

Golden Prospect Precious Metals Limited

Interim Report and Financial Statements

for the period ended 30 June 2023

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Chairman's Statement

For the period ended 30 June 2023

My first duty is a pleasurable one; paying tribute to the outgoing Chairman Malcolm Burne. His knowledge of precious metals, mining companies and key personalities in the industry is profound. He has shown great leadership and tenacity since the launch of the Fund back in 2006. Fortunately, he remains on hand as a loyal shareholder and supporter outside of the Board.

For this Interim report it already feels like a long year. The share price fell to its lowest point of 2023 right at the end of the period under review, showing a loss of just over 20%. It also revisited the lows witnessed 4 years ago. Simultaneously, the discount between the Net Asset Value (NAV) and the share price expanded to 23%; the worst since the height of the market sell-off in 2020.

Gold is flat so far this year in Sterling terms while most precious metal mining funds are negative. Golden Prospect suffered more than most given its niche position in the mid-cap area of the market. The Fund's brokers finnCap have assured us that investors remain committed to this approach as it is a unique offering. Now that the shareholder base is predominantly private clients, a longer-term view can be taken based on fundamentals rather than risk aversion which pre-occupies larger institutions. On that note I would like to thank those shareholders who supported the directors' re-appointment at the recent AGM.

The strong rally in America's S&P 500 index has been incredibly narrow in nature. The move has been so extreme that just 7 high-profile technology stocks enjoyed a substantial rise while the other 493 names did little or slumped. Such skews inevitably end in mean reversion once the hype subsides. We are seeing a similar misallocation elsewhere given that small and mid-cap companies offer tremendous value but are summarily overlooked or discarded.

Experience shows that when a market or sector is utterly unloved for prolonged periods, it tends to spring to life when least expected. This year's revival in Japanese equities is a case in point. We should also be mindful that rallies often come at peaks of indifference or disdain, possibly because no sellers remain. I believe a turning point is close but appreciate that investors are weary of optimistic forecasts after so many false dawns. The Fund's closed-end nature allows the managers to search for value in places that open-ended counterparts are constrained from considering. Shareholders can appreciate the nuance of adventuring into areas that others fear to tread, to find the proverbial nuggets.

There is a tendency among gold enthusiasts to flag-wave their favoured theme to the exclusion of all else. They often wax lyrical about debt, the collapse of the US Dollar or a stock market sell-off as a pre-cursor for a bullion bull market. History shows that precious metals can mutually co-exist and perform positively without other asset classes needing to experience a meltdown.

As ever, silver remains the Cinderella of precious metals that goes unnoticed in but makes a grand entrance when gold is on the ascendant. Our positioning in silver miners will be of particular benefit in this instance. The key turning point for both metals will be the ability of gold to break-out of its record high in US\$ terms. A sustained push above \$2,100 would be the trigger for momentum players to join the break-out we have all been waiting for. We would then likely see a virtuous circle of higher Fund prices and a narrowing discount.

Chairman's Statement (continued)

For the period ended 30 June 2023

In an era where Artificial Intelligence is the talk of the town, seemingly unpopular industries like mining are often dismissed out of hand by a new generation of investors and asset managers alike. At best they are deemed to be a necessary evil to facilitate decarbonisation. At worst they are seen as exploitative to the planet and people alike. In practice, great strides have been made to clean up precious metal mining both physically and metaphorically. ESG awareness is all-encompassing and extra scrutiny is performed in applying these standards when selecting investments for this portfolio.

I recommend shareholders study the investment manager's report for greater detail on the holdings along with further economic assessments. The issue of M&A activity in this sector is another topic which is best left to our specialists. On that note, CQS continue to command our full confidence. The Directors conducted an in-depth due diligence visit to their London office in June, meeting the investment team along with various professionals and service providers involved in risk management, compliance and responsible investing.



Toby Birch
Chairman

Board Members

For the period ended 30 June 2023

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:

Robert King, is an independent non-executive director on a number of company boards, which includes a London Stock Exchange listed fund, Tufton Oceanic Assets Limited. Before becoming an independent non-executive director in 2011 he was a director of Cannon Asset Management Limited and its 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 oversight of both public and private investment funds. Rob is British and resident in Guernsey.

Toby Birch, is an investment manager. Prior to founding Guernsey Gold (which merged with Bullionrock in 2014) he was the senior investment manager at the local branch of Bank Julius Baer. He then worked for Blackfish Capital Holdings, the private investment arm of a single-family office where he was lead manager of the Blackfish Capital Exodus Fund, trading in precious metals and commodities. He was also a director of the Blackfish-Investec Resources Special Situations Fund, investing in mining companies. Toby is a Chartered Wealth Manager and Fellow of the Chartered Institute for Securities and Investments. He is a regular speaker on the conference circuit covering financial megatrends, precious metals and monetary reform. He holds the HSK3 Intermediate level exam in Mandarin.

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 retirement 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 was appointed to the Board on 17 April 2018 as both a Director and Chairman of the Audit Committee.

* Malcolm Burne retired with effect from 27 June 2023.

Investment Manager's Report

For the period ended 30 June 2023

Performance

The gold price rose over 5% in the first half of the year driven by stubbornly high inflation. Silver lived up to its more volatile behaviour ranging between \$20-26/oz having started the year at \$24/oz illustrating its sensitivity towards more resilient economic growth and outlook for higher inflation together with corresponding rate tightening response of central banks as they attempted to quell inflation. Unlike gold, or broader equity markets, which reacted to data in similar fashion, silver ended the first half around 5% lower. The performance of silver equities whose assets are predominantly located in Mexico, was also impacted by a 12% strengthening of the Mexican Peso against the US dollar. As a result, silver exposure acted as a drag to performance and the Fund NAV declined 6.7% in the half-year. This compares to sterling declines of 4.8% and 4.5% registered by the GDXJ and Gold Bugs Index respectively over the same period. Sterling's 5.5% strengthening against the dollar acted as a headwind with the fund holdings not being sterling denominated, whilst less appetite from investors saw the discount widening from 9.5% to 21.1%, a feature evident across the wider UK investment trust sector.

Rate sensitivity and stagflation

Sentiment towards the sector remains extremely sensitive to the outlook for interest rates. Stronger-than-expected US data prompted a more hawkish shift in interest rate expectations in February weighing on gold which, having reached \$1,950/oz, fell back to \$1,805/oz. The price subsequently rebounded to over \$2,050/oz in May as data indicated the possibility of a pause in the key US Fed rate. However, while the Fed duly held rates in June the gold price once again eased back as economic data, and in particular resilient employment markets, prompted a rethink on the duration of inflation from associated upward wage pressures. As a result, US Fed rates are expected to remain higher for longer.

Though implied rates currently indicate a peak around the turn of the year, central banks remain highly cautious on easing too soon. Unless there is a weakening in general economic activity, a situation harder-line FED guidance has indicated it could tolerate, interest rates may plateau at a more elevated level rather than follow a path of sharp retracement currently discounted by treasuries. Furthermore, it is notable that near-term rate expectations have risen appreciably more than those further out and with this year's increase in breakeven rates discounted by treasuries, bond markets appear to interpret resilient economic data as merely inflationary rather than indicative of real economic growth. Wage inflation may simply be perpetuating nominal price rises without providing any productivity benefit to drive real economic growth.

