

Golden Prospect Precious Metals Limited

Annual Report and Audited Financial Statements

For the year ended 31 December 2023

Golden Prospect Precious Metals Limited

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Golden Prospect Precious Metals Limited

Chairman's Statement

For the year ended 31 December 2023

Following the wild swings of 2022, it was hoped that 2023 would provide a degree of respite. Initially the omens were positive as January 2023 saw the share price rally by 10%. A sell-off subsequently ensued and disappointingly, the pattern was repeated in the second Quarter.

The pain continued through to October as 10-year US Treasury yields peaked at 5% then began to fall. This triggered a widespread rally in financial assets across the board. Until then, anything in the mid and small-cap area of the stock market was utterly unloved. Mining shares were especially shunned given their high intensity of energy and labour costs. Investors have meanwhile swooned over the transformative effects of Artificial intelligence; plenty has already been written in the Press about the 'Magnificent 7' and need not be repeated here.

The share price troughed in late October, re-visiting the lows of 2019 in the process. There was a degree of recovery in the final Quarter with a rally from 23p to 30p, but the Company finished the year with an overall loss of 14%. Compared with equivalent Exchange Traded Funds (ETFs) in America it was weaker than both the major gold miner's index (GDX) and junior miners index (GDXJ). In Sterling terms, the gold price appreciated by 6% in 2023.

Since the emergence of gold bullion ETFs some 20 years ago, substantial assets have accumulated in these securities. Over the same period there has been a significant divergence in the performance of mining funds versus precious metals. While miners had traditionally been a more liquid proxy for gold and silver this role has increasingly been replaced by ETFs. Gold miners have much greater stock-specific risk compared with inanimate metals which can now be held at much lower cost and security, with the same ease of dealing as equities.

In the 10 years since I joined the Board, the share price has consistently traded below the Net Asset Value to the order of 20%. However, over the 12-month period under review, this discount has narrowed to approximately 17%. That may seem little to cheer about but is in stark contrast to the brutal expansion in discounts in other areas of the closed-end fund sector, especially for private equity, property, and other alternative fund themes.

It is worth observing past patterns for a clue of what may come to pass. In 2016 the Company's share price trebled rapidly, then steadily declined for 3 years. It then quadrupled in 18 months, peaking in 2020; we have endured a grinding downturn ever since. Its behaviour is contrary to mainstream equities that tend to experience sharp sell-offs followed by gradual recovery in the aftermath. This is summarised by an old Wall Street adage that 'prices go down the elevator and up the escalator'. With the usual caveat that past performance is no guarantee of future results, time will tell if we witness a sudden surge once more in 2024.

The investment advisers CQS have announced that they will be acquired by Manulife Investment Management of Canada in a move that both parties describe as mutually beneficial. Although it was primarily driven by Manulife's desire for CQS's credit capabilities it is reassuring that a Canadian institution will be involved, given the country's strong resource heritage.

Golden Prospect Precious Metals Limited

Chairman's Statement

For the year ended 31 December 2023

As ever, ESG awareness is high on the agenda at every Board Meeting. CQS will continue to apply these standards when selecting investments for the portfolio. A further dimension for consideration is the recent regulatory guidance for combatting the proliferation and financing of weapons of mass destruction. This is particularly pertinent in these times of heightened conflict risk.

Another aspect that the Directors continue to monitor intently is the Total Expense Ratio. It is becoming increasingly difficult to suppress this given that investment funds are subject to a variety of unavoidable fixed costs, which often include an inflation element in their charging. The impact should diminish once we see the share price rally and will be further diluted should the Subscription Rights be successfully taken up in the coming years.

In the meantime, we thank shareholders for their patience and invite them to study the investment manager's report for greater detail on our holdings along with further economic assessments.

Toby Birch
Chairman

22 March 2024

Golden Prospect Precious Metals Limited

Board Members

For the year ended 31 December 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.

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 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. He was appointed chairman of the board on 27 June 2023 subsequent to the resignation of Malcolm Burne.

Robert King is an independent non-executive director on a number of company boards, which includes an 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.

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.

Golden Prospect Precious Metals Limited

Directors' Report

For the year ended 31 December 2023

The Directors present their Annual Report and the Audited Financial Statements of Golden Prospect Precious Metals Limited (the "Company") for the year ended 31 December 2023.

The Company

The Company was registered in Guernsey on 16 October 2006 and is an authorised closed-ended investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law, 2020. The Company's ordinary shares were admitted to the Official List of the Channel Islands Stock Exchange ("CISX") on 24 June 2008. The CISX rebranded to The International Stock Exchange ("TISE") on 6 March 2017. Effective 21 September 2009, the ordinary shares trade on the London Stock Exchange Electronic Trading Service SETS QX with code GPM.

Subscription Rights

On 8 December 2022, the shareholders approved the adoption of the Company's Subscription Rights programme. The first such Subscription opportunity was on 30 November 2023 and will take place annually for the next two years. The first Subscription Rights Exercise Price was the NAV per share as at 30 November 2022 which was 38.31 pence per share. At 30 November 2023, no subscription shares were exercised as the share price was lower than the 38.31 pence per share exercise price.

The next subscription opportunity is on 30 November 2024 at an exercise price of 35.94 pence per share being the NAV per share on 30 November 2023.

Shareholder Information

Up to date information regarding the Company, including a daily announcement of Net Asset Value, can be found on the Company's website, which is www.ncim.co.uk/wp/golden-prospect-precious-metals-ltd/.

Results and Dividends

The Company's performance during the year is discussed in the Investment Manager's Report on page 14. The results for the year are set out in the Statement of Comprehensive Income on page 26. The Directors do not recommend the payment of a dividend for the year ended 31 December 2023 (2022: £nil).

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

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

Golden Prospect Precious Metals Limited

Directors' Report (continued)

For the year ended 31 December 2023

Directors' Responsibilities Statement (continued)

In preparing those Financial Statements the Directors are required to:

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

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

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

Directors

The Directors of the Company as at the date of signing these financial statements are set out on page 4.

Malcolm Burne retired with effect from 27 June 2023.

Directors' Interests

The Directors held the following interests in the share capital of the Company either directly or beneficially as at 31 December 2023, and as at the date of signing these Financial Statements:

| Director | 2023 Ordinary shares | 2022 Ordinary shares |
|--------------------------------|----------------------------|----------------------------|
| R King | 50,000 | 50,000 |
| T Birch | 125,000 | 125,000 |
| M Burne (retired 27 June 2023) | N/A | 1,156,250 |

Golden Prospect Precious Metals Limited

Directors' Report (continued)

For the year ended 31 December 2023

Directors' Interests (continued)

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

| Director | 2023 £ | 2022 £ |
|-----------|---------------|---------------|
| M Burne** | 9,835 | 20,000 |
| R King | 20,000 | 20,000 |
| T Birch* | 20,000 | 20,000 |
| G Ross | 20,000 | 20,000 |
| | <u>69,835</u> | <u>80,000</u> |

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

* Chairman following retirement of Malcolm Burne on 27 June 2023

** Malcolm Burne retired with effect from 27 June 2023

Directors' Authority to Buy Back Shares

As agreed at the Company AGM on 27 June 2023, and in accordance with the Articles of Association of the Company and the Companies (Guernsey) Law, 2008, as amended (the "Law"), the Company is authorised to make market purchases of up to a maximum of 15 per cent of its existing issued ordinary Share Capital. This authority is renewable annually. At the Annual General Meeting to take place on 3 July 2024 the Company will seek to renew such authority and will seek to renew such authorities at annual general meetings thereafter.

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

Purchases of shares will only be made through the market for cash. The minimum price (exclusive of expenses) which may be paid for the shares is £0.001 per share. The maximum price (exclusive of expenses) payable by the Company for the shares will be no more than 5% above the average of the closing middle market quotations (as derived from Bloomberg) of an Ordinary share for the five consecutive dealing days preceding the date on which the purchase is made.

