Golden Prospect Precious Metals Limited

Annual Report and Audited Financial Statements

for the year ended 31 December 2017

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Chairman's Statement

For the year ended 31 December 2017

In my June 2017 report I set out my views on the global impacts influencing precious metals and in the interest of brevity I would encourage shareholders to revisit these comments as the situation is little changed (the report remains available on our web-site). I believe precious metals currently sit as an attractive investment asset class in relation to today's geo-political and macro-economic climate. The salient factors currently in play include peak gold, inflation, China and Russia Central Bank buying, Fed policies on interest rates, mounting debt issues, equity bubbles, global conflicts and more recently the emergence of super power trade wars.

With gold performing well the immediate focus has switched to the micro situations which offers a very compelling case for significantly adding to the undervalued gold and silver equities sector.

There is some extremely interesting punditry by international specialist newsletters and commentators which point to the deep value opportunities that many well-known mining companies currently offer in the Australian, USA and Canadian markets which have rarely been in better shape in terms of cash flows and profit margins. I do not wish to duplicate, repeat or compete with our own investment managers very professional and informed views of the present attractions that exist and on which they are currently taking full advantage. Their report is on page 11 and is a must read for interested followers of our specialist sector. Our message is to continually increase investor weightings to both gold and silver stocks while both the fundamental and technical picture remains so strong.

Shares are truly languishing, trading at prices only seen when gold was half or even a quarter of current levels.

During the year shareholders were offered a subscription share which we believe provides an opportunity to participate in potential growth in the precious metals sector. Further details on the subscription shares can be found under note 11.

As part of our continuing corporate governance oversight the Directors have undertaken an evaluation of the Board of Directors, the Investment Manager and our Auditor. As part of these evaluations it has been decided that Kaare Foy will step down as Chairman of the Audit Committee and he is resigning as a Director with effect from today, 17 April 2018. I would like to thank Kaare for his input and support over the years; he has been my trusted ally since the launch of the Company. I would like to wish Kaare well in the future.

I would at the same time like to welcome Graeme Ross, who joins the Board today. Graeme will assume the role of the Chairman of the Audit Committee. Graeme's details are set out on page 3.

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. Kaare Foy resigned from and Graeme Ross was appointed to the Board after the signing of the accounts.

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) Limited during the 1980s. Kaare Foy is resigning as a Director on 17 April 2018.

Robert King, is a non-executive director of a number of open and closed ended investment funds and companies including Chenavari Capital Solutions Limited, Tufton Oceanic Assets 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 of 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.

Graeme Ross, was educated at Perth Academy and Dundee College of Technology in Scotland and qualified as a Chartered Accountant with Arthur Young McClelland, Moores in 1984. He then moved to Jersey in the Channel Islands and spent two years with KPMG on financial services audits before joining the embryonic fund administration arm of Rawlinson & Hunter, Jersey in 1986. He was admitted to the Partnership of Rawlinson & Hunter, Jersey in 1995 and was the Managing Director of the fund administration division from then until his retiral at the end of 2016. Graeme has significant experience of the management, administration and oversight of all types of collective investment vehicles and has served as a Director on open ended, closed ended and limited partnership vehicles investing in a wide variety of asset classes and sectors including many listed funds. Graeme is a resident of Jersey. Graeme will be appointed to the Board on 17 April 2018.

The Directors present their Report and the Audited Financial Statements of Golden Prospect Precious Metals Limited (the 'Company') for the year ended 31 December 2017.

The Company

The Company was registered in Guernsey on 16 October 2006 and is an authorised closed-ended investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law 1987. The Company's Ordinary Shares were admitted to the Official List of the Channel Islands Stock Exchange ('CISX') on 24 June 2008.The Channel Islands Security Exchange rebranded to The International Securities Exchange ('TISE') on 6 March 2017. Effective 21 September 2009, the Ordinary Shares trade on the London Stock Exchange Electronic Trading Service SETS QX with code GPM.

Subscription Shares

On 22 December 2017 the Company issued, by way of bonus issue and on a one subscription share for every two ordinary shares, 28,500,995 Subscription Shares. These were admitted to listing on The International Stock Exchange trading on SETS QX. The subscription price is equal to the published unaudited net asset value per ordinary share as at the close of business on 20 December 2017 plus a premium depending on the year in which they are exercised. See note 6 and 11 for further details.

Shareholder information

Up to date information regarding the Company, including a daily announcement of Net Asset Value, can be found on the Company's website, which is www.ncim.co.uk/gppm_top.php

Results and dividends

The Company's performance during the year is discussed in the Investment Manager's Report on page 11. The results for the year are set out in the Statement of Comprehensive Income on page 17. The Directors do not recommend the payment of a dividend for the year ended 31 December 2017 (2016: £nil).

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS').

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

Directors' responsibilities statement (continued)

In preparing those Financial Statements the Directors are required to:

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

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

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

Directors

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

Directors' interests

The Directors held the following interests in the share capital of the Company either directly or beneficially as at 31 December 2017, and as at the date of signing these Financial Statements:

Director	Ordinary Shares 2017	Subscription Shares 2017	Ordinary Shares 2016	Subscription Shares 2016
M Burne	437,500	218,750	437,500	-
K Foy	25,000	12,500	25,000	-
R King	20,000	10,000	20,000	-
T Birch	50,000	25,000	50,000	-

The Directors who served in the year received the following fees:

Director	2017 £	2016 £
M Burne *	15,000	12,000
K Foy **	15,000	12,000
R King	15,000	12,000
T Birch	15,000	12,000
	60,000	**48,000**

The amounts paid by the Company to the Directors were for services as non-executive Directors.

* Chairman

** Chairman of the Audit Committee

Directors' authority to buy back shares

As agreed at the Company AGM on 23 May 2017, and in accordance with the Articles of Association of the Company and the Companies (Guernsey) Law, 2008, as amended (the 'Law'), the Company is authorised to make market purchases of up to a maximum of 15 per cent of its existing issued ordinary Share Capital. This authority is renewable annually. At the Annual General Meeting to take place on 23 May 2018 the Company will seek to renew such authority and will seek to renew such authorities at annual general meetings thereafter.

Any buy back of shares will be made subject to Guernsey law and within any guidelines established from time to time by the Board and the making and timing of any buy backs will be at the absolute discretion of the Board and not at the option of the Shareholders.

Purchases of shares will only be made through the market for cash. The minimum price (exclusive of expenses) which may be paid for the shares is £0.001 per share. The maximum price (exclusive of expenses) payable by the Company for the shares will be no more than 5% above the average of the middle closing market quotations taken from the London Stock Exchange Daily Official List on each of the five business days before the closing purchase is made.

During the year no shares (2016: no shares) were acquired by the Company under the above authority.

Board responsibilities and corporate governance

The Board has determined that no Director shall be considered non-independent as a consequence of their length of tenure, as long as there are no other issues which would impact their independent status.

Although Mr Burne and Mr King have served on the Board for more than nine years they are considered independent Directors as they do not have any contract for services or any other connection, paid or otherwise, with any related party of the Company.

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

The Board meets at least four times a year. Between these formal meetings there is regular contact with the Investment Manager and the Secretary. The Directors are kept fully informed of investment and financial controls and other matters that are relevant to the business of the Company and which should be brought to the attention of the Directors. The Directors also have access to the Administrator and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company. The Board is responsible for the appointment and monitoring of all service providers to the Company.

As an investment company, most of the Company's day to day responsibilities are delegated to third parties and all of the Directors are non-executive. As a Guernsey incorporated company, the Company is required to comply with the Finance Sector Code of Corporate Governance issued by the Guernsey Financial Services Commission ('the Code').