A stagflationary outlook, as seemingly implied by bond markets, appears the more likely outcome. Persistent inflationary pressures and tepid economic growth has historically been an environment in which gold markets have performed well. In addition, we note that the use of interest rates as an inflation control lever may be less reliable given the lag effect rate moves have on underlying consumer spending and growth; best illustrated by the time it can take for fixed price mortgages to reset to the newly set levels. Against a backdrop of ever higher government borrowing requirements, this in turn increases the risk of policy missteps that could unsettle broader equity markets that have continued to trend up over the year. Gold may prove a useful hedge in such an environment.

Debt back in focus

Following the increase in the US government's debt ceiling to \$31.4trn in January this year (which will shortly require further amendment once extended funding is exhausted), the formal downgrade in US government treasury ratings by Fitch, together with the continued rise in interest rates, government debt burdens have moved back into focus.

Investment Manager's Report

For the period ended 30 June 2023

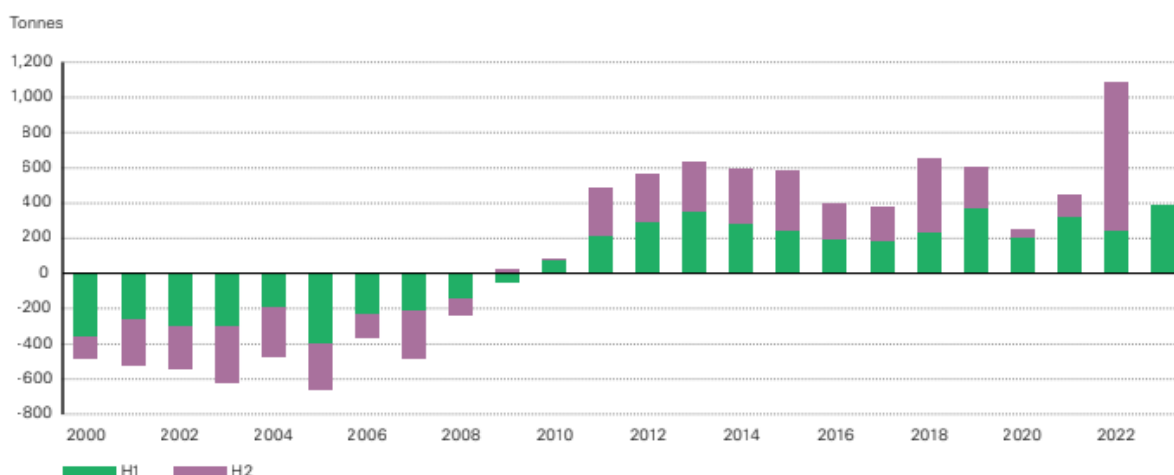
With the largest economy in the world, the US now has debt in excess of 100% of GDP, with the latest Congressional Budget Office projections forecasting national borrowing will continue to rise from there: borrowing costs are expected to reach \$1tr pa by 2025 as longer duration governments bonds mature to be replaced by newly issued treasuries and the debt to GDP is forecast to reach 118% over the next 10 years. Furthermore, these projections are based on the assumption that public debt attracts interest at 3% versus next year's expected average rate of nearer 5.25% and 10yr treasury yields of over 4% - as a result these projections may prove optimistic and annual interest expenses and the government's borrowing requirement may be considerably higher. A corollary of this is that FED holdings of public debt may increase by more than the 50%, to \$7.5trn, assumed in the same CBO projections: as such current moves to reduce central bank holdings of government treasuries may prove short lived and another bout of QE maybe on the cards.

A 90% debt to GDP ratio has historically proved excessive as funding interest expense reduces a government's ability to spend on productive, growth inducing projects, such as infrastructure. Counterintuitively, increased borrowing to fund fiscal stimulus programmes such as US Inflation Reduction Act projects may, at least initially during construction, on serve to add to inflationary pressures.

While sentiment towards the gold sector continues to be dominated by US rates, equally concerning are the economic difficulties in China, the world's second largest economy, which are being exacerbated by the slowdown of its main export markets. Having already seen borrowing requirements rise rapidly, a result of over-leverage among local governments who had leant heavily into the now troubled property sector, the slowdown in exports is increasing the need for offsetting domestic stimulus. China's debt to GDP, including that held by troubled state-owned entities, stands at nearer 160%.

These debt to GDP figures for both nations rise by a factor of around 2 when consumer borrowing is added into the equation and consumers, without the ability to print money via quantitative easing a la central banks, may be hard pressed to increase spending to help reinvigorate real growth. In this context gold again offers some diversification to help reduce portfolio risk.

Robust physical demand led by central banks – 1H23 the strongest 1H on record



*Data as of 30 June 2023. Quarterly data available from Q1 2000.
Source: Metals Focus, Refinitiv GFMS, World Gold Council

Investment Manager's Report

For the period ended 30 June 2023

One of the most notable features of the precious metal sector has been the consistency in central bank demand. Aided by fear of Western financial sanctions, central banks are increasingly diversifying into gold. Having surged to a record 1,136tonnes (equivalent to 36.5Moz) in 2022, led by Turkey and China, demand has remained healthy. Into 2023 the latest World Gold Council data for Q1 showed net purchases of 228t (approximately 7.3Moz) led by Singapore's addition of 69 tonnes (2.2Moz), indicating little let-up in moves to de-dollarise. While 2023 purchases are not expected to match last year's levels, the healthy Q1 net buying corroborates the recently published 2023 World Gold Council survey indicating the majority of central banks, notably those of developing economies, expect golds proportion of reserves to rise over the next five-year period with inflation, geopolitical risks and financial market concerns influencing this view. This is particularly relevant for China, the largest holder of US treasury bills, who are additionally motivated to diversify their reserves to reduce American influence.

Following the strong covid-led Investment demand for gold and additional impetus provided by Russia's invasion of Ukraine demand from physically backed ETFs has recently softened though the rate of decline has reduced considerably - having declined nearly 13Moz from the post Russia-Ukraine invasion high of 107Moz, ETF sales have abated with 3.8Moz sold in the year-to-date. Not only has the magnitude of recent central banking gold buying outstripped that of the more short-term financial sector but crucially their holdings have historically been much stickier. As a result, should the current outlook for a peak in interest rates materialise around the turn of the year as currently implied, the gold price may benefit from a return of ETF interest.

