Golden Prospect Precious Metals Limited

Interim Report and Financial Statements

for the period ended 30 June 2018

Contents

The recent past has proved extremely difficult for the Gold sector with trading momentum broadly on the negative side as investors have preferred the $US. As we know these two constituents of global financial markets move inversely proportionately to each other – i.e. when one is rising the other falls – and vice versa.

In my last chairman's statement, I focused more on the geo-political influences on the gold price and the likely effects of Trump's tax cuts and re-patriations and the trend towards de-dollarization. We also looked at interest rates, global debt, Quantitative Tightening, trade wars and critical emerging market challenges. All of these factors remain very much in play as the latest IMF report talks of dangerous undercurrents in the global system. It spooked the market into a brief but substantial sell off.

But looking beyond today's strong US $ that has been piling the pressure on gold we see the 'contrarian' investor ultimately winning out against the 'shorts' and other bearish market participants. More on this suite of subjects later.

Peak Gold:
The golden rule - He who has the gold rules

On this occasion I thought I would focus more on the gold industry's rapidly approaching "PEAK GOLD" stresses that do not bode well for the larger producers in particular for the foreseeable future. However severe supply constraints with 'no let-up' in demand from China, India and Russia can eventually only mean higher gold prices.

According to market intelligence reports gold production is falling by circa 15% by 2022- due mainly to depletion and falling grades. Despite a high number of new mines coming on stream production is falling away because of shorter mine lives and end of life of larger mines.

At the same time discovery rates have fallen globally in spite of several years of high exploration expenditure and as a result the pool of potential assets for development over the longer term looks very limited. 2018's first half has seen gold output down by 16% at 3 major mines Newmont, Barrack and Goldcorp. Lower grades mean more tons which in turn means more energy, which means more waste. It is a truly substantial shift that works against future gold supplies.

This scenario is unfolding at a time when the majors are constrained by shareholders demanding their companies reduce their debt and refrain from any over commitments to large scale project development. In fact, many of the top ten miners have been prioritising shareholder returns over production growth resulting in little prospect of expanding output over the next few years. Gold is simply getting harder to find and this can only result ultimately in higher gold prices.

Macro-Economic Climate

Turning back to the macro economic climate, fears are intensifying over the 'bond bubble' and the impact of a bust caused by some of the emerging market crisis's like Argentina, Turkey and of course the Eurozone and the end of the ECB period of Quantitive Easing.

Italian bond yields and spreads are back near the European debt sovereign crisis. The worry is that all this and a domino effect threatens the very functioning of the financial markets, governments, corporate and monetary policies all together and as one market pundit put it 'wreak havoc unlike anything we have seen before'. Do we hear the siren call for a new 'Gold Standard'?

Macro-Economic Climate (continued)

Most significant issue of all maybe the sheer size of global debt and the historically high US Debt to GDP ratio. Global debt both public and private is now at an all high, fast approaching circa $200 trillion almost 60% higher than it was 10 years ago when we had the Lehman crash. The financial system is extremely fragile, and we are literally in uncharted territory. Through financial contagion an emerging markets liquidity crisis will have a ripple effect throughout all advanced economy capital markets. The Fed has now raised fund rates to 2.25% and arguably now has little room for manoeuvre. Their hope is that inflation will not increase beyond these same levels during the next 2 years. The Fed has sold off more than 400$ in bonds through their quantitative tightening program.

Geo political tensions and the uncertain outlook over the dangerous trade wars adds to this cocktail.The Trump administration is currently engaged in a trade war with the EU, Canada, Mexico and China and the outcome of this is hard to predict than it is clearly potentially extremely damaging to global trade and economic growth.

The trend for de-dollarization continues with Putin's government recently admitting to lessening the effect of the dollar on Russia's $1.6 trill economy. It is clear that gold will play an increasingly important role in any de-dollarization program and investors would be wise to recognise the part it has had in all the major historic currency events.

Meanwhile precious metal prices are heavily influenced by physical ETF's flows which have seen a material reduction of 4.6 mil ounces of gold over the past 5 months.

This selling pressure may soon easy off as Trump continues to say he favours a lower US $ going into the mid-term elections. The Dollar has yet to reflect sufficiently the enormous monetary expansion of recent years with the US government staring up at a mountainess estimated US$100 trillion in obligations. So while the majority of the investment community in the West, not helped by the financial media, are either shorting or abandoning gold or selling their ETFs in favour of US $, and cryptos, China, India and Russia are 'filling their boots' as one professional bullion trader recently described it. Central Banks have upped their gold reserves at the biggest rate in 3 years. In the first 6 months in 2018 they added a net total of 193.3 tonnes to their reserves – an increase of 8% compared to the previous years. This was driven by 3 main buyers, Russia, Turkey and Kazakhstan but as always China has been very active on the buy side also. And in US $ terms they are sitting on significant gains which will enable them to actively manage their liquidity or boost returns through leases, swaps and other transactions.

In mining equities, prices have now fallen to extremely low valuations, not helped by the increased competition of crypto currencies and cannabis stocks in Canada and USA. However, a healthy M&A activity is rapidly developing led by the majors who have quite rightly begun to seize these historically low levels as witnessed by the recent takeover or Randgold by Barrick. This has focused the industry professionals on looking for the next takeover targets. If this has kicked off a wave of corporate activity then investor attention will be pulled back into this relatively neglected sector and a large contrarian rally could soon be established.

Technically the chartists are on balance predicting a significantly better 2019 for the gold price with extended rallies over the next 6 months and beyond. This will see many of the 'shorts' running for cover. Speculators have been unusually short of gold for the past 3 months which is one reason why bullion has been oversold.