During the year no shares (2022: no shares) were acquired by the Company under the above authority.

Board Responsibilities and Corporate Governance

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

Golden Prospect Precious Metals Limited

Directors' Report (continued)

For the year ended 31 December 2023

Board Responsibilities and Corporate Governance (continued)

Mr King is currently considered by the Board to be independent, despite serving on the Board since the launch of the Fund. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman, is imposed. The Board confirm that all Directors receive the relevant training as necessary in relation to their on-going responsibilities in relation to the Company and the independence of each non-executive Director is regularly assessed, together with any changes to non-executive Director's interests, positions, affiliations, associations or relationships that could bear upon his or her independence.

The Board has reviewed the position and relationships of all directors in office as at 31 December 2023 and is satisfied that no director has any contract for services or any other connection, paid or otherwise, with any related party of the Company.

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

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

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

The Directors have taken the action that they consider appropriate to ensure that the appropriate level of corporate governance, for an investment company incorporated in Guernsey whose securities are listed on The International Stock Exchange, is attained and maintained. The Company does not, nor intends to, adopt the UK Code of Corporate Governance. The Company follows the Guernsey Financial Services Commission Code of Corporate Governance.

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

Golden Prospect Precious Metals Limited

Directors' Report (continued)

For the year ended 31 December 2023

Audit Committee

The Audit Committee is chaired by Graeme Ross and comprises all of the Board members. The Audit Committee members have relevant financial experience. The terms of reference of the Audit Committee are reviewed and re-assessed for their adequacy on an annual basis.

Role of the Audit Committee

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

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

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

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

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

Independent Auditor

The Audit Committee is responsible for overseeing the Company's relationship with the external auditor, including making recommendations to the Board on their appointment of the external auditor and their remuneration. BDO Limited has been the Company's external auditor since the Company's inception. The lead audit director, Mr Justin Hallett has been appointed for the year end 31 December 2023 audit.

Golden Prospect Precious Metals Limited

Directors' Report (continued)

For the year ended 31 December 2023

Independent Auditor (continued)

The Board has noted recommendations to put the external audit out to tender at least every ten years and during 2017 undertook a review of the audit services provided by our Auditor and concluded that there was currently no requirement to make any changes to their appointment.

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

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

Annual Report and Financial Statements

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

Investment Policy

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

Anti-bribery and Corruption

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

Alternative Investment Fund Managers Directive ("AIFMD")

Our Investment Manager, CQS (UK) LLP, has been authorised by the UK Financial Conduct Authority ("FCA") as an Alternative Investment Fund Manager ("AIFM") under the Alternative Investment Fund Managers Directive ("AIFMD"). The funds managed by the AIFM are now defined as Alternative Investment Funds ("AIFs") and are subject to the relevant articles of the AIFMD. Further AIFM disclosures are shown on page 60. The Board has appointed INDOS Financial Limited as the Company's Depositary.

Golden Prospect Precious Metals Limited

Directors' Report (continued)

For the year ended 31 December 2023

Internal Control and Financial Reporting

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

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

- Apex Administration (Guernsey) Limited (formerly Maitland Administration (Guernsey) Limited), is responsible for the provision of administration and company secretarial duties;
- The duties of investment management, accounting and the custody of assets are segregated. The procedures are designed to complement one another;
- The Board clearly defines the duties and responsibilities of the Company's agents and advisers in the terms of their contracts;
- The Board receives assurances from the Company's agents and advisers that any amendments required as a result of regulatory change, including the General Data Protection Regulations (effective 25 May 2018), are actioned accurately and timeously;
- The Board reviews financial information and compliance reports produced by the Administrator on a regular basis and;
- The Custodians hold all assets of the Company, in the name of the Company.

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

Environmental, Social and Governance ("ESG") Statement

The Board fully supports the growing importance placed on ESG factors when asking the Company's Investment Manager to deliver against the Company's objectives. The Board of Directors believes the integration of responsible investment factors in the investment process is consistent with delivering sustainable attractive returns for Shareholders through deeper, more informed investment decisions. The Board has reviewed and agreed the responsible investment approach adopted by CQS and a summary of this is set out below.

CQS Responsible Investment Policy incorporating our ESG Statement

CQS view ESG factors as significant drivers influencing financing costs, risk assessment valuations and performance. The assessment, integration and engagement of ESG factors is a crucial part of the Investment Manager's responsible investment commitment. By embedding responsible investment into its investment process, the Investment Manager seeks to enhance its ability to identify value, investment opportunity, risk and, critically, to generate the best possible returns and outcomes for its clients.

The Investment Manager is a signatory to the United Nations Principles for Responsible Investment ("PRI"), the UK Stewardship Code, the Net Zero Asset Managers' initiative and the Institutional Investors Group on Climate Change.

Golden Prospect Precious Metals Limited

Directors' Report (continued)

For the year ended 31 December 2023

CQS Responsible Investment Policy incorporating our ESG Statement (continued)

The Investment Manager has a three-pronged approach to engagement - Targeted Engagement Programmes which maps key objectives for priority companies to the UN Sustainable Development Goals, day-to-day engagement as part of the research process, and collaborative engagements. Key engagements are monitored and discussed at quarterly Engagement Group meetings and cover environmental, social and governance topics.

CQS has published its Responsible Investment Policy and a link to that policy could be found here;

<https://www.cqs.com/documents/cqs-responsible-investment-policy-february-2023.pdf>

Going Concern

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

- the assets of the Company consist mainly of listed securities which are readily realisable; and
- the Company has an agreed overdraft facility provided by its Custodian for which margin requirements are monitored and reported on a monthly basis. There were no breaches of these requirements during the year. There was one instance in June 2022 where the Company breached its NAV limit decline control with the Custodian which was waived by the Custodian as not being critical as it was incurred in the transition period. There were no other breaches of these requirements in the prior year.

In their assessment the Directors noted the ongoing impact of the Russian invasion of Ukraine. The Directors believe that the Company has adequate liquidity to meet its on-going expenses for the next 12 months due to the liquid nature of the investment portfolio and available credit. They have also reviewed the Company's collateral position. The Company holds an excess of £8,462,328 over the margin requirement as at the date of signing these financial statements and therefore the Directors consider that the Company will be able to meet its liabilities as they fall due, refer Note 8.

Accordingly, the Company has adequate financial resources to continue in operational existence for the next 12 months after sign off of these financial statements.

Shareholders' Significant Interests

The following shareholders had a substantial interest of 5% or more of the Company's issued share capital as at 31 December 2023, and as at the date of signing these Financial Statements:

| Shareholder | % of issued share capital |
|--|---------------------------|
| Clients of Hargreaves Lansdown (Nominees) Limited | 24% |
| Clients of Interactive Investor (Nominees) Limited | 16% |
| Clients of HSBC Global | 8% |

Golden Prospect Precious Metals Limited

Directors' Report (continued)

For the year ended 31 December 2023

Material Contracts

The Company's material contracts are with CQS (UK) LLP ("CQS"), (the Company has appointed CQS as its investment manager, however, CQS has, with the agreement of the Board, delegated that function to New City Investment Managers (a trading name of CQS (UK) LLP)), to provide investment management services; Apex Administration (Guernsey) Limited (formerly named Maitland Administration (Guernsey) Limited), which acts as Secretary and Administrator for the Company, BNP Paribas, London Branch, which acts as Custodian; INDOS Financial Limited, which acts as Depositary; Computershare Investor Services (Guernsey) Limited, which acts as Registrar for the Company and Cavendish Capital Markets Limited (formerly finnCap Ltd.), which acts as Financial Adviser and Broker to the Company.

Details of the fees payable under these contracts are disclosed in Note 5 of the Financial Statements.