Physical gold ETF holdings (white) vs gold price (Blue)

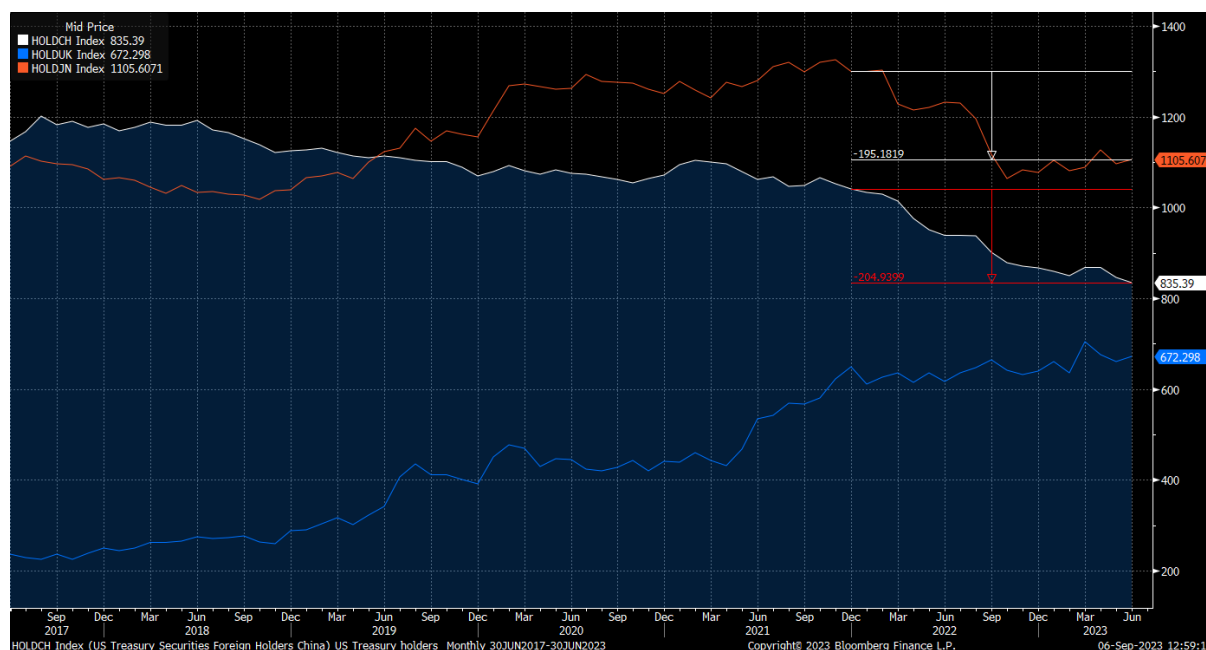


The end of the US dollar as the global currency of trade has been speculated. Whilst we disagree in the near term there is a trend for a declining role over the next decade. Perhaps more relevant in the near term is the motivation of China to reduce its US treasury holdings given deteriorating relations and a wish to reduce effective ties to the US. They have reduced holdings by \$200bn in 18 months, to \$835bn, adding to US Treasury rate pressures. Gold is a beneficiary for this reduction in US treasuries as an alternative unrestricted asset class.

US Treasuries held by China (white) Japan (orange) and UK (blue) - \$bn's

Investment Manager's Report

For the period ended 30 June 2023



Producer exposure dominates though explorer valuations increasingly tempting

The Fund remains heavily weighted to producers, which stood at 79% of assets as at end-June. Cost inflation has hurt margins and been a major headwind for the performance of precious metal producers, which have little ability to pass costs through to consumers. After a brief respite in Q4 2022, cost again increased in Q1 this year with World Gold Council estimates showing a 10% y-o-y increase to a record quarterly high of \$1,358/oz, driven by fuel and labour. However, some of these pressures are now easing, notably energy and general consumables, such as steel and reagents. While labour tightness is also showing signs of abating it is never easy to reduce wages, and these may remain stickier than other inputs. Nevertheless, companies are seeing improved cost outlook.

Australian miners and especially projects under development (14% of assets) saw significant labour tightness. In part due to delayed covid impacts which closed state borders and high staff turnover as they competed for improved pay and these may have better prospects for lower staff costs now that the restrictions have relaxed. Overall we believe easing costs can support both earnings growth and multiple expansion, which should help support earnings growth and investor sentiment towards the sector.

M&A activity has picked-up as illustrated by the mega mergers such as that between Newmont and Newcrest, in order to streamline operations and reduce overhead duplication. Beneath this, activity has been more modest though the Fund did benefit from B2 Gold's February purchase of Canadian developer Sabina which it acquired in an all-stock transaction at a 47% premium.

Cambodian producer Emerald Resources, is ramping-up extremely well. Having entered production on schedule and budget last year the shares rose 60% in sterling terms in the first half of the year. A strong contribution was also made by Nicaraguan producer Calibre which has similarly delivered consistent production whilst adding to reserves materially and whose shares ended the half up over 50% in sterling terms having risen as much as 89% at one point. Notably the Fund took profits in both stocks during a period of strong performance in Q2, helping to manage stock concentration risk.

Investment Manager's Report

For the period ended 30 June 2023

Elsewhere, the start-up of Calidus' Australian mine proved disappointing at the start to the year which required top up equity funding and which saw the share price decline a substantial 75% in sterling terms. However, the operational performance has stabilised after initial disappointing mining rates and ore dilution, has been rectified. This was caused by Australia's belated covid-related staff shortages and consequent use of less suitable larger mining equipment, together with mill throughput, which has risen appreciably now that sufficient additional water is available. Drilling at its satellite deposits has also continued to indicate accessible, high-grade ore can be incorporated into a future mine plan, including those of the high-grade Blue Spec deposit. These factors are encouraging for prospective re-rating recovery of the stock.

As stated earlier the basket of silver stocks acted as a drag to performance, the result of a strengthening Mexican Peso, with higher oil prices boosting export revenues. As a by-product of zinc production, silver prices, which have lagged those of gold year-to-date, may benefit from reduced supply as by-product output from zinc mines is curtailed. Following the 25% fall in zinc prices over the year, a number of zinc mining operations have been placed on care and maintenance and mine production in China, the largest producing region, is also likely to decline given the worsening steel outlook, which has been mandated to decline in H2 2023.

Despite the prospect of stagflation and worrying debt levels, precious metal producers remain heavily out of favour and thus trade at a discount to historic multiples and also versus more economically exposed industrial mining peers that have held up remarkably well. In the current environment, precious metal equities remain an attractively valued hedge to the elevated risks arising from tighter interest and the apparent need to increase already worrying levels of debt together with ongoing geopolitical strains. The lacklustre sentiment towards gold equities, especially for pre-production companies, provides a compelling investment opportunity.

Valuation differentials are extreme, particularly for non-producers unable to self-fund operations which trade at some of the largest discounts we have known given the lack of investor appetite also accentuated by anticipated dilution. Such heavily discounted valuations presents an opportunity, but are being approached with caution as the timing of any equity re-rating is uncertain. They will need an improvement in sentiment towards the sector, and with additional funding providing a more certain entry point, but equally can offer greater upside. Out of favour gold equities appear a good hedge for portfolios at present.