Macro-Economic Climate (continued)

Aggressive or fear buying of the US $ and the capitulation or liquidation by frustrated gold bugs means sentiment in gold has rarely been weaker. And it is "when the darkest hour is just before the dawn" that real opportunities emerge.

When one considers all of the above it's not hard to see why gold could soon regain its lustre. Not forgetting also that there remains potential for shooting wars that still exist in North Korea, South China Sea, Taiwan, Israel, Iran, Venezuela and goodness knows where else.

As for Brexit this saga pales into insignificance against most of the other ugly scenarios.

Malcolm Burne
Chairman

The Directors have overall responsibility for the Company's activities including the review of its activities and performance.

The Directors of the Company at the date of signing the accounts, all of whom are non-executive, are listed below:

Malcolm Burne, is a former stockbroker and financial journalist with The Financial Times. He has controlled and managed fund management, venture capital and investment banking companies in London, Australia, Hong Kong and North America. He has been a director of more than 20 companies, many of which have been in the mineral resource and gold exploration fields. In 1997, he founded Golden Prospect plc and was executive chairman until 2007 when the company changed its name to Ambrian Capital plc. In addition, he was executive chairman of the Australian Bullion Company (Pty) Limited, which at the time was Australia's leading gold dealer and member of the Sydney Futures Exchange.

Robert King, is a non-executive director for a number of open and closed ended investment funds including Weiss Korea Opportunity Fund Limited, Chenavari Capital Solutions Limited (Chairman), Tufton Oceanic Assets Limited (Chairman) and CIP Merchant Capital Limited. Before becoming an independent non-executive director in 2011 he was a director of Cannon Asset Management Limited and their associated companies. Prior to this he was a director of Northern Trust International Fund Administration Services (Guernsey) Limited (formerly Guernsey International Fund Managers Limited) where he had worked from 1990 to 2007. He has been in the offshore finance industry since 1986 specialising in administration and structuring of offshore open and closed ended investment funds. Rob is British and resident in Guernsey.

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

Graeme Ross, Graeme David 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.

The fundamentals in the market remain supportive yet investors have shunned gold as a safe haven during 2018. We believe there are many attractive attributes to invest in the precious metal sector today. Geopolitical uncertainty remains high and many emerging market currencies are under pressure. Sector equity appears attractive whereas the valuations on broader equity markets continue to appear stretched.

Geopolitical uncertainty, normally supportive for gold, has provided little noticeable impetus to prices. Investors have shown little appetite for gold despite the wider trade related economic concerns and fears of possible contagion which have affected many emerging markets and which may be impinging upon developed market growth. The combination of US growth stimulus, rising US interest rates, together with quantitative tightening has driven investment towards the US and resultant US dollar strength has weighed on gold. Holdings of physically backed ETFs which have declined by over 4 million ounces from this year's peak of 72 million ounces reached in May. As a result the gold price ended the interim period down almost 4% at $1,253/oz. The Company's net asset value slipped 4.7% in the first half of the year, performing similarly to sterling returns of approximately -1.5% and -6.6% for the Philadelphia Gold & Silver and Gold Bugs Indices respectively.

However, we believe there is reason for optimism. Large algorithm program driven trading platforms, which view gold as a dollar hedge have dominated investment flows. These trading accounts now hold an extreme short position, as shown below, and we believe that much pessimism is now being priced in to gold markets and that the risk-reward profile may now be skewed for a recovery.

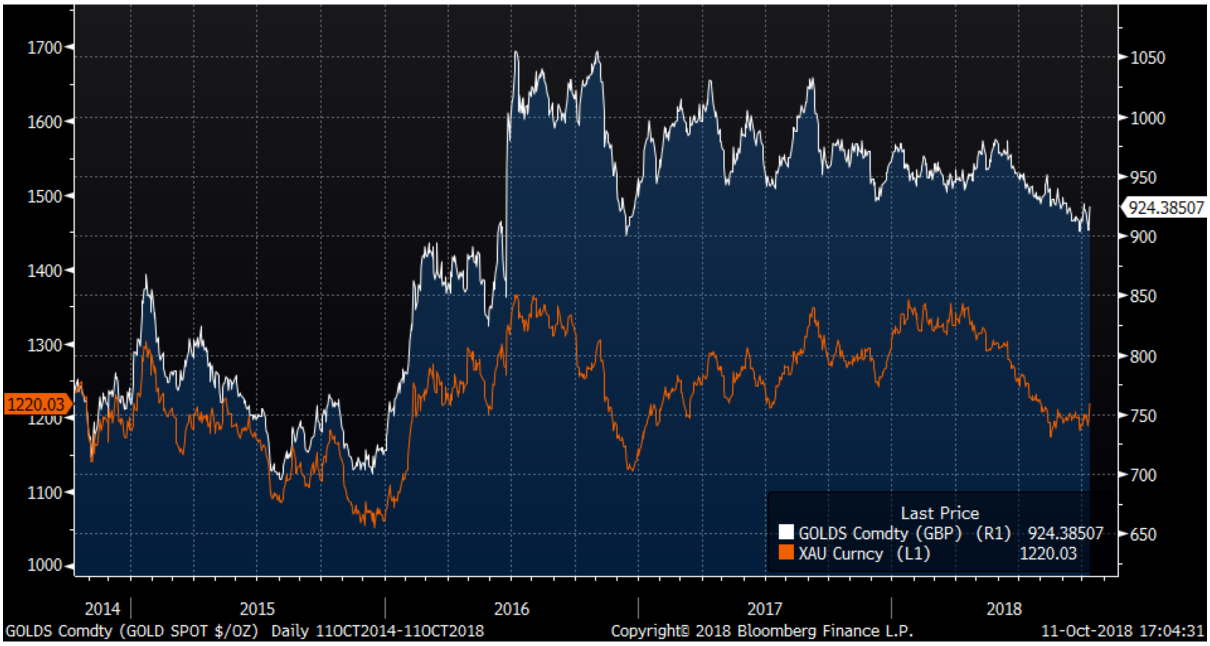
Managed Futures positioning – shows CTA positioning. The shortest ever on the available data set