Relations with Shareholders

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

The Notice of the Annual General Meeting will be sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions to the Board or the Investment Manager formally at the Company's Annual General Meeting.

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

Disclosure of Information to the Auditor

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

Approved by the Board of Directors on 22 March 2024 and signed on behalf of the Board by:

Graeme Ross

Toby Birch

Golden Prospect Precious Metals Limited

Investment Manager's Report

For the year ended 31 December 2023

Gold prices remain firm equities lag

The year was a particularly volatile one for precious metals with the gold price ranging from a low of \$1,811/oz early in the year to 2077/oz in December. The official London Bullion Market Association quoted price closed the year up 15%, at \$2,078/oz. The broad drivers underlying this strength were continued central bank buying and deteriorating geopolitics, notably in the Middle East following the Hamas led attack on Israel in early October. Around this broader market sensitivity to US interest rates added significant volatility to the precious metal sector, though latterly the outlook has decisively moved to anticipate cuts, a factor which may revive investment interest from the financial sector.

Though the trajectory of precious metal equities mirrored moves in the gold price, their performance has lagged, as shown below. In large part this appears down to the continued upward trend in costs, as illustrated by the 10% year-on-year rise in Barrick's recent Q4 results, which has acted as a drag to returns and weighed on the performance of mining equities. Having risen 12% in H1 the Fund NAV subsequently dropped 22% in Q3 before recovering to end the year a modest 3.6% lower, not helped by sterling's 5.7% appreciation against the dollar during 2023. This compared to the GDXJ ETF which ended the year with a small 1.5% gain in sterling terms. At the time of writing rate expectations have again risen with the result that the gold price had slipped back to \$2,035 and the Fund's NAV by 7.5% since the year-end. This compares to an 11% sterling decline registered by the GDXJ over the same period.

Equities lag gold (Gold vs NYSE Arca Gold Bugs index – HUI)



Golden Prospect Precious Metals Limited

Investment Manager's Report (continued)

For the year ended 31 December 2023

Uncertainties add volatility

Notwithstanding Middle East tensions and potential inflationary consequences, shifts in the interest rate outlook provided significant volatility around the broader upward trend in gold prices as markets increasingly focussed in on prospects for a peak in near-term rates. While the US 10-year-forward treasury yield ended the year at more or less at the same level as it started it made two round trips on the way as inflationary pressures and FED guidance were digested: rising to 5% then falling to 3.8% by year-end. Notably, in the first quarter of 2023 guidance from the Federal Reserve committee indicated that the process of disinflation had started, while outlining the need to see evidence of this before action to reduce rates would be taken. Though US CPI and wage data remaining above expectations inflationary pressures are now trending lower and while the exact pace of rate reductions from here may be debated, it now appears as though rates have peaked and the future direction of rates has moved decisively to anticipate cuts: markets currently imply a 0.6% reduction in the FED rate during 2024 followed by a further 0.5% reduction in 2025.

This backdrop set the tone for gold prices which, having slipped towards \$1,800/oz in Q1 subsequently jumped above \$2,000/oz in Q2, a process repeated in the second half of the year, as shown below. If rate cuts feed through as expected this should provide a supportive tailwind for precious metals.

Gold price volatility – Gold vs US 10yr rates - the inverse correlation between gold and rates broke down in early 2022



Golden Prospect Precious Metals Limited

Investment Manager's Report (continued)

For the year ended 31 December 2023

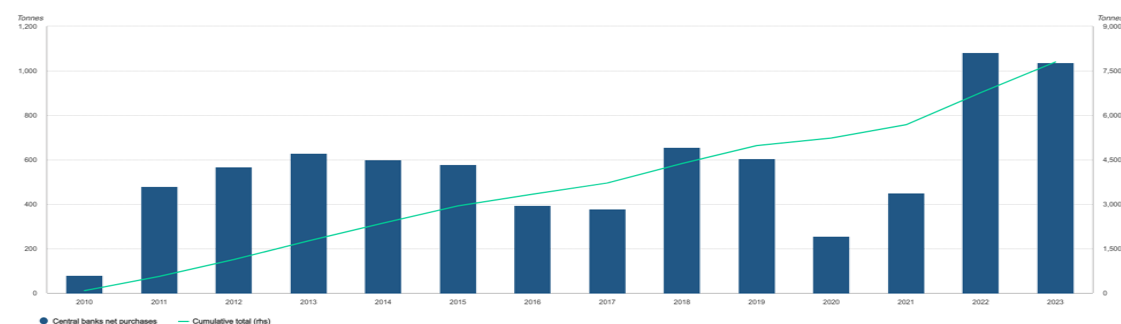
Strong physical demand still driven by central bank buying

Demand from Central Banks sustained its strong momentum in Q4 with a further 229t (7.336Moz) added to global gold reserves. As a result, central bank net purchases totalled 1,037t (33.3Moz), just 45t (1.45Moz) shy of the 2022 record, with official sector gold reserves now estimated at [36,700t](#) (1.18 Bnoz) globally.

Consistent net buyers since 2010, accumulating over 7,800t (~251Moz) over that time, of which more than a quarter was bought in the last two years, testament to the recent strength in central bank demand. As outlined by the World Gold Council, gold's role as a safe haven, has been the primary driver to increasing ownership. It is also notable that the majority of purchases continued to be emerging market central banks. Lead among these was the Peoples Bank of China, which has been conspicuously increasing exposure at the same time as its appetite for US treasuries has fallen, illustrating an increased desire to diversify reserves. The Chinese central bank added 225t to its reserves over the year, taking PBoC gold reserves to 2,235t (71.9Moz), although this still represents only 4% of reserves.

Chart 8: Colossal central bank buying continued in 2023

Annual net gold purchases/sales by country, tonnes



Source: Metals Focus, Refinitiv GFMS, World Gold Council

While tense Sino-US relations have undoubtedly played a part in this decision we reiterate our comments from the interim period of the increasing risks to the US dollar posed by the US government's ever increasing debt burden, which has been accompanied by rating agency downgrades. Indeed, China's increased gold purchases dovetails with its recent loss of appetite for US treasuries, holdings of which continued to trend down during 2023, consistent with a rising distrust of the US dollar outside of EU/G7 regions.

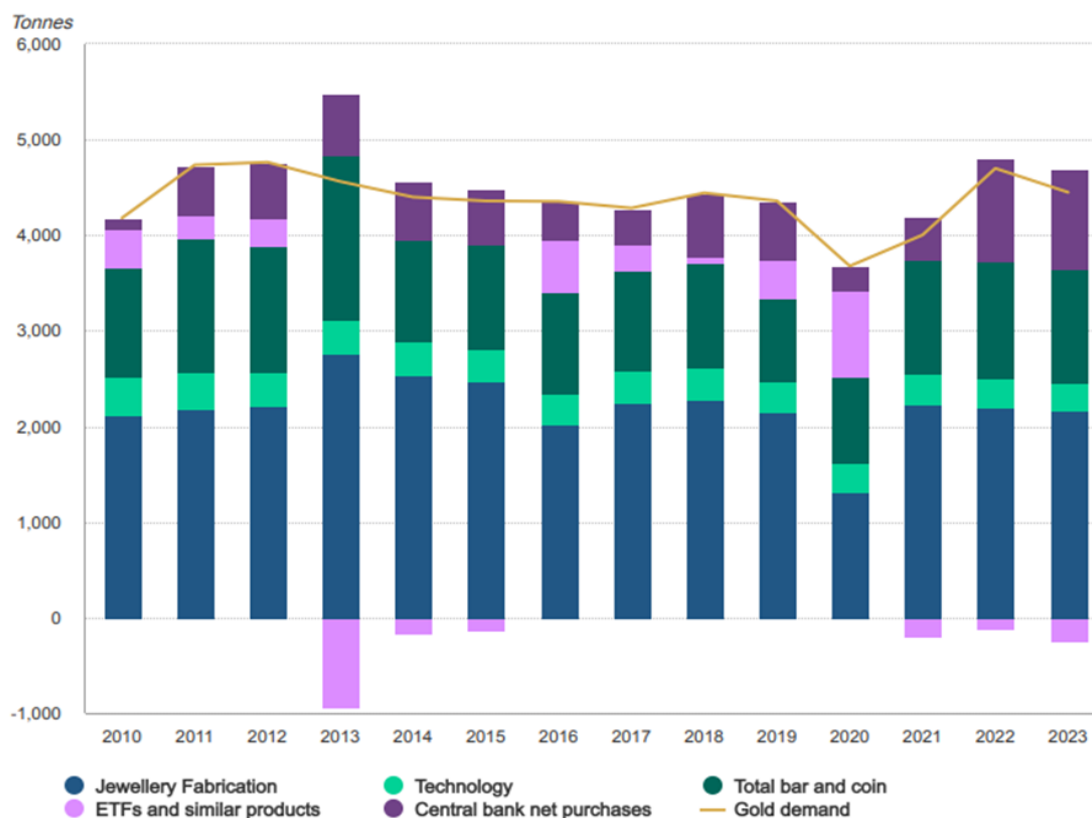
Across remaining segments of demand, bar and coin investment saw a mild -3% y/y contraction as divergent trends in key Western and Eastern markets largely offset one another, while jewellery consumption remained steady at 2,093t (67.3Moz) despite higher gold prices – again supported by a recovery in China's retail demand which is sustaining a regional gold price premium of around \$50/oz when compared to western prices. Overall, ETFs remained a swing determinant of overall demand: physically backed ETFs experienced a third consecutive annual outflow, with holdings reducing 244t (7.85Moz)).