The Directors have taken the action that they consider appropriate to ensure that the appropriate level of corporate governance, for an investment company incorporated in Guernsey whose securities are listed on The

Board responsibilities and corporate governance (continued)
International Stock Exchange, is attained and maintained. The Company does not, nor intends to, adopt the UK Code of Corporate Governance.

For the purposes of assessing compliance with the Code, the Board considers all of the Directors as independent of the Investment Manager.

Audit Committee: K Foy (Chairman)
The Audit Committee has been established with written terms of reference and comprises all of the Board members. The Audit Committee members have recent and relevant financial experience. The terms of reference of the Audit Committee are reviewed and re-assessed for their adequacy on an annual basis.

Role of the Audit Committee
A summary of the Committee's main audit review functions is shown below:

- to review and monitor the effectiveness of the internal control systems and risk management systems on which the Company is reliant;
- to monitor the integrity of the interim and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager, the Company Secretary and the Administrator;
- to review and monitor the effectiveness of the Company's other third party service providers;
- overseeing the Company's relationship with the external auditor BDO Limited and to review their proposed audit programme of work and their findings;
- approval of the remuneration and terms of engagement of the external auditor;
- to develop and implement policy on the engagement of the external auditor to supply non-audit services; and
- to monitor and review annually the external auditor's independence, objectivity, effectiveness, resources and qualification.

To assess the effectiveness of the external auditor, the Audit Committee reviewed:

- the external auditor's fulfilment of the agreed audit plan and variations from it;
- the Audit Committee Report from the auditor highlighting the major issues that arose during the course of the audit; and
- feedback from the Investment Manager and Administrator evaluating the performance of the audit team.

The Audit Committee has assessed the performance of the external auditor, as described above, and is satisfied with its effectiveness and as such no change in auditor is proposed.

Auditor
The Audit Committee is responsible for overseeing the Company's relationship with the external auditor, including making recommendations to the Board on their appointment of the external auditor and their remuneration. BDO Limited has been the Company's external auditor since the Company's inception. The lead audit director, Mr Justin Hallett was initially appointed for the year end 31 December 2013 audit. In accordance with normal audit director rotation arrangements, Mr Hallett will rotate off the audit of the Company at the conclusion of the audit of these Financial Statements. The Board has noted recommendations to put the external audit out to tender at least every ten years and during the year undertook a review of the audit services provided by our Auditors and concluded that there was currently no requirement to make any changes to their appointment.

Auditor (continued)
The Board has noted the review undertaken by the Audit Committee of the audit services provided to the Company by its auditor, BDO Limited as they have been appointed as the Company's auditor for over 10 years.

The Directors are of the opinion that BDO Limited remain independent and provide experience and knowledge in the audit of the Company's accounts which the Board considers to be in the best interest of the Shareholders.

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

Annual Report and Financial Statements
The Board of Directors is responsible for preparing the Annual Report and Financial Statements. The Audit Committee advises the Board on the form and content of the Annual Report and Financial Statements, any issues which may arise and any specific areas which require judgement.

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

Anti-bribery and corruption
The Board acknowledges that the Company's international operations may give rise to possible claims of bribery and corruption. In consideration of the UK Bribery Act the Board reviews the perceived risks to the Company arising from bribery and corruption to identify aspects of the business which may be improved to mitigate such risks. The Board has adopted a zero tolerance policy towards bribery and has reiterated its commitment to carry out business fairly, honestly and openly.

Alternative Investment Fund Managers Directive ('AIFMD')
Our Investment Manager, CQS (UK) LLP, has been authorised by the UK Financial Conduct Authority ('FCA') as an Alternative Investment Fund Manager ('AIFM') under the Alternative Investment Fund Managers Directive ('AIFMD'). The funds managed by the AIFM are now defined as Alternative Investment Funds ('AIFs') and are subject to the relevant articles of the AIFMD. Further AIFM disclosures are shown on pages 45 and 46. The Board has appointed INDOS Financial Limited as the Company's Depositary.

Internal control and financial reporting
The Board is responsible for establishing and maintaining the Company's system of internal controls. Internal control systems are designed to meet the specific needs of the Company and the risks to which it is exposed, and, by their very nature, provide reasonable, but not absolute, assurance against material misstatement or loss.

The key procedures which have been established to provide effective internal controls include:

- Maitland Administration (Guernsey) Limited (formerly R&H Fund Services (Guernsey) Limited) is responsible for the provision of administration and company secretarial duties;
- The duties of investment management, accounting and the custody of assets are segregated. The procedures are designed to complement one another;
- The Board clearly defines the duties and responsibilities of the Company's agents and advisers in the terms of their contracts;

Internal control and financial reporting (continued)

- The Board receives assurances from the Company's agents and advisers that any amendments required as a result of regulatory change, including the General Data Protection Regulations (effective 25 May 2018), are actioned accurately and timeously;
- The Board reviews financial information and compliance reports produced by the Administrator on a regular basis and;
- The Custodian holds all assets of the Company, in the name of the Company.

The Board and Audit Committee have reviewed the Company's risk management and internal control systems and believe that the controls are satisfactory, given the size and nature of the Company.

Environment

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

The Directors recognise that their first duty is to act in the best financial interests of the Company's shareholders and to achieve good financial returns against acceptable levels of risk, in accordance with the objectives of the Company.

In asking the Company's Investment Manager to deliver against these objectives, they have also requested that the Investment Manager take into account the broader social, ethical and environmental issues of companies within the Company's portfolio, acknowledging that companies failing to manage these issues adequately run a long term risk to the sustainability of their businesses. More specifically, they expect companies to demonstrate ethical conduct, effective management of their stakeholders' relationships, responsible management and mitigation of social and environmental impacts, as well as due regard for wider societal issues.

Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements since:

- the assets of the Company consist mainly of securities which are readily realisable and;
- the Company has an agreed overdraft facility provided by its Custodian for which margin requirements are monitored and reported on a monthly basis. There were no breaches of these requirements during the year or prior year.

Accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Shareholders' significant interests

The following shareholders had a substantial interest of 5% or more of the Company's issued share capital as at 31 December 2017, and as at the date of the signing of these Financial Statements:

	% of issued share capital
Clients of HSBC Global Custody Nominee (UK)	14.28%
Clients of Hargreaves Lansdown (Nominees) Limited	12.67%
Clients of the Bank of New York (Nominees) Limited	10.81%

Material contracts

The Company's material contracts are with New City Investment Managers (a trading name of CQS (UK) LLP), to provide investment management services, Maitland Administration (Guernsey) Limited (formerly R&H Fund Services (Guernsey) Limited), which acts as Secretary and Administrator for the Company, Credit Suisse AG Dublin Branch, which acts as Custodian, INDOS Financial Limited, which acts as Depositary and Computershare Investor Services (Guernsey) Limited, which acts as Registrar for the Company.

Details of the fees payable under these contracts are as detailed in note 5 to the Financial Statements.

Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. The Annual Report and Financial Statements are distributed to other parties who have an interest in the Company's performance. Additional information on the Company can be obtained through the Investment Manager's website www.ncim.co.uk.

The Notice of the Annual General Meeting included within the Annual Report and Financial Statements is sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions to the Board or the Investment Manager formally at the Company's Annual General Meeting.

The Company Secretary and Investment Manager are available to answer general shareholder queries at any time throughout the year.

Disclosure of information to the auditor

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

Approved by the Board of Directors on 17 April 2018 and signed on behalf of the Board by:

Robert King **Toby Birch**

2017 saw a 13% gain in the gold price and 6% increase in silver, whilst equities lagged this marked improvement in underlying fundamentals. The valuations of smaller cap miners continue to look relatively attractive, especially given their improved earnings. M&A within the sector remains elusive with only a few smaller deals, despite the widening gap in valuations, whether measured on an NAV or earnings basis, and increasing need for large cap producers to replenish reserves. We believe underlying stock liquidity remains the key factor behind this relative valuation gap, as fund flows have increasingly rotated into passive strategies such as ETFs, which prioritise liquidity over valuation.