Similarly, the year has seen competition for investment dollars from other sectors such as cannabis stocks and crypto currencies though at the time of writing Bitcoin is down over 50% from its peak suggesting that competition from this quarter may be lessening. This has contributed to the underperformance of precious metal mining equities relative to the price of underlying commodities. As a result the sector is trading at the lowest earnings and NAV multiples we have seen **for nearly two decades.**

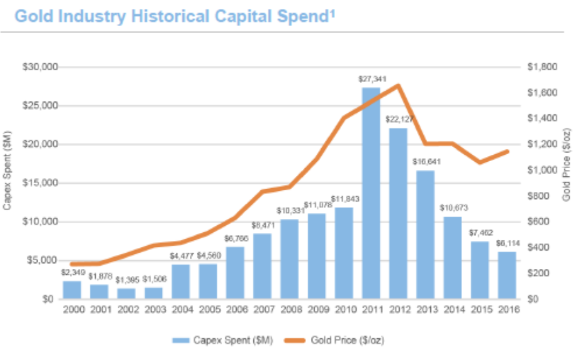
The more recent stance of Italy's populist government to run a fiscal deficit, very much against demands of the EU Commission, has highlight European contagion risks and helped stabilise gold markets. With government debt running at historically high levels globally, even in developed markets, we believe an allocation to gold represents a sensible strategy as part of a balanced portfolio, with Brexit prospects making this especially relevant for UK investors.

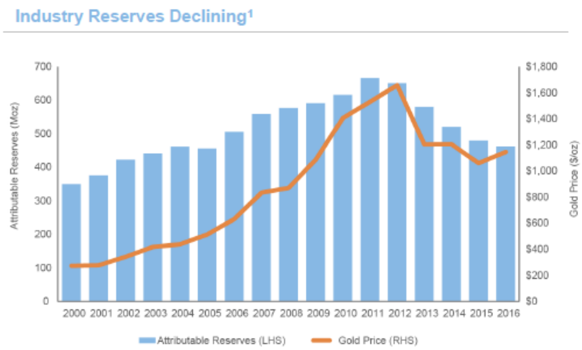
Precious metals can be viewed as both a commodity and a currency. Looking at gold in other currencies tells a different story given the strength of the USD. This has contrasting effects, whilst benefiting those who already hold precious metals in a weaker currency stand to benefit, it arguably reduces future affordability. That said, the continued slide we have seen across numerous emerging market currencies just highlights the investment protection that gold and silver offers. Countries such as Turkey, India and Russia have been large purchasers of physical metal and we would anticipate that a continued softening of these currencies would support gold. It should also be noted that for vast majority of the names in the Company, their operations stand to benefit from relative currency weakness versus the dollar, as it reduces their operating costs and supporting margins for these projects.

Gold in GBP also tells a different story to USD



In addition the gold mining industry as a whole is seeing declining reserves and falling grades after an extended period of declining exploration spending, as illustrated below.

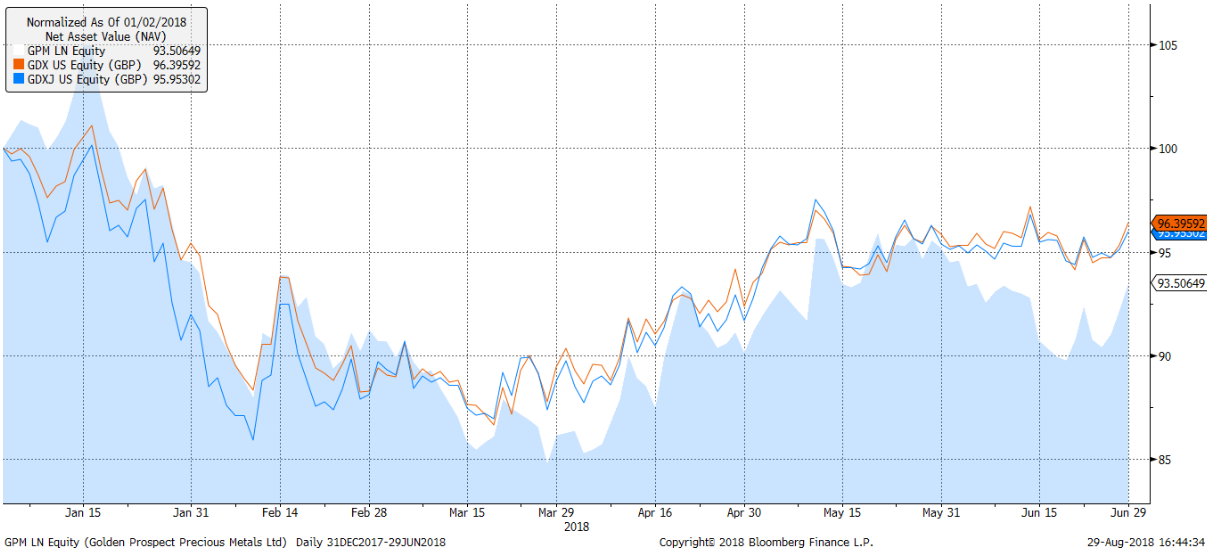




Source: [1]Citi Research, includes ABX, NEM, NCM, ANG, GFI, HAR, GG, RRS, KGC, AEM

Golden Prospect has performed similarly to the GDX and GXJ over the last 12 months, as mentioned above, normalised to sterling returns. The valuation gap between large and small cap that we have discussed in previous reports has stopped widening but is yet to narrow. The fund is focused on names that are typically at the lower end of the cost curve or already display favourable value metrics, which we believe well positioned even with the recent weaker gold price. The chart includes the GDXJ and the GDX to show performance against Junior (Mcap >$1bn) and the Largecap gold miners over the interim period.