Golden Prospect Precious Metals Limited

Investment Manager's Report (continued)

For the year ended 31 December 2023

Annual gold demand by sector, tonnes



*Data as of 31 December 2023
 Source: Metals Focus, World Gold Council

Gold supply rose a modest 3% over the year. Within this, rising mine production costs kept a lid on mine supply which grew just 1% y/y to 3,644t (117Moz). However, full year recycling responded to the higher price environment increasing 9% y/y to 1,237t (39.8Moz). Total gold supply was 3% higher y/y as a result.

Golden Prospect Precious Metals Limited

Investment Manager's Report (continued)

For the year ended 31 December 2023

Performance contributors

The most significant positive contributor to performance was from Emerald Resources which sustained its strong first half momentum to deliver a 140% share price rise in sterling terms over the year. The ramp-up of Emerald's Cambodian mine continued extremely well, having entered production on schedule and within budget.

The performance of Nicaraguan producer Calibre reversed somewhat in the second half of the year with the group making an all-share purchase of a 100% interest in the advanced construction-stage Valentine project, located in Newfoundland & Labrador, after the former Marathon Gold had a shortfall in development funding. The acquisition appears a sensible strategic move allowing cash flow from its highly profitable El Limon operation in Nicaragua to be reinvested into the Valentine mine. The most recent December 2022 feasibility study outlined an open pit mining and conventional milling operation over a 14.3-year mine life with expected annual gold production of ~195,000oz for the first 12 years of operation from a reserve of 2.7Moz (51.6Mt at 1.62 g/t Au) further expansion potential exists with a total measured and indicated resources (inclusive of the mineral reserves) of almost 4Moz (64.62 Mt at 1.90 g/t). First production from the Valentine mine is expected in H1 2025. However, the prospect of cash being reinvested following the equity funded deal subdued the strong prior momentum: having risen nearly 50% in sterling terms in H1 the shares were little changed in the second half of the year.

Mag Silver acted as a drag to overall performance as the ramp-up of the Juanicipio project by 60% owner and operator Fresnillo progressing slower than consensus estimates, while the 14% appreciation of the Mexican Peso may also weigh on the earnings outlook. Encouraging monthly trends in the turnaround of Calidus' Australian operations saw the shares recover in H2 2023 with the shares rising 30% in sterling terms. However, updates since the year end have shown less favourable progress, particularly in open pit mining rates, and the share price has given up Q4 gains.

As outlined at the interim report, valuation differentials are extreme. This is particularly the case for non-producing mining equities unable to self-fund operations, which continue to trade at some of the largest discounts we have known given the lack of investor appetite, accentuated by anticipated dilution. Such heavily discounted valuations present an opportunity, but we are approaching this with caution as the timing of any equity rerating is uncertain. They will need an improvement in sentiment towards the sector, and with additional funding providing a more certain entry point. In this regard it is encouraging that M&A activity has continued following B2 Gold's February all-stock acquisition of Canadian developer Sabina at a 47% premium. Importantly, Calibre's opportunistic all-stock acquisition took place at a premium a little over 50%, using their strong balance sheet to support development of the acquired Labrador asset, offering medium-term rerating potential as it derisks. Prior to this the project AISC were projected to be around \$1,050/oz with an NPV, based on a \$1,700/oz gold price, of C\$650m. Out of favour gold equities appear a good hedge for portfolios at present, particularly with approaching elections in the US and also relevant for Fund shareholders in the UK.

New City Investment Managers
Investment Manager
22 March 2024

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

For the year ended 31 December 2023

Opinion on the financial statements

In our opinion, the financial statements of Golden Prospect Precious Metals Limited ("the Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of the Company for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs(UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the Directors' paper in respect of going concern and challenging this with the Directors during discussions held with them.
- Consideration of the cash available, the liquidity of the investment portfolio held, together with the expected annual running expenses of the Company based on contractual agreements and determining whether these assumptions were reasonable and appropriately taken into account within the cash flow forecast based on our knowledge of the Company.
- Performing our own sensitivity analysis of the headroom of the investment portfolio over the annual running expenses.

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

For the year ended 31 December 2023

- Reviewing the margin requirements for the Company's overdraft facility to ensure that there were no breaches during the year, including consideration of the available headroom over these requirements.
- Discussing with management and the Directors, along with reviewing the minutes of the Directors' meetings, the RNS announcements and the Company's compliance reports to identify any events or conditions that may impact the Company's going concern status.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

| | |
|--|---|
| Key audit matters (2023 and 2022) | Investment valuation and ownership. |
| Materiality | £609,000 (2022: £620,000) based on 1.75% (2022: 1.75%) of total assets. |

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We carried out a full scope audit of the Company which was tailored to consider the nature of the Company's investment portfolio involvement of the Investment Manager, the Company's Administrator and the custodian, the accounting and reporting environment and the industry in which the Company operates.

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

This assessment considered the likelihood, nature, and potential magnitude of any misstatement. As part of this risk assessment, we considered the Company's interaction with the Investment portfolio and the Company's administrator.