New City Investment Managers

11 September 2023

Unaudited Interim Statement of Comprehensive Income

For the period ended 30 June 2023

		Revenue	Capital	Period to	Period to
	Notes	£	£	June 2023	June 2022
				Total	Total
				£	£
Income					
Income from investments held at fair value through profit or loss	7	60,127	-	60,127	39,107
Net capital losses on investments held at fair value through profit or loss	7	-	(2,315,426)	(2,315,426)	(8,927,602)
Net losses on foreign exchange		-	(1,566)	(1,566)	(18,061)
Other income		5,821	-	5,821	-
Net income/(loss)		65,948	(2,316,992)	(2,251,044)	(8,906,556)
Expenses					
Investment management fees	5	(187,358)	-	(187,358)	(251,813)
Administration fees	5	(43,957)	-	(43,957)	(41,920)
Directors' fees	5	(40,000)	-	(40,000)	(40,000)
Financial advisers fees	5	(19,968)	-	(19,968)	(19,968)
Audit fees		(19,777)	-	(19,777)	(13,520)
Custodian fees	5	-	-	-	(11,564)
Registrar's fees	5	(7,943)	-	(7,943)	(8,846)
Listing fees		(15,314)	-	(15,314)	(8,812)
Depository fees	5	(8,400)	-	(8,400)	(8,400)
Research fees		-	-	-	(8,150)
Directors' insurance		(3,410)	-	(3,410)	(3,171)
Legal and professional fees		-	-	-	(2,826)
Other fees		(4,925)	-	(4,925)	(10,632)
Total operating expenses		(351,052)	-	(351,052)	(429,622)
Net loss on ordinary activities before financing and taxation		(285,104)	(2,316,992)	(2,602,096)	(9,336,178)
Finance cost					
Overdraft interest	8	(83,583)	-	(83,583)	(58,467)
Net loss on ordinary activities before taxation		(368,687)	(2,316,992)	(2,685,679)	(9,394,645)
Taxation	3	(11,888)	-	(11,888)	(6,785)
Total comprehensive loss for the period		(380,575)	(2,316,992)	(2,697,567)	(9,401,430)
Per share ordinary shares:					
Basic loss per Ordinary share (pence)	6			(3.15)	(11.00)
Diluted earnings per Ordinary share (pence)	6			(3.15)	(11.00)

The "Total" column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. The supplementary revenue and capital columns are both prepared for information purposes only. No operations were acquired or disposed of during the year. All income is attributable to the equity holders of the Company.

All the items in the above statement are derived from continuing operations.

The notes on pages 14 to 36 form part of these Unaudited Interim Financial Statements.

Unaudited Interim Statement of Changes in Equity

For the period ended 30 June 2023

	Share capital	Revenue reserve	Distributable reserve	Realised capital reserve	Unrealised capital reserve	Total equity
Notes	£	£	£	£	£	£
Balance as at 1 January 2023	85,503	(8,789,449)	56,991,016	(8,479,632)	(7,799,361)	32,008,077
Total comprehensive loss for the period	-	(380,575)	-	1,444,830	(3,761,822)	(2,697,567)
Balance as at 30 June 2023	85,503	(9,170,024)	56,991,016	(7,034,802)	(11,561,183)	29,310,510
Balance as at 1 January 2022	85,503	(7,868,371)	56,991,016	(8,674,762)	4,151,969	44,685,355
Total comprehensive loss for the period	-	(455,767)	-	(707,404)	(8,238,259)	(9,401,430)
Balance as at 30 June 2022	85,503	(8,324,138)	56,991,016	(9,382,166)	(4,086,290)	35,283,925

The notes on pages 14 to 36 form an integral part of these Unaudited Financial Statements

Unaudited Interim Statement of Financial Position

As at 30 June 2023

		(Unaudited) 30 June 2023	(Audited) 31 December 2022
	Notes	£	£
Non-current assets			
Investments at fair value through profit or loss	7	34,215,295	35,275,370
Current assets			
Receivables and prepayments	9	13,491	10,445
Cash and cash equivalents	8	3,308	232,576
Total Assets		34,232,094	35,518,391
Current liabilities			
Investments at fair value through profit or loss	7	-	(524)
Payables and accruals	10	(167,249)	(163,491)
Bank overdraft	8	(4,754,335)	(3,346,299)
Total Liabilities		(4,921,584)	(3,510,314)
Net Assets		29,310,510	32,008,077
Equity			
Share capital	11	85,503	85,503
Revenue reserve	12	(9,170,024)	(8,789,449)
Distributable reserve	12	56,991,016	56,991,016
Realised capital reserve	12	(7,034,802)	(8,479,632)
Unrealised capital reserve	12	(11,561,183)	(7,799,361)
Total Equity		29,310,510	32,008,077
Number of ordinary shares in issue	11	85,503,021	85,503,021
Net Asset Value per ordinary share (pence)	16	34.28	37.44

The Financial Statements on pages 10 to 36 were approved by the Board of Directors and authorised for issue and signed on 11 September 2023 on its behalf by:



Toby Birch



Robert King

The notes on pages 14 to 36 form part of these Unaudited Financial Statements.

Unaudited Interim Statement of Cash Flows

For the period ended 30 June 2023

	Notes	Period to 30 June 2023 £	Period to 30 June 2022 £
Cash flows from operating activities			
Total comprehensive loss for the period		(2,697,567)	(9,401,430)
Adjustments for:			
Net capital losses on investments held at fair value through profit or loss		2,315,426	8,927,602
Interest expense		83,583	-
Increase in receivables and prepayments		(3,046)	(959,593)
Increase in payables and accruals		3,758	912,097
Purchase of investments	7	(8,977,220)	(11,155,308)
Proceeds from settlement of investments	7	7,721,345	11,407,923
Net cash used in operating activities		(1,553,721)	(268,709)
Cash flows from financing activities			
Repayment of overdraft		(16,675,468)	-
Borrowings from overdraft		18,083,504	-
Interest paid on overdraft		(83,583)	-
Net cash generated from financing activities		1,324,453	-
Net decrease in cash and cash equivalents		(229,268)	(268,709)
Cash and cash equivalents at the beginning of the period		232,576	(5,276,799)
Cash and cash equivalents at end of period		3,308	(5,545,508)
Cash and cash equivalents at the end of the period:			
Cash and cash equivalents		3,308	966,462
Bank overdraft		-	(6,511,970)
		3,308	(5,545,508)
Supplementary cash flow information			
		£	£
<i>Net cash used in operating activities include:</i>			
Interest paid on cash balances		-	(58,467)
Income received from investments		60,127	39,107

The notes on pages 14 to 36 form part of these Unaudited Financial Statements.

Notes to the Unaudited Interim Financial Statements

For the period ended 30 June 2023

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 2020, as amended. The Company's registered office is shown on page 38.

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, other metals, minerals and commodities 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 as adopted by the European Union ('IFRS') 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.

The Interim 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.

Notes to the Unaudited Interim Financial Statements

For the period ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going concern

In assessing the going concern basis of accounting, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future.

The fair value of the Company's investments had decreased since the year end as detailed in the Investment Manager's Report. The Directors reviewed the Company's collateral position. The Company holds an excess of £8,462,613 with BNP Paribas, London Branch over the margin requirement as at the date of signing these interim financial statements and therefore the Directors consider that the Company will be able to meet its liabilities as they fall due.

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.

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 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.

Notes to the Unaudited Interim Financial Statements

For the period ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and interpretations in issue and not yet effective

At the date of authorisation of these Interim Financial Statements no updates to standards and interpretations have become relevant to the Company.