Large vs small valuation gap



Unaudited Interim Statement of Comprehensive Income

For the period ended 30 June 2018

	Notes	Revenue £	Capital £	Period to 30 June 2018 Total £	Period to 30 June 2017 Total £
Income					
Income from investments designated at fair value through profit or loss		3,242	-	3,242	77,846
Net capital losses on investments at fair value through profit or loss	7	-	(781,756)	(781,756)	(1,292,892)
Exchange gain		61,729	-	61,729	-
Net investment gains/(losses)		**64,971**	**(781,756)**	**(716,785)**	**(1,215,046)**
Expenses					
Investment management fees	5	(132,623)	-	(132,623)	(162,487)
Exchange loss		-	-	-	(119,964)
Administration fees	5	(32,776)	-	(32,776)	(32,500)
Custodian fees	5	(5,032)	-	(5,032)	(6,669)
Directors' fees	5	(32,088)	-	(32,088)	(28,000)
Audit fees		(13,000)	-	(13,000)	(9,745)
Directors' insurance costs		(2,172)	-	(2,172)	(2,310)
Registrar's fees	5	(10,383)	-	(10,383)	(8,590)
Stock exchange fees		(3,085)	-	(3,085)	(4,745)
Legal fees		752	-	752	(7,350)
Investment advisers fees	5	(8,750)	-	(8,750)	(8,750)
Depositary fees	5	(8,423)	-	(8,423)	(8,304)
Other expenses		(2,986)	-	(2,986)	(5,807)
Total operating expenses		**(250,566)**	**-**	**(250,566)**	**(405,221)**
Operating loss		**(185,595)**	**(781,756)**	**(967,351)**	**(1,620,267)**
Finance cost					
Finance income		11,947	-	11,947	8,448
Overdraft interest	8	(57,026)	-	(57,026)	(55,417)
Loss for the period before tax		**(230,674)**	**(781,756)**	**(1,012,430)**	**(1,667,236)**
Withholding tax		(973)	-	(973)	(13,712)
Total comprehensive loss for the period		**(231,647)**	**(781,756)**	**(1,013,403)**	**(1,680,948)**
Basic and diluted loss per Ordinary share (pence)	6			**(1.78p)**	**(2.95p)**

The 'Total' column of this statement represents the Company's Income Statement, prepared in accordance with IFRS as endorsed by the European Union. The supplementary 'Revenue' and 'Capital' columns are both prepared for information purposes only.

All the items in the above statement derive from continuing operations.

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

Unaudited Interim Statement of Changes in Equity

For the period ended 30 June 2018

	Share Capital £	Revenue Reserve £	Distributable Reserve £	Realised Capital Reserve £	Unrealised Capital Reserve £	Total Equity £
Balance as at 1 January 2018	57,002	(5,281,888)	43,995,959	(14,556,837)	(1,710,573)	22,503,663
Total comprehensive expense for the period	-	(231,647)	-	(431,473)	(350,283)	(1,013,403)
Transactions with owners	-	-	-	-	-	-
Balance as at 30 June 2018	**£57,002**	**(£5,513,535)**	**£43,995,959**	**(£14,988,310)**	**(£2,060,856)**	**£21,490,260**
For the period to 30 June 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 income for the period	-	(388,056)	-	2,683,523	(3,976,415)	(1,680,948)
Transactions with owners	-	-	-	-	-	-
Balance as at 30 June 2017	**£57,002**	**(£4,971,054)**	**£43,995,959**	**(£13,818,728)**	**(£1,724,150)**	**£23,539,029**

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

Unaudited Interim Statement of Financial Position

As at 30 June 2018

	Notes	(Unaudited) 30 June 2018 £	(Audited) 31 December 2017 £
Current Assets			
Investments at fair value through profit or loss	7	23,466,866	26,324,365
Cash and cash equivalents	8	3,980,663	1,609,584
Receivables	9	7,195	8,461
Total Assets		**27,454,724**	**27,942,410**
Current Liabilities			
Payables and accruals	10	(80,901)	(207,754)
Bank overdraft	8	(5,883,563)	(5,230,993)
Total Liabilities		(5,964,464)	(5,438,747)
Net Assets		**£21,490,260**	**£22,503,663**
EQUITY			
Share Capital	11	57,002	57,002
Revenue reserve	12	(5,513,535)	(5,281,888)
Distributable reserve	12	43,995,959	43,995,959
Realised capital reserve	12	(14,988,310)	(14,556,837)
Unrealised capital reserve	12	(2,060,856)	(1,710,573)
Total Equity		**£21,490,260**	**£22,503,663**
Number of Ordinary Shares in issue	11	**57,002,026**	**57,002,026**
Net Asset Value per Ordinary Share (pence)	17	**37.70p**	**39.48p**

The Financial Statements on pages 7 to 28 were approved by the Board of Directors and authorised for issue and signed on 22 October 2018 on its behalf by:

Robert King **Toby Birch**

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

Unaudited Interim Statement of Cash Flows

For the period ended 30 June 2018

	Notes	Period to 30 June 2018 £	Period to 30 June 2017 £
Cash flows from operating activities			
Loss for the period		(1,013,403)	(1,680,948)
Adjustment for:			
Capital loss on investments at fair value through profit or loss		781,756	1,292,892
Operating cash flows before movements in working capital		(231,647)	(388,056)
Decrease in receivables		1,266	2,185
(Decrease) in payable and accruals		(126,853)	(54,611)
Purchase of investments	7	(1,931,994)	(8,081,094)
Proceeds from sale of investments	7	4,007,737	8,273,793
Net cash (used in)/generated from operating activities		**1,718,509**	**(247,783)**
Net increase/(decrease) in cash and cash equivalents		**1,718,509**	**(247,783)**
Net cash and cash equivalents at beginning of period	8	(3,621,409)	(4,033,199)
Cash and cash equivalents at period end	8	**(1,902,900)**	**(4,280,982)**

Supplementary cash flow information

Net cash (used in)/generated from operating activities include:	**£**	**£**
Interest received on cash balances	11,947	7,823
Interest paid on cash balances	(50,530)	(47,098)
Income received from investments	3,242	87,288

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

1. COMPANY INFORMATION

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

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

The Company's Ordinary Shares were admitted to the Official List of the Channel Islands Stock Exchange which subsequently transferred to The Channel Islands Securities Exchange Limited on 24 June 2008. The Channel Islands Securities Exchange rebranded to The International Securities Exchange ('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 Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as endorsed by the European Union which comprise standards and interpretations as issued and approved by the International Accounting Standards Board ('IASB'), and IFRS Interpretations Committee ('IFRIC's') that remain in effect, and to the extent that they have been adopted by the European Union, and reflect the following policies, which have been adopted and applied consistently.

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

Accounting judgements and estimates
The preparation of the Interim Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Adoption of new and revised standards
The accounting policies adopted in the period are consistent with those of the previous financial period save for the adoption of IFRS 9, IFRS 7 and IFRS 15 (effective 1 January 2018). These had no significant impact on the Company's Interim Financial Statements.

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

- IFRS 16, Leases (effective 1 January 2019, as set by the IASB).
- Annual Improvement Cycles 2015-2017 (effective 1 January 2019)

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

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

Financial instruments
Financial assets and financial liabilities are recognised in the Interim Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the Interim Statement of Financial Position and Interim Statement of Comprehensive Income when there is a currently enforceable legal right to offset the recognised amounts and the Company intends to settle on a net basis or realise the asset and liability simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

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

Loans and receivables

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

Cash and cash equivalents

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

Financial assets at fair value

Classification

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

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

Recognition

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

Derecognition of financial assets

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets at fair value (continued)

Measurement
Financial assets at fair value are initially recognised at fair value. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value' category are presented in the Interim Statement of Comprehensive Income in the period in which they arise.

Fair value estimation
The fair value of financial assets traded in active markets is based on quoted market prices at the interim statement of financial position date. The quoted market price used for the financial assets held by the Company is the bid price at the close of the respective market at the interim statement of financial position date. Debt securities are carried at fair value using discounted cash flow techniques/models. Warrants are carried at fair value using standard Black Scholes valuation models. Further details are disclosed in note 7.

Fair value measurement hierarchy
IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:
- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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

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

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

Financial liabilities measured at amortised cost
These include payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method. Bank borrowings are initially recognised at fair value net of attributable transactions costs incurred. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

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

Interest income and expense

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

Income

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

Expenses

Expenses are accounted for on an accrual basis and are recognised in the Interim Statement of Comprehensive Income. 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 Interim Statement of Comprehensive Income.

Segmental reporting

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

For management purposes, the Company is organised into one main operating segment, which invests in precious metals securities which are principally listed on the stock exchanges of London, Toronto and Sydney. All of the Company's activities are interrelated, and each activity is based upon analysis of the Company as one segment.

On a day to day basis investment decisions have been delegated to the Investment Manager, New City Investment Managers.

The Company does not hold any non-current assets which require disclosure under IFRS 8. The Company also does not have any external customers and therefore the disclosure of customers geographically

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segmental reporting (continued)
required under IFRS 8 is not applicable. However, for additional information, the fair value of each geographical base and the respective percentages of the total value of the Company can be found in the Portfolio Statement beginning on page 30.

3. TAXATION

The Company has been granted exemption from Guernsey taxation and has paid an annual exemption fee for the year of £1,200 (2017: £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 £973 (30 June 2017: £13,721)

4. DISTRIBUTION TO SHAREHOLDERS

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

5. RELATED PARTY TRANSACTIONS AND OTHER SIGNIFICANT AGREEMENTS

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

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

	Ordinary Shares Period ended 30 June 2018	Ordinary Shares Year ended 31 December 2017
Director		
M Burne	437,500	437,500
K Foy	n/a	25,000
R King	20,000	20,000
T Birch	50,000	50,000
G Ross	-	n/a

Directors' Fees
The Directors are responsible for the determination of the investment policy of the Company and have overall responsibility for the Company's activities. All Directors are entitled to remuneration for their services of £16,000 per annum. During the period Directors' fees of £32,088 were charged to the Company (2017: £28,000) and £nil was payable at the period end (31 December 2017: £12,000). All Directors are non-executive.

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

Investment Manager

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

The Investment Manager is also entitled to reimbursement of certain expenses incurred by it in connection with its duties. During the period investment management fees of £132,623 were charged to the Company (2017: £162,487) and £22,388 was payable at the period end (31 December 2017: £45,996).

The Investment Manager is also entitled to receive an annual performance fee equal to 20% of the increase in the Company's Net Asset Value on the last Trading Day of each calendar period, above an annual hurdle for growth of 8% and subject to a high water mark. During the period no performance fees had accrued to the Investment Manager (2017: £nil).

Other significant agreements

Administrator

The Company's Administrator is Maitland Administration (Guernsey) Limited. In consideration for the services provided by the Administrator under the Administration Agreement, the Administrator is entitled to receive from the Company an annual fee of £65,000 per annum payable quarterly in arrears. During the period administration fees of £32,776 were charged to the Company (2017: £32,500) and £16,250 was payable at the period end (31 December 2017: £16,250).