We obtained an understanding of the control environment in place at the Investment portfolio and the Company's administrator to the extent that it was relevant to our audit. Following these assessments, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

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

For the year ended 31 December 2023

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | | How the scope of our audit addressed the key audit matter |
|---|--|---|
| Investment Valuation and ownership (note 2 & 7) | <p>The investment portfolio as at 31 December 2023 comprised listed investments (£33.4m), listed investments with suspended trading (£1.1m) along with unlisted warrants (£0.1m).</p> <p>The listed investments have readily available share prices, however, the remaining investments, which make up 3.5% of the investment portfolio, are based on valuations prepared by the Investment Manager.</p> <p>The valuations of investments, other than listed investments, are subjective, with a higher level of judgement and estimation linked to the determination of the fair value with limited third-party pricing information available.</p> <p>As a result of this subjectivity, there is a risk of an inappropriate valuation model being applied, together with the risk of inappropriate inputs to the model being used which may significantly impact the valuation output.</p> <p>The ownership and valuation of the investments is a key driver of the Company's net asset value and total return. Accordingly, incorrect valuations of investments may have a significant impact on the net asset value of the Company and therefore the return generated for shareholders.</p> | <p>For all investments, we agreed the ownership of the investment portfolio holdings to independently obtained custodian confirmations.</p> <p>We tested the valuation of all listed investments and listed warrants that are not suspended by agreeing the prices applied by management to independently obtained third-party prices.</p> <p>For the remaining investments:</p> <ul style="list-style-type: none"> • We considered the processes, policies and methodologies used by management for determining the fair value of those investments; • Agreed the Investment Manager's application of valuation techniques as appropriate to the circumstances of the investments and the accounting policies applied; • Obtained and challenged, through discussion and corroboration to external sources, the inputs and assumptions used in management's model based on our understanding of the investments; • Agreed the inputs, for example volatility and latest share prices used within the models to independent sources; • Tested the mathematical accuracy of the models; and |

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

For the year ended 31 December 2023

| | | |
|--|--|---|
| | We therefore consider this to be a key audit matter. | <ul style="list-style-type: none"> Agreed the valuation per the models to the financial statements. <p>Key Observation:</p> <p>Based on the procedures performed we did not identify any matters to indicate that the ownership and valuation of investments are inappropriate.</p> |
|--|--|---|

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

| | Company financial statements | |
|--|--|-----------------------|
| | 2023 | 2022 |
| Materiality | £609,000 | £620,000 |
| Basis for determining materiality | 1.75% of total assets | 1.75% of total assets |
| Rationale for the benchmark applied | Due to it being an investment fund with the objective of long-term capital growth with investment values being a key focus of users of the financial statements | |
| Performance materiality | £425,000 | £434,000 |
| Basis for determining performance materiality | 70% of materiality This was determined using our professional judgement and took into account factors including the control environment in place, our review of the Directors' assessment of risk, our assessment of risk, and the expected total value of known and likely misstatements based on our past experience. | |

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

For the year ended 31 December 2023

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £24,000 (2022: £30,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and audited financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies (Guernsey) Law, 2008 reporting

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

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

Responsibilities of Directors

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

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

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

For the year ended 31 December 2023

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to its investment activities, and we considered the extent to which non-compliance might have a material effect on the Company's financial statements.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and have a direct impact on the preparation of the financial statements. We determined that the most significant areas which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework such as IFRSs as adopted by the European Union and the Companies (Guernsey) Law, 2008.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risk was related to management bias and judgement involved in accounting estimates, specifically in relation to the valuation of investments (the response to which is detailed in our key audit matter above).

Audit procedures performed by the engagement team to respond to the risks identified included:

- Discussion with and enquiry of management and those charged with governance concerning known or suspected instances of non-compliance with laws and regulations and fraud;
- Obtaining an understanding of the internal control environment in place to prevent and detect irregularities;

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

For the year ended 31 December 2023

- Reading minutes of meetings of those charged with governance, correspondence with the Guernsey Financial Services Commission, internal compliance reports, complaint registers and breach registers to identify and consider any known or suspected instances of non-compliance with laws and regulations and fraud; and
- Performing analytical review on the daily net asset values with a focus on identifying movements over a set threshold and investigating the movements to source documentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

Use of our report

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

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

22 March 2024

Golden Prospect Precious Metals Limited
Statement of Comprehensive Income
For the year ended 31 December 2023

| | | Revenue | Capital | 2023 Total | 2022 Total |
|---|-------|------------------|------------------|--------------------|---------------------|
| | Notes | £ | £ | £ | £ |
| Income | | | | | |
| Income from investments held at fair value through profit or loss | 7 | 88,613 | - | 88,613 | 82,018 |
| Net capital losses on investments held at fair value through profit or loss | 7 | - | (580,095) | (580,095) | (11,785,359) |
| Net gains on foreign exchange | | - | 10,753 | 10,753 | 29,159 |
| Other income | | 12,639 | - | 12,639 | - |
| Net loss | | 101,252 | (569,342) | (468,090) | (11,674,182) |
| Expenses | | | | | |
| Investment management fees | 5 | (358,295) | - | (358,295) | (447,328) |
| Administration fees | 5 | (95,104) | - | (95,104) | (85,961) |
| Directors' fees | 5 | (69,836) | - | (69,836) | (80,000) |
| Financial advisers fees | 5 | (40,109) | - | (40,109) | (40,000) |
| Audit fees | | (34,825) | - | (34,825) | (26,060) |
| Listing fees | | (24,045) | - | (24,045) | (30,682) |
| Registrar's fees | 5 | (21,993) | - | (21,993) | (30,158) |
| Depository fees | 5 | (18,900) | - | (18,900) | (16,800) |
| Directors' insurance | | (6,873) | - | (6,873) | (6,449) |
| Legal and professional fees | | (1,897) | - | (1,897) | (4,143) |
| Financial advisers fees - Subscription | | | | | |
| Shares Scheme | 5 | - | - | - | (50,000) |
| Research fees | 5 | - | - | - | (16,669) |
| Custodian fees | 5 | - | - | - | (10,127) |
| Other expenses | | (10,576) | - | (10,576) | (28,346) |
| Total operating expenses | | (682,453) | - | (682,453) | (872,723) |
| Loss from operations | | (581,201) | (569,342) | (1,150,543) | (12,546,905) |
| Interest income | | 414 | - | 414 | - |
| Overdraft interest | 8 | (216,677) | - | (216,677) | (113,259) |
| Net loss before taxation | | (797,464) | (569,342) | (1,366,806) | (12,660,164) |
| Taxation | 3 | (18,851) | - | (18,851) | (17,114) |
| Total comprehensive loss for the year | | (816,315) | (569,342) | (1,385,657) | (12,677,278) |
| Per share ordinary shares: | | | | | |
| Basic loss (pence) | 6 | | | (1.62) | (14.83) |
| Diluted loss (pence) | 6 | | | (1.62) | (14.83) |

The supplementary revenue and capital columns are both prepared for information purposes only.

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

The Notes on pages 30 to 54 form an integral part of these Financial Statements.

Golden Prospect Precious Metals Limited
Statement of Changes in Equity
For the year ended 31 December 2023

| | Share capital £ | Revenue reserve £ | Distributable reserve £ | Realised capital reserve £ | Unrealised capital reserve £ | Total equity £ |
|--|--------------------|----------------------|-------------------------------|----------------------------------|------------------------------------|-------------------|
| 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)/income for the year | - | (921,078) | - | 195,130 | (11,951,330) | (12,677,278) |
| Balance as at 31 December 2022 | 85,503 | (8,789,449) | 56,991,016 | (8,479,632) | (7,799,361) | 32,008,077 |
| Total comprehensive (loss)/income for the year | - | (816,315) | - | 1,198,400 | (1,767,742) | (1,385,657) |
| Balance as at 31 December 2023 | 85,503 | (9,605,764) | 56,991,016 | (7,281,232) | (9,567,103) | 30,622,420 |

The Notes on pages 30 to 54 form an integral part of these Financial Statements.

Golden Prospect Precious Metals Limited
Statement of Financial Position
For the year ended 31 December 2023

| | Notes | 2023 £ | 2022 £ |
|---|-------|--------------------|--------------------|
| Non-current assets | | | |
| Investments at fair value through profit or loss | 7 | 34,573,277 | 35,275,370 |
| Current assets | | | |
| Receivables and prepayments | 9 | 13,843 | 10,445 |
| Cash and cash equivalents | | 262,248 | 232,576 |
| Total assets | | 34,849,368 | 35,518,391 |
| Current liabilities | | | |
| Investments at fair value through profit or loss | 7 | (552) | (524) |
| Payables and accruals | 10 | (184,949) | (163,491) |
| Bank overdraft | 8 | (4,041,447) | (3,346,299) |
| Total liabilities | | (4,226,948) | (3,510,314) |
| Net assets | | 30,622,420 | 32,008,077 |
| Equity | | | |
| Share capital | 11 | 85,503 | 85,503 |
| Revenue reserve | 12 | (9,605,764) | (8,789,449) |
| Distributable reserve | 12 | 56,991,016 | 56,991,016 |
| Realised capital reserve | 12 | (7,281,232) | (8,479,632) |
| Unrealised capital reserve | 12 | (9,567,103) | (7,799,361) |
| Total equity | | 30,622,420 | 32,008,077 |
| Number of ordinary shares in issue | 11 | 85,503,021 | 85,503,021 |
| Net Asset Value per ordinary share (pence) | 15 | 35.81 | 37.44 |

The financial statements on pages 26 to 54 were approved and authorised for the issue by the Board of Directors on 22 March 2024 and signed on its behalf by:

Graeme Ross

Toby Birch

The Notes on pages 30 to 54 form an integral part of these Financial Statements.