Gold remains an important portfolio diversifier and in this context geopolitical risks continue to exert an important influence on gold prices. Latterly these have been dominated by Trump trade tariffs, a shift from North Korea's sabre rattling during 2017. This has caused some reversal in investor risk appetite in 2018 with funds flowing back from cyclical assets preferred in 2017 into safe haven gold and at the time of writing gold has gained approximately 3% versus a 7% decline for copper during 2018. Holdings of gold by physically backed ETFs showed healthy 7.4Moz additions over 2017 with recent trade risks providing further support in the current year. Tellingly, physical gold held by ETF's have continued to climb and now exceed the level reached prior to Trump's election testament to wider caution to his pro-US policy making which has seen considerable turnover in White House advisory staff. Another, less favoured outcome of Trump policy may be an increase in tax rates, most recently mooted in the technology sector which has been a significant driver of equity market performance. This may act as a drag to broader US equity market earnings growth and cause some rotation into safer assets given relatively extended equity market valuations.

Performance commentary

The rebalance of the GDXJ (Van Eck Junior Gold Miners ETF) weighed heavily on the small cap end of the precious metal sector in 2017. The shift in fund flows into passive strategies over the last few years has resulted in an outsized influence from passive strategies such as ETF's. This has led to a growing valuation differential between smaller and large capitalised producers. The moves in the funds NAV were also exacerbated by volatile currency fluctuations. Following the Brexit announcement in June 2016 sterling declined 16% versus the USD over the year which significantly benefited the Fund NAV. However, this reversed in 2017 with sterling gaining 9% against the dollar, weighed on Fund returns and the headwind of sterling's strengthening trend has continued in 2018.

Portfolio themes

One of the most striking sector features, as referenced above, is the extreme valuation disparity between the large precious metal stocks and the smaller capitalised stocks to which the Fund is primarily exposed. Indeed despite gold's price rise related equities, especially smaller capitalised stocks, remained out of favour and the Fund's NAV declined 10% over the year. However, over time we believe this situation will correct either via merger of like sized entities or as larger companies seek to replace reserves via acquisition or joint venture and that anomalous small-cap valuation differentials offer investors significant opportunity. Despite a valuation gap that would support accretive acquisitions the market continues to shun acquisitive companies, leading to reticence in management teams pushing for transactions. The sector has increasingly shifted to the larger producers paying significant premiums for 10-20% stakes in developers or late stage explorers such as Goldfield's acquisitions of an 11.5% stake in Cardinal Resources and Newcrest's 19.9% farm-in to Continental Resources.

Exchange rate movements led to some shift in regional and metal exposure within the Fund during 2017. Direct silver exposure was reduced as the Mexican Peso, like other currencies, strengthened against the US dollar pressuring operating margins of mining groups in this dominant producing region. In order to maintain exposure to industrial metal by-products produced with silver such as zinc, which has seen considerable improvement in price due to China's environmental reforms that have removed significant domestic production the Fund increased exposure to zinc heavy silver miners, such as Americas Silver, which we expect to generate over 40% of its revenues from zinc at current prices. The Fund's exposure to platinum group metals was mixed with disappointing performance from South African producer Platinum Group Metals offset by exposure to rhodium, whose price rose 100% during the year. Rhodium price rise bears testament to its wider use in reducing nitrogen fossil fuel vehicles exhaust and has benefitted from supply constraints from South Africa's dominant PGM industry following changes in the country's mining code. Exposure to this metal has been reduced following further strong performance in the current year.

But background support remains in place

Despite investors' preference for risk we believe some macro aspects remain supportive to gold. While US inflation has remained relatively manageable we note that hourly wages increased by 2.6% at the end of 2017 and have continued to rise at a more appreciable rate than the 2.2% rise of broader consumer prices. With little slack in the US labour market we believe inflationary pressures are currently building. This should provide a more supportive backdrop for gold prices. Importantly, the latest extension to the US debt ceiling, in February, acts as a useful reminder of a potential limitation to FED interest rate policy and the extent to which interest rates can be increased.

Elsewhere, the improving economic outlook in Europe has allowed perceptions of risks to become more sanguine though regional inequalities and increasing nationalism within the Eurozone remain a threat which could undermine this stance. The success of the Five Star Movement in the recent Italian election highlights this as Italy still looks to create a coalition government.

Current demand pull inflation has heralded an interest rate tightening cycle and following an initial 25bp rise by the US Federal Reserve Bank in December 2017 and another in March 2018, consensus expectations are for at least another two 25bp interest rate increases in the US over the remainder of the year. However, this has not been matched by US dollar strength with central bank policy elsewhere having a more meaningful effect on exchange rates. In particular, the prospect of removing ultra-loose quantitative easing in Europe and Japan has driven relative strength in those currencies versus the US dollar. Sterling has been a no exception to this trend and despite protracted Brexit negotiations it strengthened a significant 10% versus the dollar over the financial year, resulting in a more muted sterling gold price rise of around 3% during the year.

A longer-term influence on US reserve currency is an underlying trend of de-dollarisation as evidenced by China's recent development of a domestic oil futures market, as it seeks to trade oil for Yuan with the likes of Russia, diluting the need for it and some other trading partners such as Russia, to hold dollars as a trading currency. The pull-back of crypto currencies, following the ground swell of 2017, may also free up funds for investment in more traditional precious metals providing some short-term relief to the sector.

New City Investment Managers
(a trading name of CQS (UK) LLP)

Opinion

We have audited the financial statements of Golden Prospect Precious Metals Limited ("the Company") for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as endorsed by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Audit Response
Investments (note 7) The investment portfolio at 31 December 2017 comprised either listed investments and warrants whose price is readily available but also unlisted warrants. Unlisted warrants are valued using valuation models. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements.	We agreed the existence of the investment portfolio holdings to the Custodian confirmation. We tested the valuation of all listed investments held by agreeing the prices used in the valuation to independent third party sources. For the unlisted warrants we utilised the audit team's valuation experts to value these instruments and then compared this to the valuations prepared by management.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole to be £488,000 (2016: £515,000), which is based on a level of 1.75% of total assets. We considered total assets to be the most appropriate benchmark due to the Company being an investment fund with the objective of long term capital growth.

Performance materiality for the company has been set at £341,000 which is 70% of materiality (2016: £360,000). This has been set based upon the control environment in place, the directors' assessment of risk and our past experience of adjustments.

International Standards on Auditing (UK) also allow the auditor to set a lower materiality for particular classes of transaction, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. In this context, we set a lower level of materiality to apply to investment income and sensitive fees including: investment management fees, administration fees, directors' fees, legal and professional fees; audit fees, financial advisers' fees, depository fees, registrar's fees and custodian fees. We determined materiality for these areas to be £50,000.

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £12,200 (2016: £15,450). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

There were no misstatements identified during the course of our audit that were individually, or in aggregate, considered to be material in terms of their absolute monetary value or on qualitative grounds.

An overview of the scope of our audit

We carried out a full scope audit of the Company which was tailored to take into account the nature of the Company's investments, involvement of the Investment Manager, the Company's Administrator and Custodian, the accounting and reporting environment and the industry in which the Company operates.

In designing our overall audit approach, we determined materiality and assessed the risk of material misstatement in the financial statements.

This assessment took into account the likelihood, nature and potential magnitude of any misstatement. As part of this risk assessment we considered the Company's interaction with the Investment Manager and the Company's Administrator and Custodian. We assessed the control environment in place at the Investment Manager and the Company's Administrator to the extent that it was relevant to our audit.

Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of Directors

As explained more fully in the Directors' report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report to the Members of Golden Prospect Precious Metals Limited (continued)

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:
https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

The engagement director on the audit resulting in this independent auditor's report is Justin Hallett.

BDO Limited

BDO Limited
Chartered Accountants
Place du Pré
Rue du Pré
St Peter Port
Guernsey

17 April 2018

Statement of Comprehensive Income

For the year ended 31 December 2017

	Notes	Revenue £	Capital £	2017 Total £	2016 Total £
Income					
Income from investments designated at fair value through profit or loss	7	87,530	-	87,530	208,890
Net capital (losses)/gains on investments at fair value through profit or loss	7	-	(1,924,424)	(1,924,424)	13,475,134
Net investment (losses)/gains		**87,530**	**(1,924,424)**	**(1,836,894)**	**13,684,024**
Expenses					
Investment management fees	5	(306,142)	-	(306,142)	(312,889)
Exchange loss		(99,913)	-	(99,913)	(233,168)
Administration fees	5	(65,000)	-	(65,000)	(65,000)
Directors' fees	5	(60,000)	-	(60,000)	(48,000)
Legal and professional fees		(23,219)	-	(23,219)	(9,757)
Audit fees		(22,245)	-	(22,245)	(20,000)
Other expenses		(19,331)	-	(19,331)	(20,238)
Financial advisers fees	5	(17,500)	-	(17,500)	(17,354)
Sponsor fees		(17,282)	-	(17,282)	(8,601)
Depositary fees	5	(16,800)	-	(16,800)	(16,850)
Registrar's fees	5	(14,905)	-	(14,905)	(10,563)
Custodian fees	5	(14,294)	-	(14,294)	(12,165)
Total operating expenses		**(676,631)**	**-**	**(676,631)**	**(774,585)**
Operating (loss)/profit		**(589,101)**	**(1,924,424)**	**(2,513,525)**	**12,909,439**
Finance cost					
Finance income		16,201	-	16,201	1,406
Overdraft interest	8	(112,532)	-	(112,532)	(64,693)
(Loss)/profit for the year before tax		**(685,432)**	**(1,924,424)**	**(2,609,856)**	**12,846,152**
Withholding tax		(13,458)	-	(13,458)	(37,651)
(Loss)/profit for the year after tax		**(698,890)**	**(1,924,424)**	**(2,623,314)**	**12,808,501**
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/income for the year		**(£698,890)**	**(£1,924,424)**	**(£2,623,314)**	**£12,808,501**
Basic and diluted (loss)/earnings per Ordinary share (pence)	6			**(4.60p)**	**22.47p**

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 21 to 39 form an integral part of these Financial Statements.

Statement of Changes in Equity
For the year ended 31 December 2017

	Share Capital £	Revenue Reserve £	Distributable Reserve £	Realised Capital Reserve £	Unrealised Capital Reserve £	Total Equity £
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 (loss)/income for the year	-	(666,633)	-	3,900,219	9,574,915	12,808,501
Balance as at 31 December 2016	**£57,002**	**(£4,582,998)**	**£43,995,959**	**(£16,502,251)**	**£2,252,265**	**£25,219,977**
For the year ended 31 December 2017						
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 (loss)/income for the year	-	(698,890)	-	2,038,414	(3,962,838)	(2,623,314)
Transactions with owners:						
Subscription share issue costs (note 11)	-	-	(93,000)	-	-	(93,000)
Balance as at 31 December 2017	**£57,002**	**(£5,281,888)**	**£43,902,959**	**(£14,463,837)**	**(£1,710,573)**	**£22,503,663**

The notes on pages 21 to 39 form an integral part of these Financial Statements

Statement of Financial Position
As at 31 December 2017

	Notes	2017 £	2016 £
Current Assets			
Investments at fair value through profit or loss	7	26,324,365	29,352,529
Cash and cash equivalents	8	1,609,584	61,400
Receivables	9	8,461	16,602
Total Assets		27,942,410	29,430,531
Current Liabilities			
Payables and accruals	10	(207,754)	(115,955)
Bank overdraft	8	(5,230,993)	(4,094,599)
Total Liabilities		(5,438,747)	(4,210,554)
Net Assets		**£22,503,663**	**£25,219,977**
Equity			
Share capital	11	57,002	57,002
Revenue reserve	12	(5,281,888)	(4,582,998)
Distributable reserve	12	43,902,959	43,995,959
Realised capital reserves	12	(14,463,837)	(16,502,251)
Unrealised capital reserves	12	(1,710,573)	2,252,265
Total Equity		**£22,503,663**	**£25,219,977**
Number of Ordinary Shares in issue	11	**57,002,026**	**57,002,026**
Net Asset Value per Ordinary Share (pence)	17	**39.48p**	**44.24p**

The Financial Statements on pages 17 to 39 were approved by the Board of Directors and authorised for issue and signed on 17 April 2018 on its behalf by:

Robert King **Toby Birch**

The notes on pages 21 to 39 form an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
(Loss)/profit for the year		(2,623,314)	12,808,501
Adjustment for:			
Capital loss/(gain) on investments at fair value through profit or loss		1,924,424	(13,475,134)
Operating cash flows before movements in working capital		(698,890)	(666,633)
Decrease in receivables		8,141	13,148
(Decrease)/increase in payables and accruals		(1,201)	32,830
Purchase of investments	7	(10,778,884)	(18,412,394)
Proceeds from sale of investments	7	11,882,624	15,984,763
Net cash generated from/(used in) operating activities		**411,790**	**(3,048,286)**
Net increase/(decrease) in cash and cash equivalents		**411,790**	**(3,048,286)**
Net cash and cash equivalents at beginning of year		(4,033,199)	(984,913)
Cash and cash equivalents at year end	8	**(£3,621,409)**	**(£4,033,199)**

Supplementary cash flow information

	2017	2016
Net cash generated from/(used in) operating activities include:	£	£
Interest received on cash balances	15,015	1,406
Interest paid on cash balances	(113,571)	(64,693)
Income received from investments	98,528	224,047

The notes on pages 21 to 39 form an integral part of these 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 43.

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

During the year, the Company issued 28,500,995 Subscription Shares. For further details see note 11.

The Company's Ordinary Shares were admitted to the Official List of the Channel Islands Stock Exchange ('CISX') on 24 June 2008. The Channel Islands Securities Exchange rebranded to The International Securities Exchange ("TISE") 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.

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 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 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 Financial Statements have 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 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 of 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 year are consistent with those of the previous financial period, with the exception of new standards that have become effective during the year. 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 of the Company's Financial Statements.

Standards and interpretations in issue and not yet effective

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

- 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.

The Directors have considered the impact of IFRS 9. IFRS 9 will replace the existing guidance in IAS 39. It includes revised guidance on the classification and measurement of financial instruments based on the Company's business model. 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.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the 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 Statement of Financial Position and Statement of Comprehensive Income when there is a currently enforceable legal right to offset the recognised amounts and the Company intends to settle on a net basis or realise the asset and liability simultaneously.

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 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 Statement of Cash Flows.

Financial assets at fair value

Classification

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

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

Recognition

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

Derecognition of financial assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets at fair value (continued)

Derecognition of financial assets (continued)
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 Statement of Comprehensive Income in the period in which they arise.

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

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 Statement of Comprehensive Income.

Interest income and expense

Interest income and interest expense are recognised within the 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 Statement of Comprehensive Income.

Expenses

Expenses are accounted for on an accrual basis and are recognised in the Statement of Comprehensive Income. Expenses in relation to share issues are treated as a component of equity within the Distributable Reserve.