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

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The Directors have considered the impact of IFRS 9. It includes revised guidance on the classification and measurement of financial instruments based on the Company's business model. All of the existing investments were already fair valued, using either listed prices or Black-Scholes model, in accordance with IAS 39 and the Company does not issue any debt. On this basis there was no impact on the carrying values of such financial assets in the financial statements with the adoption of IFRS 9. Under IAS 39 receivables, trade receivables and cash and cash equivalents were classified as loans and receivables, these items under IFRS 9 are classified as financial assets measured at amortised cost.

Financial instruments

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

Financial assets

The Company's financial assets are classified in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured subsequently at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flow. At initial recognition, the Company measures a financial asset at its fair value, plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Notes to the Unaudited Interim Financial Statements (continued)

For the period ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets at amortised cost

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 method, less provisions for impairment. The effect of discounting is immaterial. The Company assesses on a forward-looking basis the expected credit loss associated with its financial assets held at amortised cost. The Company has elected to apply the simplified approach permitted by IFRS 9 in respect of receivables as they have a maturity of less than one year and do not contain a significant financing component. Under the simplified approach the requirement is to always recognise lifetime Expected credit loss ('ECL'). Under the simplified approach practical expedients are available to measure lifetime ECL but forward-looking information must still be incorporated. Under the simplified approach there is no need to monitor significant increases in credit risk and entities will be required to measure lifetime ECLs at all times. The directors have concluded that any ECL on receivables would be highly immaterial to the financial statements due to the low credit risk of the relevant counterparties and the historical payment history.

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. In 2022, bank overdrafts that were repayable on demand and form an integral part of the Company's cash management were included as a component of cash and cash equivalents for the purpose of the Interim Statement of Cash Flows. During the 2022 financial year end, bank overdraft was reclassified from operating activities to financing activities due to the insufficient fluctuation from positive to negative balance of the overdraft account, and as such it does not qualify as an integral part of the entity's cash management.

Financial assets at fair value

All financial assets not classified as measured at amortised cost are measured at fair value through profit or loss. 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 recognised in the Interim Statement of Comprehensive Income as appropriate.

Notes to the Unaudited Interim Financial Statements (continued)

For the period ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Warrants are carried at fair value using standard Black-Scholes valuation model. 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); and
- 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 as a whole. 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 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 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 recognised in the Interim Statement of Comprehensive Income.

Notes to the Unaudited Interim Financial Statements (continued)

For the period ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest income and expense

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

Income

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

Expenses

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

Revenue reserves

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

Translation of foreign currency

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

Segmental reporting

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

For management purposes, the Company is organised into one main operating segment, which invests in precious metals securities which are principally listed on the stock exchanges of London, Toronto and Sydney.

All of the Company's activities are interrelated, and each activity is based upon analysis of the Company as one segment.

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

Notes to the Unaudited Interim Financial Statements (continued)

For the period ended 30 June 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segmental reporting (continued)

The Company does not hold any non-current assets which required 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 on pages 35 to 37.

3. TAXATION

The Company has been granted exemption from Guernsey taxation and has paid an annual exemption fee for the year of £1,200 (2022: £1,200). It should be noted, however, that interest and dividend income accruing from the Company's investments may be subject to irrecoverable withholding tax in the country of origin.

The Company has suffered irrecoverable withholdings tax in the period under review of £11,888 (30 June 2022: £6,785).

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 2023, and as at the date of signing these Interim Financial Statements:

Director	Ordinary Shares Period ended 30 June 2023	Ordinary Shares Year ended 31 December 2022
R King	50,000	50,000
T Birch	125,000	125,000

Notes to the Unaudited Interim Financial Statements (continued)

For the period ended 30 June 2023

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

Directors' Fees

The Directors are responsible for the determination of the investment policy of the Company and have overall responsibility for the Company's activities. The annual remuneration for each director is £20,000 per annum. During the period Directors' fees of £40,000 were charged to the Company (30 June 2022: £40,000) and £20,000 was payable at the period end (31 December 2022: £40,000). All Directors are non-executive.

Other significant agreements

Investment Manager

Under the Investment Management Agreement, 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 up to (and including) £20,000,000 and 1% of the Company's Net Asset Value in excess of £20,000,000. 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 £187,358 were charged to the Company (30 June 2022: £251,813) and £29,929 was payable at the period end (31 December 2022: £31,432).

The Investment Manager has also received £nil (30 June 2022: £nil) in relation to the reimbursement of third-party research fees incurred on behalf of the Company in this financial accounting period.

Administrator

The Company's Administrator is Maitland Administration (Guernsey) Limited, an Apex group company. In consideration for the services provided by the Administrator under the Administration Agreement, the Administrator is entitled to receive from the Company a minimum annual fee of £80,000 per annum which will increase annually in line with the inflation in Guernsey, if the NAV is under £100,000,000 at 8bps, NAV between £100m to £200m at 6bps, NAV between £200m to £350m at 4bps, NAV over £350m at 2bps, payable quarterly in arrears. During the period administration fees of £43,957 were charged to the Company (30 June 2022: £41,920) and £43,334 was payable at the period end (31 December 2022: £21,667).

Custodian Fees

The Company's Custodians was Credit Suisse AG Dublin Branch ("CSAGDB") and currently BNP Paribas, London Branch. CSAGDB custodian fees were charged monthly at 5 basis points and based on the Company's assets under management. During the period custodian fees of £nil were charged to the Company (30 June 2022: £11,564) and £nil was payable at the period end (31 December 2022: £nil). BNP Paribas, London Branch does not charge a basis point fee on assets under management.

Notes to the Unaudited Interim Financial Statements (continued)

For the period ended 30 June 2023

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

Depositary

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 0.01% thereafter, subject to a minimum fee of £1,400 per month. During the period depositary fees of £8,400 were charged to the Company (30 June 2022: £8,400) and £1,400 was payable at the period end (31 December 2022: £1,400).

Financial Adviser and Corporate Broker

The Company's Financial Adviser and Corporate Broker ('Financial Adviser') is finnCap Ltd. The Financial Adviser is entitled to receive from the Company an annual fee of £40,000 per annum payable quarterly in advance as well as all reasonable out-of-pocket expenses incurred. During the period financial adviser fees of £19,968 (30 June 2022: £19,968) were charged to the Company. At period end, a prepayment of £2,967 was outstanding for brokerage fees (31 December 2022: £ 2,935).

Registrar

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 £8,300 per annum plus transaction and CRS fees and once off items payable monthly in arrears as well as all reasonable out-of-pocket expenses incurred. During the period registrar fees of £7,943 were charged to the Company (30 June 2022: £8,846) and £8,087 was payable at period end (31 December 2022: £8,833).

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

Basic loss per Ordinary Share is calculated by dividing the total comprehensive loss for the period of £2,697,567 (30 June 2022: loss of £9,401,430) by the weighted average number of Ordinary Shares outstanding during the period. The weighted average number of Ordinary Shares for the period is 85,503,021 (31 December 2022: 85,503,021).