Custodian Fees

The Company's Custodian is Credit Suisse Securities (Europe) Limited. Custodian fees are charged monthly at 5 basis points based on the Company's assets under management. During the period custodian fees of £5,032 were charged to the Company (2017: £6,669) and £nil was payable at the period end (31 December 2017: £1,037).

Depositary Fees

The Company's Depositary is INDOS Financial Limited. In consideration for the services provided by the Depositary under the Depositary Agreement, the Depositary is entitled to receive from the Company an annual fee of 0.25% of the Company's Net Asset Value up to £150 million; 0.015% up to £300 million; 0.0125% up to £450 million and 0.015% thereafter, subject to a minimum fee of £1,400 per month. During the period depositary fees of £8,423 were charged to the Company (2017: £8,304) and £1,335 was payable at the period end (31 December 2017: £5,512).

Financial Adviser and Corporate Broker

The Company appointed Cantor Fitzgerald as Financial Advisor and Corporate Broker ('Financial Adviser'). Under the agreement, the Financial Adviser is entitled to receive from the Company an annual fee of £17,500 per annum payable quarterly in advance. During the period financial adviser fees of £8,750 (2017: £8,750) were charged to the Company and £nil was payable at the period end (31 December 2017: £nil).

Registrar Fees

The Company's Registrar is Computershare Investor Services (Guernsey) Limited. In consideration for the services provided by the Registrar under the Registrars Agreement, the Registrar is entitled to receive from the Company an annual fee of £8,100 per annum payable monthly in arrears as well as all reasonable out-of-pocket expenses. During the period registrar fees of £10,383 were charged to the Company (2017: £8,590) and £1,046 was payable at period end (31 December 2017: £1,878).

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

Basic (loss)/earnings per Ordinary Share is calculated by dividing the comprehensive loss for the period of £1,013,403 (2017: gain £1,678,704) by the weighted average number of Ordinary Shares outstanding during the period. The weighted average number of Ordinary Shares for the period is 57,002,026 (2017: 57,002,026). The 28,500,995 Subscription Shares are non-dilutive as at 30 June 2018 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 2018	25,615,546	708,819	-	26,324,365
Purchases	1,931,994	-	-	1,931,994
Sales	(4,007,737)	-	-	(4,007,737)
Gain/(loss)				
- realised	(431,473)	-	-	(431,473)
- unrealised	(306,731)	(43,552)	-	(350,283)
Closing fair value at 30 June 2018	**22,801,599**	**665,267**	**-**	**23,466,866**
Split by:				
Listed equities	22,801,599	-	-	22,801,599
Bonds	-	-	-	-
Warrants	-	665,267	-	665,267
	22,801,599	**665,267**	**-**	**23,466,866**

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

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

7. INVESTMENTS AT FAIR VALUE (continued)

	Fair Value Level 1 £	Fair Value Level 2 £	Fair Value Level 3 £	Fair Value Total £
Opening fair value at 1 January 2017	28,211,439	1,141,090	-	29,352,529
Purchases	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**

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

	Period ended 30 June 2018 £	Period ended 30 June 2017 £
Realised (loss)/gain on financial assets designated as at fair value through profit or loss	(431,473)	2,683,523
Net unrealised loss on financial assets designated as at fair value through profit or loss	(350,283)	(3,976,415)
Net capital losses on financial assets	(£781,756)	(£1,292,892)
Dividend income and interest on bonds	3,242	77,846
Total net losses on financial assets	**(£778,514)**	**(£1,215,046)**

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 Debt Securities is calculated as the present value of the estimated future cash flows based on observable gold price, time value and discount rates.
Financial assets at fair value through profit or loss – Warrants	Level 2	The fair value of Warrants has been calculated using the underlying listed prices, expiry dates and observable future volatility.

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

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Period ended 30 June 2018 £	**Year ended 31 December 2017 £**
Cash at bank	3,980,663	1,609,584
Bank overdraft	(5,883,563)	(5,230,993)
	(£1,902,900)	**(£3,621,409)**

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

Overdraft interest is calculated on a daily basis using the one month Libor rate plus 175 basis points and is charged to the Company on a monthly basis. In order to satisfy CSSEL of liquidity, a margin requirement is calculated to establish a net equity and cash position that must be maintained as collateral. If the Company falls into deficit then more funds are called. If the margin calls are not met then CSSEL can call in all outstanding funds. At no point during the period did the Company fall into deficit and at the period end the Company held an excess over the margin requirement of £11,778,176 (31 December 2017: £11,453,570).

The overdraft interest during the period of £57,026 (2017: £55,417) represents the only gain or loss on financial liabilities measured at amortised cost.

8. CASH AND CASH EQUIVALENTS (continued)

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

9. RECEIVABLES

	Period ended 30 June 2018 £	Year ended 31 December 2017 £
General expenses prepaid	7,195	6,999
Bank interest receivable	-	1,462
Bond interest receivable	-	-
	£7,195	**£8,461**

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

10. PAYABLES AND ACCRUALS

	Period ended 30 June 2018 £	Year ended 31 December 2017 £
Subscription share issue costs (note 11)	-	93,000
Investment management fee payable (note 5)	22,388	45,996
Administration fee payable (note 5)	16,250	16,250
Audit fee	10,000	20,000
Bank overdraft interest	6,496	10,080
Depositary fee payable (note 5)	1,335	5,512
Directors' fees payable (note 5)	16,088	12,000
Registrar fee payable (note 5)	1,046	1,878
Regulatory fees	7,298	-
Sundry creditors	-	3,038
Directors' fees payable (note 5)	-	12,000
	£80,901	**£115,955**

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

11. SHARE CAPITAL

Authorised Share Capital as at 30 June 2018 and 31 December 2017

	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	
	2018	2017	2018	2017
Issued and Fully Paid Share Capital			£	£
Equity Shares				
Ordinary Shares of £0.001 each at inception				
As at 1 January and 30 June/31 December	57,002,026	57,002,026	57,002	57,002

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

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.