Capital reserves

Gains and losses recorded on the realisation of investments are accounted for in the Realised Capital Reserve. Unrealised gains and losses recorded on the revaluation of investments held at the year end and unrealised exchange differences 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segmental reporting (continued)
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 40.

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). It should be noted, however, that interest and dividend income accruing from the Company's investments may be subject to withholding tax in the country of origin.

The Company has suffered withholding tax in the year under review of £14,916 (31 December 2016: £37,651).

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' 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 year Directors' fees of £60,000 were charged to the Company (2016: £48,000) and £12,000 was payable at the year end (31 December 2016: £12,000). All Directors are non-executive.

Other significant agreements
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 year investment management fees of £306,142 were charged to the Company (2016: £312,889) and £45,996 was payable at the year end (2016: £54,005).

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

Investment Manager (continued)

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 year no performance fees had accrued to the Investment Manager (2016: £nil).

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 year administration fees of £65,000 were charged to the Company (2016: £65,000) and £16,250 was payable at the year end (2016: £16,250).

Custodian Fees

The Company's Custodian is Credit Suisse AG Dublin Branch. Custodian fees are charged monthly at 5 basis points based on the Company's assets under management. During the year custodian fees of £14,294 were charged to the Company (2016: £12,165) and £1,037 was payable at the year end (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 0.02% 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 year depositary fees of £16,800 were charged to the Company (2016: £16,850) and £5,512 was payable at the year end (2016: £1,476).

Financial Adviser and Corporate Broker

The Company's Financial Adviser and Corporate Broker ('Financial Adviser') is Cantor Fitzgerald. 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 year financial adviser fees of £17,500 (2016: £17,374) were charged to the Company and £nil (2016: £nil) was payable at the year end.

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 year registrar fees of £14,905 were charged to the Company (2016: £10,563) and £1,878 was payable at year end (2016: £849).

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

Basic (loss)/earnings per Ordinary Share is calculated by dividing the comprehensive loss for the year of £2,623,314 (2016: gain £12,808,501) by the weighted average number of Ordinary Shares outstanding during the year. The weighted average number of Ordinary Shares for the year is 57,002,026 (2016: 57,002,026). The 28,500,995 Subscription Shares are non-dilutive as at 31 December 2017 as the average share price for the period was below the exercise price together with the Company making a loss. Assuming all Subscription Shares are exercised at the first possible opportunity, being the last business day in November 2018, and given no further changes in share capital of the Company, the (loss)/earnings per Ordinary Share is expected to be diluted by 4%.

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 2017	28,211,439	1,141,090	-	29,352,529
Purchases	10,653,853	125,031	-	10,778,884
Sales	(11,005,965)	(876,659)	-	(11,882,624)
Transfers	-	-		-
Gain/(loss)				
- realised	1,930,072	108,342	-	2,038,414
- unrealised	(4,173,853)	211,015	-	(3,962,838)
Closing fair value at 31 December 2017	25,615,546	708,819	-	26,324,365
Split by:				
Listed equities	25,615,546	-	-	25,615,546
Bonds	-	-	-	-
Warrants	-	708,819	-	708,819
	25,615,546	708,819	-	26,324,365

During the year ended 31 December 2017 there were no transfers of fair value measurements between the levels. There are two investments held at Level 3 with a total value of nil.

7. INVESTMENTS AT FAIR VALUE (continued)

Please refer to pages 40 to 42 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)
Transfers	-	-	-	-
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

	Fair Value Level 1 £	Fair Value Level 2 £	Fair Value Level 3 £	Fair Value Total £
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

During the year ended 31 December 2016 there were no transfers of fair value measurements between the levels. There were two investments held at Level 3 with a total value of nil.

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

	2017 £	2016 £
Realised gain on financial assets designated as at fair value through profit or loss	2,038,414	3,900,219
Net unrealised (losses)/gain on financial assets designated as at fair value through profit or loss	(3,962,838)	9,574,915
Net capital (losses)/gains on financial assets	(1,924,424)	£13,475,134
Dividend income and interest on bonds	87,530	208,890
Total net (losses)/gains on financial assets	(£1,836,894)	£13,684,024

7. INVESTMENTS AT FAIR VALUE (continued)

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 prior year debt securities was 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 two Level 3 holdings would not result in a valuation materially different from the valuation of nil included in these financial statements.

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	2017	2016
	£	£
Cash at bank	1,609,584	61,400
Bank overdraft	(5,230,993)	(4,094,599)
	(£3,621,409)	(£4,033,199)

Credit Suisse AG Dublin Branch ('CSAGDB') 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 CSAGDB 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 CSAGDB can call in all outstanding funds. At no point during the year did the Company fall into deficit and at the year end the Company held an excess over the margin requirement of £11,453,570 (2016: £13,764,177).

The overdraft interest during the year of £112,532 (2016: £64,693) 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 of the previous calendar year by more than 50%, 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 year.

9. RECEIVABLES

	2017	2016
	£	£
Bond interest receivable	-	9,540
General expenses prepaid	6,999	6,786
Bank interest receivable	1,462	276
	£8,461	£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

	2017	2016
	£	£
Subscription share issue costs (note 11)	93,000	-
Investment management fee payable (note 5)	45,996	54,005
Audit fee	20,000	20,000
Administration fee payable (note 5)	16,250	16,250
Directors' fees payable (note 5)	12,000	12,000
Bank overdraft interest (note 8)	10,080	11,119
Depositary fee payable (note 5)	5,512	1,476
Sundry creditor	3,038	256
Registrar fee payable (note 5)	1,878	849
	£207,754	£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 31 December 2017 and 31 December 2016

	No. of shares	£
Ordinary Shares of £0.001 par value	200,000,000	£200,000
Subscription Shares of no par value	28,500,995	-

	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	57,002,026	57,002,026	57,002	57,002
Issued during the year	-	-	-	-
As at 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.

On 22 December 2017, the Company issued Subscription Shares for nil consideration to all registered shareholders, by way of bonus issue, on the basis of one Subscription Share for every two existing ordinary shares held on the 20 December 2017. No fractions of Subscription Shares were issued so the actual number issued was 28,500,995. Each Subscription Share confers the right, but not the obligation, to subscribe for one Ordinary Share. The subscription rights may be exercised annually on the last business day in November 2018 for 40.37p; in November 2019 for 42.30p and in November 2020 for 46.14p, after which time the subscription rights will lapse.

The costs incurred in relation to the issue of Subscription Shares of £93,000 are accounted for as a component of equity through the Distributable Reserve.

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.

As at the date of the Statement of Financial Position, financial assets exposed to credit risk comprise bank balances and receivables. It is the opinion of the Board of Directors that the carrying amount of these

13. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

financial assets represents the maximum credit risk exposure as at the date of the Statement of Financial Position.

As at 31 December 2017 there was no financial assets which were past due or impaired (31 December 2016: none).

The Board of Directors is satisfied that the Company's transactions are concluded with a suitably approved counterparty with an appropriate credit quality, CSAGDB 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:

	2017	2016
	£	£
Debt securities	-	754,562
Cash and cash equivalents:		
Credit Suisse AG Dublin Branch	1,609,584	61,400
Receivables	1,462	9,816
Total assets at credit risk	£1,611,046	£825,778

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 31 December 2017 amounts to £708,819 (2016: £1,141,090).