Notes to the Unaudited Interim Financial Statements (continued)

For the period ended 30 June 2023

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 2023	34,568,383	147,211	559,252	35,274,846
Purchases	8,977,220	-	-	8,977,220
Sales	(7,721,345)	-	-	(7,721,345)
Gain/(loss)				
- realised	1,446,821	-	-	1,446,821
- unrealised	(3,748,078)	(72,989)	58,820	(3,762,247)
Closing fair value at 30 June 2023	33,523,001	74,222	618,072	34,215,295
30 June 2023	Level 1 £	Level 2 £	Level 3 £	Total £
<i>Split by:</i>				
Listed equities	33,523,001	-	618,072	34,141,073
Warrants	-	74,222	-	74,222
	33,523,001	74,222	618,072	34,215,295

Notes to the Unaudited Interim Financial Statements (continued)

For the period ended 30 June 2023

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 2022	50,066,794	45,673	-	50,112,467
Reclassification *	(559,252)		559,252	-
Purchases	16,489,340	-	-	16,489,340
Sales	(19,541,602)	-	-	(19,541,602)
Gain/(loss)				
- realised	165,587	-	-	165,587
- unrealised	(12,052,484)	101,538	-	(11,950,946)
Closing fair value at 31 December 2022	34,568,383	147,211	559,252	35,274,846
31 December 2022	Level 1 £	Level 2 £	Level 3 £	Total £
<i>Split by:</i>				
Listed equities *	34,568,383	-	559,252	35,127,635
Warrants	-	147,735	-	147,735
	34,568,383	147,735	559,252	35,275,370
Forward currency contracts	-	(524)	-	(524)
	-	(524)	-	(524)
	34,568,383	147,211	559,252	35,274,846

*A reclassification of fair value hierarchy from Level 1 to Level 3 was made during the year due to suspension from trading of Firefinch Ltd.

During the period there was no (31 December 2022: one) investment transfer from Level 1 to Level 3. There are three investments held at Level 3 with a £nil value (31 December 2022: three investments held at Level 3 with a £nil value).

Please refer to pages 35 to 37 for an analysis of financial assets at fair value through profit or loss which are disclosed above.

Notes to the Unaudited Interim Financial Statements (continued)

For the period ended 30 June 2023

7. INVESTMENTS AT FAIR VALUE (CONTINUED)

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

	Period to 30 June 2023 £	Period to 30 June 2022 £
Net realised gain/(loss) on investments held at fair value through profit or loss	1,446,821	(682,393)
Net unrealised loss on investments held at fair value through profit or loss	<u>(3,762,247)</u>	<u>(8,245,209)</u>
Net capital losses on investments held at fair value through profit or loss	(2,315,426)	(8,927,602)
Dividend income	<u>60,127</u>	<u>39,107</u>
Net loss on investments held at fair value through profit or loss	<u>(2,255,299)</u>	<u>(8,888,495)</u>

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

<u>Item</u>	<u>Fair value hierarchy level</u>	<u>Valuation techniques</u>
Financial assets at fair value through profit or loss – Listed equity securities	Level 1	Fair value is the quoted bid price.
<u>Item</u>	<u>Fair value hierarchy level</u>	<u>Valuation techniques</u>
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 using the Black-Scholes method.
Financial assets at fair value through profit or loss – Forward currency contracts.	Level 2	The fair value of forward currency contracts have been calculated using the underlying exchange rates.
Financial assets at fair value through profit or loss – Suspended equity security	Level 3	The fair value of the suspended security is determined using the last traded price in original currency.

Notes to the Unaudited Interim Financial Statements (continued)

For the period ended 30 June 2023

8. BANK OVERDRAFT

Bank overdraft comprise of the following:

	Period to 30 June 2023	Year ended 31 December 2022
	£	£
Bank overdraft	<u>(4,754,335)</u>	<u>(3,346,299)</u>

Movement for bank overdraft for the period/year:

	(Unaudited) 30 June 2023	(Audited) 31 December 2022
	£	£
Opening balance	(3,346,299)	(5,286,408)
Repayment of overdraft	16,591,885	18,067,856
Borrowings from overdraft	(18,083,504)	(16,241,006)
Interest paid on overdraft	83,583	113,259
Closing balance	<u>(4,754,335)</u>	<u>(3,346,299)</u>

BNP Paribas, London Branch 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.

BNP Paribas, London Branch, overdraft Interest is calculated on a daily basis using SONIA overnight rate plus 83 basis points. In order to satisfy BNP Paribas, London Branch 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 BNP Paribas, London Branch 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 £8,462,613 (31 December 2022: £8,375,536).

CSAGDB overdraft interest was calculated on a daily basis using the one month Libor rate plus 175 basis points and was charged to the Company on a monthly basis. In order to satisfy CSAGDB of liquidity, a margin requirement was calculated to establish a net equity and cash position that had to be maintained as collateral. If the Company fell into deficit then more funds were called. If the margin calls were not met then CSAGDB could 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 no assets with CSAGDB (31 December 2022: £14,941).

The overdraft interest during the period of £83,583 (30 June 2022: £58,467) represents the only gain or loss on financial liabilities measured at amortised cost.

Notes to the Unaudited Interim Financial Statements (continued)

For the period ended 30 June 2023

8. BANK OVERDRAFT (CONTINUED)

In addition to the above there was a provision for an event of default, for CSAGDB it was where the NAV changed 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. For BNP Paribas, London Branch it is where the NAV changes from the previous highest NAV of the previous calendar year by more than 45% over the year and no concept of highest NAV in the period, 30% for the previous 3 months and 15% for the previous month. The NAV floor is greater of (i) 50% of its NAV at the time of execution of the ISDA Master Agreement and (ii) 50% of its NAV as at the latest financial year end. These are monitored on a monthly basis and the Directors confirm there were no breaches in the period.

9. RECEIVABLES AND PREPAYMENTS

	Period ended 30 June 2023	Year ended 31 December 2022
	£	£
Accrued income	1,614	-
Prepayments	11,877	10,445
Total Receivables and Prepayments	13,491	10,445

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 2023	Year ended 31 December 2022
	£	£
Directors' fees (Note 5)	20,000	40,000
Investment management fees (note 5)	29,929	31,432
Administration fees (note 5)	43,334	21,667
Listing fees	40,553	30,919
Audit fee	14,802	24,875
Research fees	8,144	-
Registrar fee payable (note 5)	8,087	8,833
Legal and professional fees	-	3,365
Depositary fees (note 5)	1,400	1,400
Other fees	1,000	1,000
Total Payables and Accruals	167,249	163,491

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

Notes to the Unaudited Interim Financial Statements (continued)

For the period ended 30 June 2023

11. SHARE CAPITAL

Authorised Share Capital as at 30 June 2023 and 31 December 2022

	2023	2022	2023	2022
	Number of shares	Number of shares	£	£
Ordinary shares of £0.001 par value	200,000,000	200,000,000	200,000	200,000

Issued and fully paid Share Capital Equity Shares

	No. of shares		Share Capital	
	2023	2022	2023	2022
			£	£
Ordinary shares of £0.001 each at inception				
As at 1 January and 30 June/ 31 December	85,503,021	85,503,021	85,503	85,503
Issued during the year	-	-	-	-
As at 1 January and 30 June/31 December	85,503,021	85,503,021	85,503	85,503

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

12. RESERVES

Revenue Reserve

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

Distributable Reserve

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

Realised Capital Reserve

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

Unrealised Capital Reserve

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

Notes to the Unaudited Interim Financial Statements (continued)

For the period ended 30 June 2023

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 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 2023 there were no financial assets which were past due or impaired (31 December 2022: none).

