	849
Sundry creditors	46	256
Directors' fees payable (note 5)	-	12,000
	£61,344	£115,955

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 2017 and 31 December 2016

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

	No. of Shares		Share Capital	
	2017	2016	2017	2016
Issued and Fully Paid Share Capital			£	£
Equity Shares				
Ordinary Shares of £0.001 each at inception				
As at 1 January and 30 June/31 December	57,002,026	57,002,026	57,002	57,002

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

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

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

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

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

13. FINANCIAL RISK MANAGEMENT

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

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

13. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

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 2017 there were no financial assets which were past due or impaired (31 December 2016: 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 (31 December 2016: 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 2017 £	Year ended 31 December 2016 £
Debt securities	497,716	754,562
Cash and cash equivalents:		
Credit Suisse Securities (Europe) Limited	720,953	61,400
Receivables	724	9,816
Total assets at credit risk	£1,219,393	£825,778

As the debt securities are not material and are not exposed to material credit risk no credit ratings are disclosed.

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 2017 amounts to £894,445 (31 December 2016: £1,141,090).

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.

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	30 June 2017 Total
	£	£	£	£	£
Gross settled:					
Bank overdraft	-	5,001,935	-	-	5,001,935
Bank overdraft interest	8,319	-	-	-	8,319
Investment management fee payable	24,526	-	-	-	24,526
Administration fee payable	16,250	-	-	-	16,250
Audit fee	-	-	10,000	-	10,000
Depositary fee payable	1,381	-	-	-	1,381
Registrar fee payable	822	-	-	-	822
Sundry creditor	46	-	-	-	46
	£51,344	£5,001,935	£10,000	£-	£5,063,279

	Less than 1 month	1-3 months	3 months to 1 year	1 year to 5 years	31 December 2016 Total
	£	£	£	£	£
Gross settled:					
Bank overdraft	-	4,094,599	-	-	4,094,599
Bank overdraft interest	11,119	-	-	-	11,119
Investment management fee payable	54,005	-	-	-	54,005
Administration fee payable	16,250	-	-	-	16,250
Directors' fees payable	12,000	-	-	-	12,000
Audit fee	-	-	20,000	-	20,000
Depositary fee payable	1,476	-	-	-	1,476
Registrar fee payable	849	-	-	-	849
Sundry creditor	256	-	-	-	256
	£95,955	£4,094,599	£20,000	£-	£4,210,554

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.

13. FINANCIAL RISK MANAGEMENT (continued)

Market risk

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

Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will 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. 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 £8,360,081 (31 December 2016: £8,805,759) to a 30% (31 December 2016: 30%) increase or decrease in the market prices with other variables being held constant as at 30 June 2017. A 30% change is the sensitivity rate currently used when reporting price risk internally to key management personnel.

Interest rate risk

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

The Company is directly exposed to interest rate risk as it holds cash and cash equivalents which are invested at short term rates and debt securities 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.

13. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

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 debt securities are not exposed to material interest rate risk and therefore no sensitivity is disclosed.

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 of the period end.

As at 30 June 2017	0-3 Months £	1-5 Years £	Total £
Variable rate assets			
Cash and cash equivalents	720,953	-	720,953
Fixed rate assets			
Debt securities	-	497,716	497,716
Total interest bearing assets	720,953	497,716	1,218,669
Variable rate liabilities			
Bank overdraft	(5,001,935)	-	(5,001,935)
Total interest bearing liabilities	(5,001,935)	-	(5,001,935)

As at 31 December 2016	0-3 Months £	1-5 Years £	Total £
Variable rate assets			
Cash and cash equivalents	61,400	-	61,400
Fixed rate assets			
Debt securities	-	754,562	754,562
Total interest bearing assets	61,400	754,562	815,962
Variable rate liabilities			
Bank overdraft	(4,094,599)	-	(4,094,599)
Total interest bearing liabilities	(4,094,599)	-	(4,094,599)

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

13. FINANCIAL RISK MANAGEMENT (continued)

Interest rate sensitivity

The sensitivity analysis has been determined based on the Company's exposure to interest rates for interest bearing assets and liabilities at the date of the 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 £7,649 (31 December 2016: £7,412) 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 2016: 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 2017		31 December 2016	
	Assets	Liabilities	Assets	Liabilities
	£	£	£	£
Australian Dollar (AUD)	8,204,507	-	7,108,510	(2,355,916)
Canadian Dollar (CAD)	15,767,280	-	18,244,469	(1,023,205)
United Stated Dollar (USD)	4,219,702	(482)	2,765,826	(706,780)
Swiss Franc (CHF)	230	-	228	-
Mexican Peso (MXN)	4,896	-	1,304,713	-
	28,196,615	(482)	29,423,746	(4,085,901)

Foreign currency sensitivity

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

The following table details the Company's sensitivity to a 10% (2016: 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.

13. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency sensitivity (continued)

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	MXN
30 June 2017	**£**	**£**	**£**	**£**
Change in net assets in response to a	911,612	1,751,920	468,802	544
10% change in foreign currency rates	(745,864)	(1,433,389)	(383,566)	(445)
31 December 2016				
Change in net assets in response to a	528,066	1,913,474	228,783	144,968
10% change in foreign currency rates	(432,054)	(1,565,569)	(187,186)	(118,610)

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

The Directors are considering a bonus issue of subscription shares to existing shareholders on the basis of one subscription share for every two existing ordinary shares held. Each subscription share would confer the right to subscribe for one ordinary share upon exercise of that right and on payment of the relevant subscription price. Implementation of the bonus issue would require the Company to publish a listing document and amendments to the Company's articles of association to provide for the rights of the subscription shares and authority to be obtained from shareholders to proceed with the bonus issues and allot the subscription shares.

15. EVENTS AFTER THE FINANCIAL REPORTING DATE - CONTINUED

On 1 August 2017 the Secretary and Administrator, R&H Fund Services (Guernsey) Limited, were acquired by Maitland Administration (Guernsey) Limited.

There were no other 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 2017 £	Year ended 31 December 2016 £
Net Asset Value per financial statements	£23,539,029	£25,219,977
Number of shares in issue	57,002,026	57,002,026
NAV per Ordinary Share	41.30p	44.24p
Issued NAV per Ordinary Share	41.81p	44.76p

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 2017

Description	Holding	Fair Value £	% of Total Net Assets
Equities			
Australia			
Amani Gold	14,123,369	358,453	1.52
Ausgold Ltd	3,375,000	47,809	0.20
Cardinal Resources	2,807,991	861,835	3.66
Doray Minerals	3,769,418	678,577	2.88
Independence Group	584,176	1,086,124	4.61
Lachlan Star Ltd*	600,000	-	0.00
Metals X	364,048	143,966	0.61
S2 Resources	638,769	60,324	0.26
Troy Resources	7,968,897	343,357	1.46
West African Resources	10,782,920	2,259,383	9.60
Westgold Resources	1,719,724	1,867,676	7.93
		7,707,504	32.73
Canada			
Americas Silver	504,113	1,080,609	4.59
Asanko Gold	1,044,583	1,212,359	5.15
Ascendant Resources	1,980,087	691,781	2.94
Bluestone Resources	275,000	254,033	1.08
Columbus Gold	467,000	193,574	0.82
Continental Gold	570,000	1,279,223	5.43
Dalradian Resources	301,879	294,950	1.25
First Majestic Silver Corp	28,140	177,962	0.76
Fortuna Silver Mines	473,118	1,770,592	7.52
Guyana Goldfields	386,954	1,386,267	5.89
Klondex Mines	303,455	783,453	3.33
Liberty Gold	2,076,500	491,840	2.09
Lydian International	2,933,000	607,872	2.58
Mandalay Resources	3,640,921	797,710	3.39
Pretium Resources	30,000	219,925	0.93
Roxgold	1,730,002	1,126,864	4.79
Sabina Gold & Silver	561,297	654,773	2.78
Santacruz Silver Mining	2,056,442	225,279	0.96
Tahoe Resources Inc	168,700	1,104,847	4.69
Trevali Mining Restricted 16/07/2017	416,667	310,879	1.32
West African Resources	1,248,381	262,426	1.11
Wheaton Precious Metals	19,917	303,692	1.29
		15,230,910	64.69

Portfolio Statement (continued)
As at 30 June 2017

Description	Holding	Fair Value £	% of Total Net Assets
Equities - continued			
United Kingdom			
DB Physical Rhodium	7,904	515,768	2.19
Mariana Resources	400,000	392,000	1.67
Sovereign Bauxite of Guinea Ltd*	100,000	-	0.00
		907,768	3.86
United States			
First Majestic Silver	145,000	922,808	3.92
MAG Silver	35,000	350,107	1.49
Platinum Group Metals	1,165,127	747,502	3.18
Pretium Resources	150,056	1,105,894	4.70
		3,126,311	13.29
Total Equities		26,972,493	114.57
Warrants			
American Silver 10/02/2019*2	250,000	358,251	1.52
American Silver 09/06/2021*2	1,148,279	-	0.00
American Silver 16/06/2021*2	364,060	-	0.00
Ascendant Resources 09/03/2022*2	514,043	-	0.00
Condor Gold 16/09/2018*2	277,777	-	0.00
Gran Colombia Gold*2	7,500	-	0.00
Liberty Gold Equity 16/05/2019	684,000	38,478	0.16
Santacruz Silver Mining*2	493,750	-	0.00
Total Warrants		396,729	1.68
Bonds			
Canada			
Gran Colombia Gold 6% 02/01/2020	781,114	497,716	2.11
Total Bonds		497,716	2.11
Total investments		**27,866,938**	**118.36**
Other current assets less payables and accruals		674,026	2.89
Bank overdraft		(5,001,935)	(21.25)
Total Net Assets		**23,539,029**	**100.00**

* Level 3 unlisted equities.

*2 Level 2 unlisted warrants

Management and Administration

Directors
Malcolm Burne
Toby Birch
Kaare Foy
Robert King

Details available at – www.ncim.co.uk

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Secretary and Administrator
Maitland Administration (Guernsey) Limited
(formerly R&H Fund Services (Guernsey) Limited)
3rd Floor, 1 Le Truchot
St Peter Port
Guernsey
GY1 1WD

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Dublin 1
Ireland

Investment Manager
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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)
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