Golden Prospect Precious Metals Limited

Statement of Cash Flows

For the year ended 31 December 2023

| | Notes | 2023 £ | 2022 £ |
|---|-------|------------------|--------------------|
| Cash flows from operating activities | | | |
| Total comprehensive loss for the year | | (1,385,657) | (12,677,278) |
| Adjustments for: | | | |
| Net capital losses on investments held at fair value through profit or loss | | 580,095 | 11,785,359 |
| Interest expense | | 216,677 | 113,259 |
| Increase in receivables and prepayments | | (3,398) | (1,834) |
| Increase in payables and accruals | | 21,458 | 4,567 |
| Purchase of investments | 7 | (11,498,481) | (16,489,340) |
| Proceeds from settlement of investments | 7 | 11,620,507 | 19,541,602 |
| Net cash (used in)/generated from operating | | (448,799) | 2,276,335 |
| Cash flows from financing activities | | | |
| Repayment of overdraft | 8 | (9,296,244) | (18,181,115) |
| Borrowings from overdraft | 8 | 9,991,392 | 16,241,006 |
| Interest paid on overdraft | 8 | (216,677) | (113,259) |
| Net cash generated from/(used in) financing activities | | 478,471 | (2,053,368) |
| Net increase in cash and cash equivalents | | 29,672 | 222,967 |
| Cash and cash equivalents at the beginning of the year | | 232,576 | 9,609 |
| Cash and cash equivalents at end of year | | 262,248 | 232,576 |
| Supplementary cash flow information | | | |
| <i>Net cash generated from operating activities include:</i> | | | |
| Income received from investments | | 88,613 | 82,018 |

The Notes on pages 30 to 54 form an integral part of these Financial Statements.

Golden Prospect Precious Metals Limited

Notes to the Financial Statements

For the year ended 31 December 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 58.

The Company’s ordinary shares are traded on the 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. MATERIAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the Company’s Financial Statements:

Basis of Preparation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”) which comprise standards and interpretations as issued and approved by the International Accounting Standards Board, and International Financial Reporting Standard Interpretations that remain in effect, and to the extent that they have been adopted by the European Union, and reflect the following policies, which have been adopted and applied consistently.

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

Income encompasses both revenue and capital gains/losses. For a listed investment company, it is best practice to distinguish revenue from capital. Revenue includes items such as dividends, interest, fees and other equivalent items. Capital is the return, positive or negative, from holding investments other than that part of the return that is revenue.

Golden Prospect Precious Metals Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Going Concern

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

- the assets of the Company consist mainly of securities which are readily realisable; and
- the Company has an agreed overdraft facility provided by its Custodian for which margin requirements are monitored and reported on a monthly basis. There were no breaches of these requirements during the year. There was one instance in June 2022 where the Company breached its NAV limit decline control with the Custodian which was waived by the Custodian as not being critical as it was incurred in the transition period. There were no other breaches of these requirements the prior year.

In their assessment the Directors noted the ongoing impact of the Russian invasion of Ukraine and ongoing tensions in the Middle East. The Directors believe that the Company has adequate liquidity to meet its on-going expenses for the next 12 months due to the liquid nature of the portfolio and available credit. They have also reviewed the Company's collateral position. The Company holds an excess of £8,462,328 over the margin requirement as at the date of signing these financial statements and therefore the Directors consider that the Company will be able to meet its liabilities as they fall due.

Accordingly, the Company has adequate financial resources to continue in operational existence for the next 12 months after sign off of these financial statements.

Accounting Judgements and Estimates

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

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

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

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

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

Golden Prospect Precious Metals Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Adoption of new and revised standards

The accounting policies adopted in the period are consistent with those of the previous financial period. No standards, amendments to standards or interpretations that are effective for periods beginning on 1 January 2023 had a material effect on the financial statements of the Company except for Amendments to IAS 1 and IFRS Practice Statement 2. The amendments require the disclosure of 'material' rather than 'significant' account policies. The amendments did not result in any changes to the accounting policies.

Standards and interpretations in issue and effective in future periods/but not yet effective

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Company as none have impact.

At the date of authorisation of these 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 are not yet effective. The Company is of the opinion that these standards will have no significant impact on the Company's Financial Statements.

Financial Instruments

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

Financial Assets

The 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.

Golden Prospect Precious Metals Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Assets at Fair Value through profit or loss

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 taken to the Statement of Comprehensive Income as appropriate.

Fair value estimation

The fair value of financial assets traded in active markets is based on quoted market prices at the reporting 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 reporting date. Warrants are carried at fair value using standard Black Scholes valuation models. 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. 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 as a whole. Financial assets and financial liabilities are classified in their entirety into one of the three levels.

Golden Prospect Precious Metals Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Assets (continued)

Financial Assets at Fair Value through profit or loss (continued)

Fair value measurement hierarchy (continued)

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. Transfers of items between levels are recognised in the period they occur.

Financial Assets at Amortised Cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

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.

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 the transaction cost incurred. The Company's financial liabilities only consist of financial liabilities measured at amortised cost.

Golden Prospect Precious Metals Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Liabilities (continued)

Financial Liabilities Measured at Amortised Cost

These include payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest 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 taken to the Statement of Comprehensive Income.

Cash and Cash Equivalents

Cash and cash equivalents comprise current accounts 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

The bank overdrafts are included in financing activities due to the insufficient fluctuation from positive to negative balances of the overdraft account, and as such it does not qualify as an integral part of the entity's cash management.

Interest Income and Expense

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

Income

Dividend income is recognised in profit or loss on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of dividend. All other income is accounted for on an accrual basis and is recognised in the Statement of Comprehensive Income.

Expenses

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

Golden Prospect Precious Metals Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Liabilities (continued)

Capital Reserves

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

Revenue Reserves

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

Distributable Reserves

All proceeds from share issues are accounted for in the Distributable Reserves, including all income and expense directly relating to the share issues.

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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Segmental Reporting

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

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

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

The Company does not hold any non-current assets which require disclosure under IFRS 8. The Company also does not have any external customers and therefore the disclosure of customers geographically required under IFRS 8 is not applicable. However, for additional information, the fair value of each geographical base and the respective percentages of the total value of the Company can be found in the Portfolio Statement beginning on page 55.

Golden Prospect Precious Metals Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

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 withholding tax in the year under review of £18,851 (2022: £17,114).

4. DISTRIBUTIONS

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 and SETSqx.

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 31 December 2023 and the date of signing:

| Director | 2023 Ordinary shares | 2022 Ordinary shares |
|--------------------------------|----------------------------|----------------------------|
| R King | 50,000 | 50,000 |
| T Birch | 125,000 | 125,000 |
| M Burne (retired 27 June 2023) | N/A | 1,156,250 |

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 (31 December 2022: £20,000 per annum per Director). During the period Directors' fees of £69,836 were charged to the Company (2022: £80,000) and £nil was payable at the year end (31 December 2022: £40,000). All Directors are non-executive.