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

As at 30 June 2018 there were no financial assets which were past due or impaired (31 December 2017: none).

The Board of Directors are satisfied that the Company's transactions are concluded with a suitably approved counterparty with an appropriate credit quality, CSSEL currently has a Standard and Poor's credit rating of A-1/A (31 December 2017: A-1/A). The Investment Manager carefully selects debt securities with counterparties displaying the necessary experience and financial stability. The Company's exposures to these counterparties, and their credit rating or financial results, are monitored by management. The following table illustrates the credit concentration by category:

	Period ended 30 June 2018 £	**Year ended 31 December 2017 £**
Cash and cash equivalents:		
Credit Suisse AG Dublin Branch	3,980,663	1,609,584
Receivables	7,195	1,462
Total assets at credit risk	**£3,987,858**	**£1,611,046**

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

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

Whilst most of the Company's financial assets are listed securities which are considered readily realisable as they are listed on major recognised stock exchanges, some of the financial assets held by the Company may not be listed on recognised stock exchanges and so will not be readily realisable and their marketability may be restricted. The Company might only be able to liquidate these positions at disadvantageous prices,

13. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

should the Investment Manager determine, or it become necessary, to do so. The fair value of these financial assets as at 30 June 2018 amounts to £665,267 (31 December 2017: £708,819).

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

	Less than 1 month	1-3 months	3 months to 1 year	1 year to 5 years	30 June 2018 Total
	£	£	£	£	£
Gross settled:					
Bank overdraft	-	5,883,563	-	-	5,883,563
Bank overdraft interest	6,496	-	-	-	6,496
Investment management fee payable	22,388	-	-	-	22,388
Administration fee payable	16,250	-	-	-	16,250
Audit fee	-	-	10,000	-	10,000
Depositary fee payable	1,335	-	-	-	1,335
Directors' fees	16,088	-	-	-	16,088
Registrar fee payable	1,046	-	-	-	1,046
Regulatory fees	7,298	-	-	-	7,298
	£70,901	**£5,883,563**	**£10,000**	**£-**	**£5,964,464**

	Less than 1 month	1-3 months	3 months to 1 year	1 year to 5 years	31 December 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
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
Subscription share issue costs	-	-	93,000	-	93,000
	£5,325,747	**£-**	**£113,000**	**£-**	**£5,438,747**

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

13. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

over this margin requirement. Should there be a deficit at any point CSSEL is entitled to call in all outstanding funds.

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

Market risk

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

Price risk

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

The Company is exposed to market price risk arising from its financial assets designated as at fair value through profit or loss. The performance of these financial assets will be affected by the performance of the investee companies. The exploration, development and production of metal and mineral deposits involve significant uncertainties and the investee companies will be subject to all the hazards and risks normally encountered in such activities. Many of these are difficult to predict and are outside the control of the investee companies. They include, amongst others, issues relating to the environment, the climate, the geographical environment, local and international regulatory requirements, licensing terms, planning permission, unexpected geological formations, rock falls, flooding, pollution, legal liabilities, the availability and reliability of plant and equipment, the scaling-up of operations, the reliance on key individuals, local finance and tax regimes, foreign currency repatriation, capital and budget constraints, contractors and suppliers, local employment regulations and practices, employment unions and the availability of suitable labour. 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, in 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 £7,040,060 (31 December 2017: ££7,897,310) to a 30% (31 December 2017: 30%) increase or decrease in the market prices with other variables being held constant as at 30 June 2018. A 30% change is the sensitivity rate currently used when reporting price risk internally to key management personnel.

Interest rate risk

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

13. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

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

Returns from debt securities are fixed at the time of purchase, as the fixed coupon payments are known, as are the final redemption proceeds. Consequently, if such a debt security is held until its redemption date, the total return achieved is unaltered from its purchase date.

However over its life the market price at any given time will depend on the market environment at that time. Therefore, a debt security sold before its redemption date is likely to have a different price from its purchase level and a profit or loss may be incurred. Interest rate risk on fixed interest debt securities is considered to be part of market price risk as disclosed above.

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

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

As at 30 June 2018	0-3 Months £	1-5 Years £	Total £
Variable rate assets			
Cash and cash equivalents	3,980,663	-	3,980,663
Fixed rate assets			
Debt securities	-	-	-
Total interest bearing assets	**3,980,663**	**-**	**3,980,663**
Variable rate liabilities			
Bank overdraft	(5,883,563)	-	(5,883,563)
Total interest bearing liabilities	**(5,883,563)**	**-**	**(5,883,563)**

13. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

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)**

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 Interim Statement of Financial Position and the stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 25 basis points higher or lower and all other variables had been held constant, the Company's net assets attributable to holders of Ordinary Shares for the period would have been £7,649 (31 December 2017: £8,253) higher or lower due to the change in the interest payable on the bank overdraft and the interest receivable on cash and cash equivalents.

Currency risk

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

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

There were no hedging instruments held at the period end or used in the period (31 December 2017: None).