13. FINANCIAL RISK MANAGEMENT (continued)
Liquidity risk (continued)

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

	Less than 1 month	1-3 months	3 months to 1 year	1 year to 5 years	2017 Total
	£	£	£	£	£
Gross settled:					
Bank overdraft	5,230,993	-	-	-	5,230,993
Bank overdraft interest	10,080	-	-	-	10,080
Investment management fee payable	45,996	-	-	-	45,996
Subscription share issue costs	-	-	93,000	-	93,000
Administration fee payable	16,250	-	-	-	16,250
Directors' fees payable	12,000	-	-	-	12,000
Audit fee	-	-	20,000	-	20,000
Depositary fee payable	5,512	-	-	-	5,512
Sundry creditor	4,916	-	-	-	4,916
	£5,325,747	£-	£113,000	£-	£5,438,747

	Less than 1 month	1-3 months	3 months to 1 year	1 year to 5 years	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
Sundry creditor	1,105	-	-	-	1,105
	£95,955	£4,094,599	£20,000	£-	£4,210,554

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

13. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

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

Market Risk

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

Price risk

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

The Company is exposed to market price risk arising from its financial assets designated as at fair value through profit or loss. The performance of these financial assets will be affected by the performance of the investee companies. The exploration, development and production of metal and mineral deposits 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, with respect to the investment strategy utilised by the Company there is always some, and occasionally some significant, degree of market risk.

Price sensitivity

The value of the Company's financial assets had a sensitivity of £7,897,310 (2016: £8,805,759) to a 30% (2016: 30%) increase or decrease in the market prices with other variables being held constant as at 31 December 2017. A 30% change is the sensitivity rate currently used when reporting price risk internally to key management personnel.

13. FINANCIAL RISK MANAGEMENT (continued)

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, when held, 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 generated. Interest rate risk on fixed interest debt securities is considered to be part of market price risk as disclosed above.

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

As at 31 December 2017	0-3 Months £	1-5 Years £	Total £
Variable rate assets			
Cash and cash equivalents	1,609,584	-	1,609,584
Fixed rate assets			
Debt securities	-	-	-
Total interest bearing assets	1,609,584	-	1,609,584
Variable rate liabilities			
Bank overdraft	(5,230,993)	-	(5,230,993)
Total interest bearing liabilities	(5,230,993)	-	(5,230,993)

13. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

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.

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 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 at the year end would have been £8,253 (2016: £7,412) lower or higher 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 of 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 year end or used in the year (2016: None).

13. FINANCIAL RISK MANAGEMENT (continued)

Currency risk (continued)

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

	2017		2016	
	Assets	Liabilities	Assets	Liabilities
	£	£	£	£
Australian Dollar (AUD)	8,520,437	-	7,108,510	(2,355,916)
Canadian Dollar (CAD)	15,285,299	(65,590)	18,244,469	(1,023,205)
United Stated Dollar (USD)	4,124,953	-	2,765,826	(706,780)
Swiss Franc (CHF)	218	-	228	-
Mexican Peso (MXN)	4,504	-	1,304,713	-
	27,935,411	(65,590)	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. The sensitivity analysis includes only outstanding foreign currency denominated financial assets and financial liabilities and adjusts their translation at the year 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
31 December 2017	£	£	£	£
Change in net assets in response to a	946,715	1,691,679	458,328	500
10% change in foreign currency rates	(774,585)	(1,383,610)	(374,996)	(409)
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)

13. FINANCIAL RISK MANAGEMENT (continued)

Capital management

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

The capital structure of the Company consists of net debt, as disclosed in note 8 and equity as per 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 Statement of Financial Position date. The Company expects to maintain its current debt to equity security ratio of 30%.

14. EVENTS AFTER THE FINANCIAL REPORTING DATE

Mr Kaare Foy resigned from the Board of Directors and as Chairman of the Audit Committee with effect from 17th April 2018. Mr Graeme Ross was appointed to the Board of Directors and as Chairman of the Audit Committee with effect from 17th April 2018.

15. 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.

16. NAV RECONCILIATION

	2017 **£**	**2016** **£**
Net Asset Value per financial statements	£22,503,663	£25,219,977
Number of Ordinary Shares in issue at the year end	57,002,026	57,002,026
IFRS NAV per Ordinary Share	39.48p	44.24p
Issued NAV per Ordinary Share	40.03p	44.76p

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

Unaudited Portfolio Statement
As at 31 December 2017

Description	Holding	Fair Value £	% of Total Net Assets
<u>**Equities**</u>			
Australia			
Amani Gold	17,263,141	219,478	0.98
Ausgold Ltd	3,375,000	60,462	0.27
Cardinal Resources	2,807,991	811,361	3.61
Doray Minerals	3,769,418	446,557	1.98
Independence Group	484,176	1,331,860	5.92
Lachlan Star Ltd *	600,000	-	-
Metals X	535,836	320,495	1.42
Oklo Resources	250,000	58,512	0.26
S2 Resources	628,898	79,956	0.36
Troy Resources	7,821,268	438,427	1.95
West African Resources	10,782,920	2,461,399	10.93
Westgold Resources	2,072,258	2,095,706	9.31
		8,324,213	36.99
Canada			
Americas Silver	575,799	1,541,953	6.85
Asanko Gold	1,554,583	805,166	3.58
Ascendant Resources	1,980,087	827,430	3.68
Bluestone Resources	275,000	178,039	0.79
Columbus Gold	367,000	164,160	0.73
Continental Gold	570,000	1,127,205	5.01
Dalradian Resources	301,879	230,975	1.03
First Majestic Silver Corp	28,140	140,114	0.62
Fortuna Silver Mines	473,118	1,823,894	8.09
Guyana Goldfields	521,610	1,553,407	6.90
Integra Resources (Placement)	588,333	380,894	1.69
Klondex Mines	303,455	582,238	2.59
Liberty Gold	1,251,000	323,965	1.44
Lydian International	3,058,000	665,929	2.96
Mandalay Resources	2,660,396	414,936	1.84
Pretium Resources	30,000	251,961	1.12
Pure Gold Mining (Placement)	962,000	317,068	1.41
Roxgold	1,833,859	1,489,477	6.62
Sabina Gold & Silver	388,435	516,673	2.30
Santacruz Silver Mining	1,828,243	107,603	0.48

Unaudited Portfolio Statement (continued)
As at 31 December 2017

Description	Holding	Fair Value £	% of Total Net Assets
Equities - continued			
Canada - continued			
Tahoe Resources Inc	168,700	598,716	2.66
Trevali Mining	416,667	370,301	1.65
West African Resources	1,273,381	284,794	1.27
		14,696,898	65.31
United Kingdom			
DB Physical Rhodium	7,904	830,952	3.69
Sovereign Bauxite of Guinea Ltd *	100,000	-	-
		830,952	3.69
United States			
First Majestic Silver	95,000	473,347	2.10
MAG Silver	35,000	319,501	1.42
Platinum Group Metals	571,556	127,877	0.57
Pretium Resources	99,852	842,758	3.74
		1,763,483	7.83
Total Equities		25,615,546	113.82
Warrants			
American Silver 10/02/2019 *2	250,000	492,917	2.19
American Silver 09/06/2021*2	1,148,279	-	-
American Silver 16/06/2021*2	364,060	-	-
Ascendant Resources 09/03/2022	514,043	69,585	0.31
Condor Gold 16/109/2018 *2	277,777	-	-
Liberty Gold Equity 16/05/2019	677,000	25,899	0.12
Santacruz Silver Mining	493,750	-	-
Westgold Resources	926,106	120,418	0.54
Total Warrants		708,819	3.16

Unaudited Portfolio Statement (continued)

As at 31 December 2017

Description	Fair Value £	% of Total Net Assets
Total investments	**26,324,365**	**116.98**
Other current assets less payables and accruals	1,410,291	6.27
Bank overdraft	(5,230,993)	(23.25)
Total Net Assets	**22,503,663**	**100.00**

* Level 3 unlisted equities

*[2] Level 2 unlisted warrants

Management and Administration

Directors
Malcolm Burne
Toby Birch
Kaare Foy (resigned 17 April 2018)
Robert King
Graeme Ross (appointed 17 April 2018)