Golden Prospect Precious Metals Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

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

Other significant agreements

Investment Manager

Under the Investment Management Agreement, 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 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 £358,295 were charged to the Company (2022: £447,328) and £56,751 was payable at the year end (2022: £31,432).

The Investment Manager has also received £nil (2022: £16,669) in relation to the reimbursement of third-party research fees incurred on behalf of the Company in this financial accounting period. The Company has an outstanding fee payable to the Investment Manager amounting to £30,000 (2022: £nil) for directors' fees paid by the Investment Manager on behalf of the Company.

Administrator

The Company's Administrator is Apex Administration (Guernsey) Limited (formerly named 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 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 £95,104 were charged to the Company (2022: £85,961) and £23,509 was payable at the year end (2022: £21,667).

Custodian Fees

The Company's Custodian was Credit Suisse AG Dublin Branch ("CSAGDB") (until 31 March 2022) and currently is 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 year custodian fees of £nil were charged to the Company (2022: £10,127) and £nil was payable at the year end (2022: £nil). BNP Paribas, London Branch does not charge a basis point fee on assets under management.

Depositary Fees

The Company's Depositary is INDOS Financial Limited. In consideration for the services provided by the Depositary under the Depositary Agreement, the Depositary is entitled to receive from the Company an annual fee of 0.02% of the Company's Net Asset Value up to £150 million; 0.015% up to £300 million; 0.0125% up to £450 million and 0.01% thereafter, subject to a minimum fee of £1,400 per month. During the period depositary fees of £18,900 were charged to the Company (2022: £16,800) and £1,750 was payable at the year end (2022: £1,400).

Golden Prospect Precious Metals Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

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

Financial Adviser and Corporate Broker

The Company appointed Cavendish Capital Markets Limited (formerly finnCap Ltd) as Financial Adviser and Corporate Broker (“Financial Adviser”). Under this agreement, 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 £40,109 (2022: £40,000) were charged to the Company and Corporate fees of £nil (2022: £50,000) were incurred for the Subscription Rights Issue. The costs incurred for Subscription Rights Issue is expensed through the Statement of Comprehensive Income. A prepayment of £2,826 was outstanding for brokerage fees (2022: prepayment of £2,935).

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 £8,300 per annum plus transaction and CRS fees and one off items payable monthly in arrears as well as all reasonable out-of-pocket expenses incurred. During the year registrar fees of £21,993 were charged to the Company (2022: £30,158) and £10,450 was payable at year end (2022: £8,833).

6. BASIC AND DILUTED LOSS PER ORDINARY SHARE

Basic loss per ordinary share of 1.62p (2022: loss of 14.83p) is calculated by dividing the comprehensive loss for the year of £1,385,657 (2022: loss of £12,677,278) by the weighted average number of Ordinary Shares outstanding during the year. The weighted average number of Ordinary Shares for the year is 85,503,021 (2022: 85,503,021).

As at 31 December 2023 and 2022, there are subscriptions shares in place which are not dilutive as at year-end but may dilute the shares in the future.

Golden Prospect Precious Metals Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2023

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The following table analyses the fair value of the Company's financial assets and liabilities by category as defined in IFRS 13.

31 December 2023

| | Level 1 £ | Level 2 £ | Level 3 £ | Total £ |
|---|-------------------|----------------|------------------|-------------------|
| Opening fair value at 1 January 2023 | 34,568,383 | 147,211 | 559,252 | 35,274,846 |
| Reclassification * | (819,545) | - | 819,545 | - |
| Purchases | 11,203,421 | 295,060 | - | 11,498,481 |
| Sales | (11,620,507) | - | - | (11,620,507) |
| Gain/(loss) | | | | |
| - realised | 1,192,713 | - | - | 1,192,713 |
| - unrealised | (1,153,571) | (341,934) | (277,303) | (1,772,808) |
| Closing fair value at 31 December 2023 | 33,370,894 | 100,337 | 1,101,494 | 34,572,725 |

| | Level 1 £ | Level 2 £ | Level 3 £ | Total £ |
|----------------------------|-------------------|----------------|------------------|-------------------|
| <i>Split by:</i> | | | | |
| Listed equities * | 33,370,894 | - | 1,101,494 | 34,472,388 |
| Warrants | - | 100,889 | - | 100,889 |
| | 33,370,894 | 100,889 | 1,101,494 | 34,573,277 |
| Forward currency contracts | - | (552) | - | (552) |
| | - | (552) | - | (552) |
| | 33,370,894 | 100,337 | 1,101,494 | 34,572,725 |

*A reclassification of fair value hierarchy from Level 1 to Level 3 was made during the year due to suspension from trading of Leo Lithium Ltd. As at 31 December 2023, there are two investments held at Level 3 with values and three other investments held at Level 3 with a £nil value.

Golden Prospect Precious Metals Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2023

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

31 December 2022

| | Level 1 £ | Level 2 £ | Level 3 £ | 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 |

| | 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 |

| | Level 1 £ | Level 2 £ | Level 3 £ | Total £ |
|----------------------------|-------------------|----------------|----------------|-------------------|
| Forward currency contracts | - | (524) | - | (524) |
| | - | (524) | - | (524) |
| | 34,568,383 | 147,211 | 559,252 | 35,274,846 |

*In 2022, a reclassification was made due to suspension from trading of Firefinch Ltd. In 2022, there was one investment held at Level 3 with a value and three other investments held at Level 3 with a £nil value.

These financial assets at fair value through profit or loss serves as collateral for bank overdrafts (note 8).

Please refer to pages 55 to 57 for an analysis of financial assets at fair value through profit or loss which are disclosed above.

Golden Prospect Precious Metals Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2023

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

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

| | 2023 | 2022 |
|--|-------------------------|----------------------------|
| | £ | £ |
| Net realised gain on investments held at fair value through profit or loss | 1,192,713 | 165,587 |
| Net unrealised loss on investments held at fair value through profit or loss | <u>(1,772,808)</u> | <u>(11,950,946)</u> |
| Net capital loss on investments held at fair value through profit or loss | (580,095) | (11,785,359) |
| Dividend income | <u>88,613</u> | <u>82,018</u> |
| Net loss on investments held at fair value through profit or loss | <u>(491,482)</u> | <u>(11,703,341)</u> |

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 – 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 securities. | Level 3 | There are two investments classified as suspended equity securities. The first investment has been valued based on the underlying share price of the second investment with a further discount applied. The second investment was suspended in September 2023 and has been priced based on a discount to the latest available price prior to suspension. If no discount was applied the value of the investments would be £1,346,000. If the discount applied was doubled the valuation would decrease to £635,000. The amount recorded in the financial statements is £1,100,000 based on the directors' judgement after considering all available information. |

Golden Prospect Precious Metals Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2023

8. BANK OVERDRAFT

Bank overdraft comprise the following:

| | 2023 £ | 2022 £ |
|----------------|--------------------|--------------------|
| Bank overdraft | <u>(4,041,447)</u> | <u>(3,346,299)</u> |

Movement in bank overdraft for the year:

| | 2023 £ | 2022 £ |
|----------------------------|--------------------|--------------------|
| Opening balance | (3,346,299) | (5,286,408) |
| Repayment of overdraft | 9,079,567 | 18,067,856 |
| Borrowings from overdraft | (9,991,392) | (16,241,006) |
| Interest paid on overdraft | 216,677 | 113,259 |
| Closing balance | <u>(4,041,447)</u> | <u>(3,346,299)</u> |

BNP Paribas may determine from time to time the overdraft limit they 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 £8,462,328 (2022: £8,375,536).

In addition to the above there is a provision for an event of default where the NAV declines significantly. These are monitored on a monthly basis and the Directors confirm there were no breaches in the year.

CSAGDB (custodian up until 31 March 2022) 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 an excess over the margin requirement of £nil (2022: £14,941).

The overdraft interest during the period of £216,677 (2022: £113,259) represents the only gain or loss on financial liabilities measured at amortised cost.