The Board of Directors are 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 2022: A-2/A-) and BNP Paribas has a Standard and Poor's credit rating of A-1/A+ (31 December 2022: 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 2023	Year ended 31 December 2022
	£	£
Cash and cash equivalents:		
Credit Suisse AG Dublin Branch	-	64,941
BNP Paribas, London Branch	3,308	167,635
Total assets with credit risk	3,308	232,576

Liquidity risk

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

Whilst most of the Company's financial assets are listed securities which are considered readily realisable as they are listed on major recognised stock exchanges, some of the financial assets held by the Company may not be listed on recognised stock exchanges and so will not be readily realisable and their marketability may be restricted. The Company might only be able to liquidate these positions at disadvantageous prices, should the Investment Manager determine, or it become necessary, to do so. The fair value of these financial assets as at 30 June 2022 amounts to £74,222 (31 December 2022: £147,211).

Notes to the Unaudited Interim Financial Statements (continued)

For the period ended 30 June 2023

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.

30 June 2023	Less than 1 month £	1-3 months £	3 months to 1 year £	1 - 5 years £	Total £
Bank overdraft	4,754,335	-	-	-	4,754,335
Directors' fees (Note 5)	20,000	-	-	-	20,000
Investment management fees	29,929	-	-	-	29,929
Administration fees	43,334	-	-	-	43,334
Listing fees	40,553	-	-	-	40,553
Registrar fees	8,087	-	-	-	8,087
Depositary fees	1,400	-	-	-	1,400
Financial advisers fees	1,000	-	-	-	1,000
Audit fees	-	14,802	-	-	14,802
Research fees	-	-	8,144	-	8,144
	4,898,638	14,802	8,144	-	4,921,584

31 December 2022	Less than 1 month £	1-3 months £	3 months to 1 year £	1 - 5 years £	Total £
Bank overdraft	3,346,299	-	-	-	3,346,299
Directors' fees (Note 5)	40,000	-	-	-	40,000
Investment management fees	31,432	-	-	-	31,432
Listing fees	30,919	-	-	-	30,919
Audit fees	-	24,875	-	-	24,875
Administration fees	21,667	-	-	-	21,667
Registrar fees	8,833	-	-	-	8,833
Legal and professional fees	3,365	-	-	-	3,365
Depositary fees	1,400	-	-	-	1,400
Financial advisers fees	1,000	-	-	-	1,000
Forward currency contract	524	-	-	-	524
	3,485,439	24,875	-	-	3,510,314

Notes to the Unaudited Interim Financial Statements (continued)

For the period ended 30 June 2023

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

BNP Paribas, London Branch as the current Custodian have a fixed charge on all the Company's cash held by BNP, and all its assets, in return for services provided including execution of transactions, custody of investments and cash and financing. As per Note 8, BNP Paribas, London Branch also calculates a margin requirement to establish a net cash and equity position that must be maintained as collateral. As at the period end the Company had a significant excess over this margin requirement. Should there be a deficit at any point BNP Paribas, London Branch are 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 for 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.

Notes to the Unaudited Interim Financial Statements (continued)

For the period ended 30 June 2023

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Price sensitivity

The value of the Company's financial assets had a sensitivity of £10,264,589 (31 December 2022: £10,582,611) to a 30% (31 December 2022: 30%) increase or decrease in the market prices with other variables being held constant as at 30 June 2023. A 30% change is the sensitivity rate currently used when reporting price risk internally to key management personnel.

Interest rate risk

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

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

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.

	0-3 Months	1-5 Years	Total
As at 30 June 2023	£	£	£
<i>Variable rate assets</i>			
Cash and cash equivalents	3,308	-	3,308
	<u>3,308</u>	<u>-</u>	<u>3,308</u>
<i>Variable rate liabilities</i>			
Bank overdraft	(4,754,335)	-	(4,754,335)
	<u>(4,754,335)</u>	<u>-</u>	<u>(4,754,335)</u>

Notes to the Unaudited Interim Financial Statements (continued)

For the period ended 30 June 2023

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Interest rate risk (continued)

As at 31 December 2022	0-3 Months	1-5 Years	Total
	£	£	£
<i>Variable rate assets</i>			
Cash and cash equivalents	232,576	-	232,576
	<u>232,576</u>	<u>-</u>	<u>232,576</u>
<i>Variable rate liabilities</i>			
Bank overdraft	(3,346,299)	-	(3,346,299)
	<u>(3,346,299)</u>	<u>-</u>	<u>(3,346,299)</u>

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 interim financial period and held constant throughout the interim 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 £209 (31 December 2022: £1,133) higher or lower due to the change in the interest payable on the bank overdraft and the interest receivable on cash and cash equivalents.

Notes to the Unaudited Interim Financial Statements (continued)

For the period ended 30 June 2023

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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:

Currency	30 June 2023		31 December 2022	
	Assets £	Liabilities £	Assets £	Liabilities £
Australian Dollar (AUD)	14,187,070	-	15,015,697	-
Canadian Dollar (CAD)	15,917,446	(68,331)	16,718,469	(153,387)
Mexican Peso (MXN)	-	(1)	-	(1)
United States Dollar (USD)	3,274,178	(8,145)	3,161,639	-
	<u>33,378,694</u>	<u>(76,477)</u>	<u>34,895,805</u>	<u>(153,388)</u>

Foreign currency sensitivity

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

The following table details the Company's sensitivity to a 15% (2022: 15%) increase or decrease in Sterling against the relevant foreign currencies. A 15% change is the sensitivity rate currently used when reporting foreign currency risk internally to key management personnel. 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.

Notes to the Unaudited Interim Financial Statements (continued)

For the period ended 30 June 2023

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign currency sensitivity (continued)

Change in net assets in response to a 15% change in foreign currency rates:

Currency	30 June 2023		31 December 2022	
	Appreciation £	Depreciation £	Appreciation £	Depreciation £
Australian Dollar (AUD)	2,503,601	(1,850,487)	2,649,829	(1,958,569)
Canadian Dollar (CAD)	2,796,903	(2,067,276)	2,923,250	(2,160,663)
United Stated Dollar (USD)	576,359	(426,004)	557,936	(412,388)

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.

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.

Notes to the Unaudited Interim Financial Statements (continued)

For the period ended 30 June 2023

16. NAV RECONCILIATION

	Period ended 30 June 2023	Year ended 31 December 2022
	£	£
Net asset value per financial statements	29,310,510	32,008,077
Number of ordinary shares in issue	85,503,021	85,503,021
IFRS NAV per ordinary share (pence)	34.28	37.44
Issued NAV per ordinary share (pence)	35.48	38.01

The major difference between the IFRS NAV per Ordinary Share and 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 daily Issued NAV purposes.

17. SUBSEQUENT EVENTS

There has not been any matter or circumstance occurring subsequent to the end of the interim reporting period that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future reporting periods.