13. FINANCIAL RISK MANAGEMENT (continued)

Currency risk (continued)

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

	30 June 2018		31 December 2017	
	Assets	Liabilities	Assets	Liabilities
	£	£	£	£
Australian Dollar (AUD)	8,465,972	-	8,520,437	-
Canadian Dollar (CAD)	14,909,472	-	15,285,299	(65,590)
United Stated Dollar (USD)	4,067,176	-	4,124,953	-
Swiss Franc (CHF)	219	-	218	-
Mexican Peso (MXN)	4,689	-	4,504	-
	27,447,528	**-**	**27,935,411**	**(65,590)**

Foreign currency sensitivity

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

The following table details the Company's sensitivity to a 10% (2017: 10%) increase or decrease in Sterling against the relevant foreign currencies. A 10% change is the sensitivity rate currently used when reporting foreign currency risk internally to key management personnel.

The sensitivity analysis includes only outstanding foreign currency denominated financial assets and financial liabilities and adjusts their translation at the period end for a 10% change in the foreign currency rates. A positive number indicates an increase in net assets attributable to holders of Ordinary Shares where Sterling weakens against the relevant currency and a negative number indicates a decrease in net assets where Sterling strengthens against the relevant currency.

	AUD	CAD	USD	MXN
30 June 2018	£	£	£	£
Change in net assets in response to a	940,664	1,656,608	451,908	521
10% change in foreign currency rates	(769,634)	(1,355,407)	(369,743)	(426)
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)

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

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

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

14. CONTINGENT LIABILITIES

There were no contingent liabilities at the interim statement of financial position date.

15. 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

	Period ended 30 June 2018	Year ended 31 December 2017
Net Asset Value per financial statements	£21,490,260	£22,503,663
Number of shares in issue	57,002,026	57,002,026
NAV per Ordinary Share	37.70p	39.48p
Issued NAV per Ordinary Share	38.16p	40.03p

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

Portfolio Statement
As at 30 June 2018

Description	Holding	Fair Value £	% of Total Net Assets
Equities			
Australia			
Amani Gold	17,263,141	77,434	0.36
Ausgold Ltd	3,375,000	51,093	0.24
Cardinal Resources	2,807,991	669,124	3.11
Doray Minerals	6,204,479	1,078,422	5.02
Independence Group	300,587	864,589	4.02
Keras Resources	37,500,000	131,250	0.61
Lachlan Star Ltd*	120,000	-	-
Metals X	830,748	372,633	1.73
Oklo Resources	250,000	41,351	0.19
S2 Resources	628,898	37,025	0.17
Troy Resources	2,510,868	197,094	0.92
West African Resources	10,579,409	2,254,068	10.49
Westgold Resources	2,151,810	2,225,985	10.36
		8,000,068	**37.22**
Canada			
Allegiant Gold	73,400	19,672	0.09
Americas Silver	575,799	1,363,973	6.34
Asanko Gold	1,554,583	1,245,437	5.80
Ascendant Resources	1,978,974	1,129,193	5.25
Bluestone Resources	275,000	225,068	1.05
Columbus Gold	717,000	101,246	0.47
Continental Gold	570,000	1,222,111	5.69
Dalradian Resources	301,879	250,547	1.17
First Majestic Silver Corp	14,140	81,660	0.38
Fortuna Silver Mines	145,795	625,185	2.91
Guyana Goldfields	571,042	1,616,004	7.52
Integra Resources	655,000	317,113	1.48
Liberty Gold	1,251,000	310,041	1.44
Lydian International	1,739,000	325,744	1.52
Mandalay Resources	983,960	104,916	0.49
Platinum Group Metals	999,900	74,919	0.35
Pretium Resources	30,000	166,683	0.78
Pure Gold Mining	1,662,000	613,061	2.85
Roxgold	1,833,859	1,120,379	5.21
Sabina Gold & Silver	388,435	338,056	1.57
Santacruz Silver Mining	1,828,243	100,104	0.47
Silvercrest Metals	82,000	126,188	0.59
Tahoe Resources Inc	168,700	626,172	2.91
Trevali Mining	416,667	206,529	0.96
West African Resources	1,205,137	267,418	1.24
		12,577,419	**58.53**

Portfolio Statement (continued)
For the period ended 30 June 2018

Description	Holding	Fair Value £	% of Total Net Assets
Equities - continued			
United Kingdom			
DB Physical Rhodium	2,904	424,343	1.97
Hummingbird Resources	500,000	150,000	0.70
Sovereign Bauxite of Guinea Ltd*	100,000	-	-
		574,343	**2.67**
United States			
First Majestic Silver	95,000	548,077	2.55
MAG Silver	35,000	285,925	1.33
Platinum Group Metals	571,556	44,918	0.21
Pretium Resources	138,900	770,849	3.59
		1,649,769	**7.68**
Total Equities		**22,801,599**	**106.10**
Warrants			
American Silver 10/02/2019*2	250,000	419,301	1.95
American Silver 09/06/2021*2	1,148,279	-	-
American Silver 16/06/2021*2	364,060	-	-
Ascendant Resources 09/03/2022*2	514,043	82,957	0.39
Condor Gold 16/09/2018*2	277,777	-	-
Liberty Gold Equity 16/05/2019	677,000	7,804	0.04
Platinum Group Metals 15/11/2019	999,900	3,785	0.02
Santacruz Silver Mining*2	493,750	-	-
Westgold Resources	1,421,375	151,420	0.70
Total Warrants		**665,267**	**3.10**
Total investments		**23,466,866**	**109.20**
Other current assets less payables and accruals		3,906,957	18.18
Bank overdraft		(5,883,563)	(27.38)
Total Net Assets		**21,490,260**	**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**

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3rd Floor, 1 Le Truchot
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Secretary and Administrator
Maitland Administration (Guernsey) Limited
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St Peter Port
Guernsey
GY1 1WD

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

Investment Manager
CQS Cayman Limited Partnership
P.O. Box 242
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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)
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TISE Sponsor
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Depositary
INDOS Financial Limited
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Financial Adviser and Broker to the Company
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