Details available at – **www.ncim.co.uk**

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

Registered office
1 Le Truchot
St Peter Port
Guernsey
GY1 1WD

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)
1 Strand
London
WC2N 5HR

AIFM
CQS (UK) LLP
1 Strand
London
WC2N 5HR

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

Depositary
INDOS Financial Limited
25 North Row
London
W1K 6DJ

Principal Bankers and Custodian
Credit Suisse AG Dublin Branch
Kilmore House
Park Lane, Spencer Dock
Dublin 1

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

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

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

Management and Administration (continued)

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
Gowling WLG (UK) LLP
4 More London Riverside
London
SE1 2AU

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

Winterflood Securities
25 Dowgate Hill
London EC4R 2GA

Shore Capital
Bond Street House
14 Clifford Street
London W15 4JU

KBC Peel Hunt
111 Old Broad Street
London EC2N 1PH

Cantor Fitzgerald Europe
17 Crosswall
London EC3N 2LB

Golden Prospects Precious Metals Limited

Unaudited Report of the UK Investment Adviser Relating to Matters under the Alternative Investment Fund Managers' Directive

For the year ended December 31, 2017

Risk management systems

The Company's Offering Memorandum sets out the risks to which the Company is exposed. The UK Investment Adviser employs risk management disciplines which monitor the Company's portfolio and to quantify and manage the associated market and other risks. A permanent independent department has been established by the UK Investment Adviser to perform the risk management function. The risk management and performance analysis team ("RMPA") is led by the Chief Risk Officer and is functionally and hierarchically separate from the operating units of the portfolio managers of the Company.

RMPA is a dedicated control function over the operating units of the Investment Adviser and is not involved in the performance activities of the Company. RMPA has designed, documented and implemented effective risk management policies, processes and procedures in order to identify, quantify, analyse, monitor, report on and manage all material risks relevant to the Company's investment strategy. The systems include third party vendor applications such as Tradar, Sungard Front Arena and MSCI Risk Metrics, complemented with a number of proprietary applications.

Material changes to information required to be made available to investors of the Company

The following limit has been implemented effective 12 July 2017 in response to Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012:

Limit type	**% of Net assets**
Margin lending transactions	25%

Assets of the Company subject to special arrangements arising from their illiquid nature

There are no assets of the Company which are subject to special arrangements arising from their illiquid nature.

Remuneration

The AIFM has adopted a remuneration policy which meets the requirements of the Directive and has been in place for the current financial year of the Company. The variable remuneration period of the AIFM ended on 30 September 2017.

The remuneration process is overseen by the remuneration committee (comprised predominately of independent non-executive parties). An internal working group encompassing senior management is responsible for gathering relevant information (both quantitative and qualitative) to evaluate the performance (both short and long term) of individuals, teams and the AIFM as a whole, against external market benchmarks and to utilise this to develop proposals for fixed and variable remuneration for all staff. The remuneration committee receives these proposals and the supporting information and is responsible for independently reviewing and scrutinising the proposals and evidence provided in line with the AIFM's stated objectives and developing its final recommendations for delivery to the governing body of the AIFM and other entities associated with the AIFM.

The variable remuneration of all staff in excess of a threshold, which includes those individuals categorised as remuneration code staff ("code staff"), is subject to the following:

- deferred payment of up to 50% of the variable remuneration for a period of 3 years,
- deferred remuneration is linked to funds managed by the AIFM ,
- the breaching of certain covenants may lead to forfeiture of deferred remuneration, and
- a claw-back provision of deferred remuneration in certain circumstances including future performance issues by the individuals.

The below information provides the total remuneration paid by the AIFM during the year to September 30, 2017. This has been presented in line with the information available to the Company. There is no allocation made by the AIFM to each AIF and as such the disclosure reflects the remuneration paid to individuals who are partly or fully involved in the AIF.

Of the total remuneration paid of $92.5m for the year ended September 30, 2017 to 172 individuals (full time equivalent), $26.1m has been paid as fixed remuneration determined based upon the FCA guidance with the remainder being paid as variable remuneration.

The AIFM has assessed the members of staff whom it determines to be code staff in line with AIFMD as reflected in SYSC 19b.3.4R. Senior management and staff engaged in the control functions are identified based upon their roles and responsibilities within the AIFM. With respect to investment professionals, in determining whether such staff are code staff, due consideration is taken of the allocated capital and trading limits that apply to the Company managed and whether the individuals report into and seek consent for investment decisions from others who are themselves code staff. There are 13 individuals (full time equivalent) who meet this definition and these individuals have collectively been compensated $25.4m.

Not all individuals are directly remunerated by the AIFM due to the structure of the AIFM entity, however in the interests of meeting the underlying requirement of this disclosure all staff involved have been assessed as if directly remunerated by the AIFM.

The Fund is subject to the Regulation (EU) 2015/2365 on Transparency of Securities Financing Transactions and of Reuse and Amending Regulation (EU) No 648/2012 of the European Parliament (“SFTR”). The regulation was issued on November 25, 2015 effective for all alternative investment funds from January 12, 2016. The disclosure requirements accompanying this regulation are effective for annual reports published after January 13, 2017.

A Securities Financing Transaction (“SFT”) is defined per Article 3(11) of the SFTR as;

- a repurchase transaction or a reverse repurchase transaction;
- a securities or commodities lending and securities or commodities borrowing;
- a buy-sell back transaction or sell-buy back transaction;
- a margin lending transaction.

The regulation also covers transactions that are commonly referred to as total return swaps (“Swaps”). As at December 31, 2017, there were no SFT’s or Swaps held by the Fund and as such there are no disclosure requirements in respect of these securities. The Fund did however incur margin lending fees during the year and these have been disclosed below.

Data on return and cost for each type of SFT and Swap

The following table reflects the return and cost for each type of SFT and Swap broken down between the Fund, the Investment Manager and third parties for the year ended December 31, 2017.

	Fund	**Manager**	**Third parties**
	£	£	£
Repurchase transaction	-	-	-
Securities or commodities lending and securities or commodities borrowing	-	-	-
Buy-sell back transactions or sell-buy back transactions	-	-	-
Margin lending transactions	128,374	-	-
Total return swaps	-	-	-
Total	128,374	-	-

These disclosures have been prepared by the Investment Manager and reflect the Investment Managers data as at December 31, 2017.

Golden Prospect Precious Metals Limited

Registered Office Address: 1 Le Truchot, St. Peter Port, Guernsey, GY1 1WD
Registration Number: 45676

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Members of Golden Prospect Precious Metals Limited (the '**Company**') will be held at 1 Le Truchot, 3rd Floor, St. Peter Port, Guernsey on 23 May 2018 at 11:00 BST to transact the business set out in the Resolutions below.

ORDINARY RESOLUTIONS

1. To receive the Company's Annual Report and Audited Financial Statements for the year ended 31 December 2017.

2. To re-appoint BDO Limited as auditor to the Company until the conclusion of the next general meeting at which accounts are laid before the Company.

3. To authorise the Directors of the Company to determine the remuneration of the auditor.

4. To re-elect Mr Graeme Ross as a Director of the Company who retires by rotation in accordance with Article 18.3 of the Articles of Association of the Company.

5. To re-elect Mr Malcolm Burne as a Director of the Company who retires by rotation in accordance with Article 18.3 of the Articles of Association of the Company.

6. To re-elect Mr Robert King as a Director of the Company who retires by rotation in accordance with Article 18.3 of the Articles of Association of the Company.

7. To re-elect Mr Toby Birch as a Director of the Company who retires by rotation in accordance with Article 18.3 of the Articles of Association of the Company.