Portfolio Statement

As at 30 June 2023

Description	Holding no.	Fair value £	% of Total net assets
Equities			
<i>Australia</i>			
Emerald Resources	3,236,599	3,338,379	11.39
West African Resources	4,571,447	2,070,381	7.06
Leo Lithium	3,406,447	1,774,620	6.05
Westgold Resources	1,656,542	1,240,278	4.23
Calidus Resources	13,622,476	1,212,511	4.14
Ora Banda Mining	13,953,920	876,714	2.99
Rox Resources	4,277,778	727,917	2.48
Firefinch Ltd *	9,920,002	618,072	2.11
Horizon Minerals	22,952,386	456,659	1.56
Predictive Discovery	5,000,000	418,862	1.43
Silver Lake Resources	686,715	348,762	1.19
Castile Resources	7,625,977	323,416	1.10
Antipa Minerals	36,455,027	229,044	0.78
Genesis Minerals	286,957	190,810	0.65
LCL Resources	9,150,000	143,722	0.49
Richmond Vanadium	594,363	124,478	0.42
Metals X	551,618	76,536	0.26
Nico Resources	51,422	12,385	0.04
		<u>14,183,546</u>	<u>48.37</u>
<i>Canada</i>			
Calibre Mining	3,468,380	2,783,256	9.50
Fortuna Silver Mines	711,153	1,775,436	6.06
B2Gold	614,233	1,679,514	5.73
Mag Silver	140,700	1,206,850	4.12
Osisko Development	298,985	1,052,116	3.59
Karora Resources	361,687	842,775	2.88
Silvercrest Metals	147,000	659,716	2.25
Adventus Mining	3,594,655	641,019	2.19
Palladium One Mining	11,620,218	621,655	2.12
Reunion Gold	1,784,500	503,852	1.72
Galiano Gold	919,496	409,924	1.40
Integra Resources	493,465	410,655	1.40
Vizsla Silver	422,462	381,702	1.30
Orla Mining	119,300	372,300	1.27
Pan America Silver	32,546	364,671	1.24
Rupert Resources	148,177	361,125	1.23
Collective Mining Ltd	100,000	337,630	1.15
Ascendant Resources	3,297,345	323,401	1.10
Americas Silver	931,185	257,384	0.88
Liberty Gold	851,000	207,399	0.71
Silver Mountain Resou	2,870,000	204,718	0.70
Bluestone Resources	696,215	177,953	0.61
Newcore Gold	1,639,156	136,408	0.47
Mawson Gold	1,000,000	89,163	0.30
Pure Gold Mining	6,519,250	38,752	0.13
Orea Mining	717,000	6,393	0.02
Pan America Silver *	168,700	-	-
Trevali Mining *	101,838	-	-
		<u>15,845,767</u>	<u>54.07</u>

Portfolio Statement (Continued)

As at 30 June 2023

Description	Holding no.	Fair value £	% of Total net assets
<i>United Kingdom</i>			
Thor Explorations	3,400,000	578,000	1.97
Tharisa	195,000	150,150	0.51
Trident Royalties	251,941	113,373	0.39
		<u>841,523</u>	<u>2.87</u>
<i>United States of America</i>			
MAG Silver	119,294	1,025,589	3.50
Wheaton Precious Metals	26,000	869,563	2.97
Osisko Gold Royalties	60,000	712,628	2.43
Platinum Group Metals	449,795	491,772	1.68
Sibanye-Stillwater	35,000	170,685	0.58
Pan America Silver Corp *	50,000	-	-
		<u>3,270,237</u>	<u>11.16</u>
Total equities		<u>34,141,073</u>	<u>116.47</u>
Warrants			
<i>Australia</i>			
Castile Resource **	1,037,087	2,543	0.01
Antipa **	10,370,370	-	-
Calidus Resources Ltd-CW2 **	1,502,493	-	-
Horizon Mineral WT 290625 **	5,222,222	-	-
		<u>2,543</u>	<u>0.01</u>
<i>Canada</i>			
Osiko Dev CRP WT 03 2026 **	79,999	60,440	0.21
Silver Mountain Reso WRT **	500,000	8,155	0.03
Aurcana Silver Corp WT 08 **	357,143	1,934	0.01
Newcore Gold Ltd WT 0.2 **	569,578	-	-
Silver MTN-CW24 Equity **	935,000	246	-
Ascendant Res WT 271023 **	202,826	536	-
Osiko Dev/C WT 10 2023 **	25,000	368	-
		<u>71,679</u>	<u>0.25</u>
Total warrants		<u>74,222</u>	<u>0.26</u>
Total Investments at fair value through profit and loss		<u>34,215,295</u>	<u>116.73</u>
Net receivables and payables		(153,758)	(0.52)
Net cash and cash equivalents and bank overdraft		(4,751,027)	(16.21)
Total Net Assets		<u>29,310,510</u>	<u>100.00</u>

* Level 3 unlisted equities

**Level 2 unlisted warrants

Portfolio Statement (Continued)

As at 30 June 2023

Summary of Investments:	Fair value £	% of Total net assets
Equities		
Australia	14,183,546	48.37
Canada	15,845,767	54.07
United States of America	3,270,237	11.16
United Kingdom	841,523	2.87
Total equities	34,141,073	116.47
Warrants		
Australia	2,543	0.01
Canada	71,679	0.25
Total warrants	74,222	0.26
Net receivables and payables	(153,758)	(0.52)
Net cash and cash equivalents and bank overdraft	(4,751,027)	(16.21)
Total Net Assets	29,310,510	100.00

Management and Administration (continued)

As at 30 June 2023

Directors

Toby Birch
Robert King
Graeme Ross
Malcolm Burne (retired on 27 June 2023)

Details available at – www.ncim.co.uk/wp/golden-prospect-precious-metals-ltd/

Secretary and Administrator

Maitland Administration (Guernsey) Limited, an Apex group company
1 Royal Plaza
St Peter Port
Guernsey
GY1 2HL

Registered office

Maitland Administration (Guernsey) Limited, an Apex group company
1 Royal Plaza
St Peter Port
Guernsey
GY1 2HL

Investment Manager

CQS (UK) LLP
4th Floor
1 Strand
London
WC2N 5HR

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 (“NCIM”)

(a trading name of CQS (UK) LLP, previously CQS Asset Management Limited)
4th Floor
1 Strand
London
WC2N 5HR

AIFM

CQS (UK) LLP
4th Floor
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London
WC2N 5HR

Independent Auditor to the Company

BDO Limited
P.O. Box 180
Rue du Pré
St Peter Port
Guernsey
GY1 3LL

Depository

INDOS Financial Limited
The Scalpel
18th Floor
52 Lime Street
London
EC3M 7AF

Bankers and Custodians

Credit Suisse AG Dublin Branch

Kilmore House
Park Lane
Spencer Dock
Dublin 1
Ireland

BNP Paribas, London Branch

10 Harewood Avenue,
London
NW1 6AA

* BNP Paribas, London Branch became the Company's Principal Banker and Custodian on 31 March 2022.

Financial Adviser and Broker to the Company

finnCap Ltd.
One Bartholomew Close
London
EC1A 7BL

Management and Administration (continued)

As at 30 June 2023

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Market Makers

finnCap Capital Markets Limited
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Registrar and CREST Agent

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Advocates to the Company as to Guernsey Law

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Solicitors to the Company as to English Law

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