SPECIAL BUSINESS

8. To authorise the Company, in accordance with Article 4.8 of the Articles of Association of the Company and The Companies (Guernsey) Law, 2008, as amended (the 'Law'), to make market purchases of its own ordinary shares of £0.001 each ('Ordinary Shares'), such authorisation conditional upon the Ordinary Shares of the Company continuing to be admitted to listing on the Official List of The International Securities Exchange ('TISE') and, with the exception of a tender offer or partial offer being made to all holders of Ordinary Shares on the same terms:-

8.1 the maximum number of Ordinary Shares hereby authorised to be purchased shall be up to 15% of the Company's existing issued ordinary share capital;
8.2 the minimum price (exclusive of expenses) which may be paid for the Ordinary Shares to be £0.001 per Ordinary Share;
8.3 the maximum price (exclusive of expenses) payable by the Company for the Ordinary Shares to be 5% above the average of the closing middle market quotations (as derived from Bloomberg) of an Ordinary Share for the five (5) consecutive dealing days preceding the date on which the purchase is made;

8.4 the authority (unless previously renewed or revoked) will expire at the end of the annual general meeting of the Company to be held in 2019 or, if earlier, the date being fifteen months from the date of this resolution;

8.5 the Company may make a contract to purchase its own Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed or wholly or partly executed after the expiry of such authority, and may make a purchase of its own Ordinary Shares in pursuance of any such contract; and

8.6 the purchase price for any Ordinary Shares may be paid by the Company out of distributable profits or out of capital and share premium or otherwise to the fullest extent permitted by The Companies (Financial Assistance for Acquisition of Own Shares) Ordinance, 1998.

By order of the Board
Maitland Administration (Guernsey) Limited
1 Le Truchot
St Peter Port
Guernsey
GY1 1WD
17 April 2018

NOTES

1. Members entitled to attend and vote at the Meeting are entitled to appoint one or more proxies to attend, speak and vote instead of him or her, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such member. A proxy need not be a member of the Company. A form of proxy accompanies this notice. Completion and return of the form of proxy will not preclude members from attending or voting at the Meeting, if they so wish. The fact that members may have completed forms of proxy will not prevent them from attending and voting at the Meeting in person should they afterwards decide to do so.

2. To be valid, the form of proxy, together with the power of attorney or the authority, if any, under which it is executed (or a notarially, certified copy of such power of attorney) must be deposited with Computershare Investor Services (Guernsey) Limited, c/o The Pavillons, Bridgewater Road, Bristol, BS99 6ZY by no later than 11:00 BST on 19th May 2018 before the time for holding the Meeting or adjourned Meeting or the taking of a poll at which the person named in the instrument proposes to vote.

3. A member must first have his or her name entered on the register of members not later than 11:00 BST on 19th May 2018. If the Meeting is adjourned, members entered on the register not later than 11:00 BST on 19th May 2018 before the time fixed for the adjourned Meeting shall be entitled to attend and vote at the Meeting. Changes to entries in the register after that time shall be disregarded in determining the rights of any holders to attend and vote at the Meeting.

4. If you do not intend to attend the Meeting please complete and return the form of proxy as soon as possible.

Golden Prospect Precious Metals Limited

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Registration Number: 45676

FORM OF PROXY

For use at the Annual General Meeting of Golden Prospect Precious Metals Limited (the 'Company') to be held on 23 May 2018 at 11:00 BST

I/We (block capitals please) ____

of (address)____

____

being (a) member(s) of the Company appoint the Chairman of the meeting or (see note 1)

____

As my/our proxy and, on a poll, to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 1 Le Truchot, 3rd Floor, St. Peter Port, Guernsey on 23 May 2018 at 11:00 BST and any adjournment thereof.

Please indicate with an 'X' in the spaces provided how you wish your votes to be cast on the resolutions specified.

ORDINARY RESOLUTIONS

	For	Against	Abstain
1. To receive the Company's Annual Report and Audited Financial Statements for the year ended 31 December 2017.			
2. To re-appoint BDO Limited as auditor to the Company until the conclusion of the next general meeting at which accounts are laid before the Company.			
3. To authorise the Directors of the Company to determine the remuneration of the auditor.			
4. To re-elect Mr Graeme Ross as a Director of the Company who retires by rotation in accordance with Article 18.3 of the Articles of Association of the Company.			
5. To re-elect Mr Malcolm Burne as a Director of the Company who retires by rotation in accordance with Article 18.3 of the Articles of Association of the Company.			
6. To re-elect Mr Robert King as a Director of the Company who retires by rotation in accordance with Article 18.3 of the Articles of Association of the Company.			
7. To re-elect Mr Toby Birch as a Director of the Company who retires by rotation in accordance with Article 18.3 of the Articles of Association of the Company.			

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	For	Against	Abstain
8. To authorise the Company, in accordance with Article 4.8 of the Articles of Association of the Company and The Companies (Guernsey) Law, 2008, as amended (the '**Law**'), to make market purchases of its own ordinary shares of £0.001 each ('**Ordinary Shares**'), such authorisation conditional upon the Ordinary Shares of the Company continuing to be admitted to listing on The International Stock Exchange ('**CISEAL**') and, with the exception of a tender offer or partial offer being made to all holders of Ordinary Shares on the same terms:- 8.1 the maximum number of Ordinary Shares hereby authorised to be purchased shall be up to 15% of the Company's existing issued ordinary share capital; 8.2 the minimum price (exclusive of expenses)which may be paid for the Ordinary Shares to be £0.001 per Ordinary Share; 8.3 the maximum price (exclusive of expenses) payable by the Company for the Ordinary Shares to be 5% above the average of the closing middle market quotations (as derived from Bloomberg) of an Ordinary Share for the five (5) consecutive dealing days preceding the date on which the purchase is made; 8.4 the authority (unless previously renewed or revoked) will expire at the end of the annual general meeting of the Company to be held in 2018 or, if earlier, the date being fifteen months from the date of passing of this resolution; 8.5 the Company may make a contract to purchase its own Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed or wholly or partly executed after the expiry of such authority, and may make a purchase of its own Ordinary Shares in pursuance of any such contract; and 8.6 the purchase price for any Ordinary Shares may be paid by the Company out of distributable profits or out of capital and share premium or otherwise to the fullest extent permitted by The Companies (Financial Assistance for Acquisition of Own Shares) Ordinance, 1998.			

Subject to any voting instructions so given, the proxy will vote, or may abstain from voting, on any resolution as he/she may think fit.

Signature____

Dated this __________________________day of ____2018

PROXY NOTES

1. If you so desire you may delete the words 'Chairman of the meeting' and insert the name of your own choice of proxy, who need not be a member of the Company. Please initial such alteration.

2. A corporation must execute the proxy under its common seal or under the hand of an officer or attorney duly authorised.

3. In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated. Joint holders are not permitted to vote independently of each other and must vote as one.

4. To appoint more than one proxy to vote in relation to different shares within your holding, you may photocopy this form. Please indicate on each copy of the form the proxy's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you).

   Please also indicate if the appointment of a proxy is one of multiple appointments being made. All such forms should be signed and returned together in the same envelope. Appointing a proxy shall not preclude a member from attending and voting in person at the meeting.

5. If this form is returned without indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.

6. To be valid, this form of proxy, duly executed together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must be deposited at Computershare Investor Services (Guernsey) Limited, c/o The Pavillions, Bridgewater Road, Bristol, BS99 6ZY by no later than 11:00 BST on 19th May 2018 before the time for holding the meeting or adjourned meeting or the taking of a poll at which the person named in the instrument proposes to vote.

7. No member shall be entitled to be present or take part in any proceedings or vote either personally or by proxy at any meeting unless all calls due from him have been paid.