Golden Prospect Precious Metals Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2023

8. BANK OVERDRAFT (CONTINUED)

For BNP Paribas, London Branch there is a provision for an event of default where the NAV changes from the previous highest NAV of the previous calendar year by more than 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. There was one instance in June 2022 where the Company breached its NAV limit decline control with the Custodian which was waived by the Custodian as not being critical as it was incurred in the transition period. The Directors confirm there were no instance of breach in 2023 and no other breaches of these requirements during the year and in the prior year. In addition to the above there was a provision for an event of default, for CSAGDB 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.

9. RECEIVABLES AND PREPAYMENTS

| | 2023 | 2022 |
|--|---------------|---------------|
| | £ | £ |
| Accrued income | 1,596 | - |
| Prepayments | 12,247 | 10,445 |
| Total Receivables and Prepayments | 13,843 | 10,445 |

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

10. PAYABLES AND ACCRUALS

| | 2023 | 2022 |
|-------------------------------------|----------------|----------------|
| | £ | £ |
| Investment management fees (Note 5) | 56,751 | 31,432 |
| Listing fees | 31,680 | 30,919 |
| Audit fee | 29,850 | 24,875 |
| Administration fees (Note 5) | 23,508 | 21,667 |
| Registrar fee payable (Note 5) | 10,450 | 8,833 |
| Depository fees (Note 5) | 1,750 | 1,400 |
| Legal and professional fees | - | 3,365 |
| Directors' fees (Note 5) | - | 40,000 |
| Other fees | 30,960 | 1,000 |
| Total Payables and Accruals | 184,949 | 163,491 |

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

Golden Prospect Precious Metals Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2023

11. SHARE CAPITAL

Authorised Share Capital

| | 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

| | 2023 | 2022 | 2023 | 2022 |
|--|-----------------------------|-----------------------------|----------------------|----------------------|
| Ordinary shares of £0.001 each at inception | Number of shares | Number of shares | £ | £ |
| As at 1 January | 85,503,021 | 85,503,021 | 85,503 | 85,503 |
| As at 31 December | <u>85,503,021</u> | <u>85,503,021</u> | <u>85,503</u> | <u>85,503</u> |

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

On 8 December 2022, the shareholders approved the adoption of the Company's Subscription Rights programme. The first such Subscription opportunity was on 30 November 2023 and will take place annually for the next two years. The first Subscription Rights Exercise Price was the NAV per share as at 30 November 2022 which was 38.31 pence per share. At 30 November 2023 no subscription shares exercised were as the share price was lower than the 38.31 pence per share exercise price. The next subscription opportunity is on 30 November 2024 for the same number of subscription rights where the exercise price will be the NAV per share as at 30 November 2023 which was 35.94 pence per share.

Golden Prospect Precious Metals Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

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 realised foreign exchange gains and losses and any income and 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 together with unrealised foreign exchange gains and losses.

13. FINANCIAL RISK MANAGEMENT

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

Credit Risk

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

As at the date of the Statement of Financial Position, financial assets exposed to credit risk comprise bank balances. It is 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 Statement of Financial Position.

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

Golden Prospect Precious Metals Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2023

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk (continued)

The Board of Directors is satisfied that the Company's transactions are concluded with a suitably approved counterparty with an appropriate credit quality, BNP Paribas has a Standard and Poor's credit rating of A+ (2022: A+). The Investment Manager carefully selects 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:

| | 2023 | 2022 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Cash and cash equivalents: | | |
| Credit Suisse AG Dublin Branch | - | 64,941 |
| BNP Paribas, London Branch | 262,248 | 167,635 |
| Total assets with credit risk | 262,248 | 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 when it becomes necessary to do so. The fair value of these financial assets excluding those stocks whose trading were suspended as at 31 December 2023 amounts to £100,337 (2022: £147,211).

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.

Golden Prospect Precious Metals Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2023

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity Risk (continued)

| 31 December 2023 | Less than 1 month £ | 1-3 months £ | 3 months to 1 year £ | 1 - 5 years £ | Total £ |
|----------------------------|------------------------------------|-----------------------------|-------------------------------------|------------------------------|--------------------|
| Bank overdraft | 4,041,447 | - | - | - | 4,041,447 |
| Investment management fees | 56,751 | - | - | - | 56,751 |
| Listing fees | 31,680 | - | - | - | 31,680 |
| Financial advisers fees | 30,960 | - | - | - | 30,960 |
| Audit fees | - | 29,850 | - | - | 29,850 |
| Administration fees | 23,508 | - | - | - | 23,508 |
| Registrar fees | 10,450 | - | - | - | 10,450 |
| Depositary fees | 1,750 | - | - | - | 1,750 |
| Forward currency contract | 552 | - | - | - | 552 |
| | 4,197,098 | 29,850 | - | - | 4,226,948 |

| 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 |

Golden Prospect Precious Metals Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity Risk (continued)

BNP Paribas, London Branch as the current Custodian has 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 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.

Golden Prospect Precious Metals Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2023

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Price risk (continued)

The Company's financial assets are exposed to market price fluctuations which are monitored by the Investment Manager in pursuance of the Company's investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers set out in the Placing and Offer for Subscription document mitigates the risk of excessive exposure to any particular type of security or issuer. However, with respect to the investment strategy utilised by the Company there is always some, and occasionally some significant, degree of market risk.

Price sensitivity

The value of the Company's financial assets had a sensitivity of £10,371,983 (2022: £10,582,611) to a 30% (2022: 30%) increase or decrease in the market prices with other variables being held constant as at 31 December 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 and on the bank overdraft which both have variable interest rates. 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.

| As at 31 December 2023 | 0-3 Months | Greater than 3-12 Months | 1-5 Years | Total |
|----------------------------------|--------------------|-------------------------------------|------------------|--------------------|
| | £ | £ | £ | £ |
| <i>Variable rate assets</i> | | | | |
| Cash and cash equivalents | 262,248 | - | - | 262,248 |
| | 262,248 | - | - | 262,248 |
| <i>Variable rate liabilities</i> | | | | |
| Bank overdraft | (4,041,447) | - | - | (4,041,447) |
| | (4,041,447) | - | - | (4,041,447) |

Golden Prospect Precious Metals Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2023

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk (continued)

| As at 31 December 2022 | 0-3 Months £ | Greater than 3-12 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>-</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>-</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 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 1% (2022: 1%) higher or lower and all other variables had been held constant, the Company's net assets attributable to holders of ordinary shares at the year end would have been £25,810 (2022: £32,814) 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 of future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The presentation currency of the Company is Sterling. The majority of the Company's financial assets are currently denominated in various currencies other than Sterling and the Company may hold other financial instruments, the price of which may be determined with reference to currencies other than Sterling.

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

Golden Prospect Precious Metals Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2023

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk (continued)

The Company held the following hedging instruments as at 31 December 2023 and 31 December 2022.

| Year | Currency Sold | Amount | Rate | Currency Bought | Amount | Unrealised Loss | Date |
|------|---------------|-----------|--------|-----------------|---------|-----------------|-----------------|
| 2023 | AUD | (240,867) | (1.45) | GBP | 240,315 | (552) | 02 January 2024 |
| 2022 | CAD | 250,000 | 0.61 | GBP | 152,862 | (524) | 02 January 2023 |

The hedging instrument has resulted from an unsettled spot exchange transaction, the Investment Manager does not engage in active hedging.

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

| Currency | 31 December 2023 | | 31 December 2022 | |
|----------------------------|-------------------|------------------|-------------------|------------------|
| | Assets £ | Liabilities £ | Assets £ | Liabilities £ |
| Australian Dollar (AUD) | 15,873,827 | (240,867) | 15,015,697 | - |
| Canadian Dollar (CAD) | 15,530,276 | - | 16,718,469 | (153,387) |
| Mexican Peso (MXN) | - | (1) | - | (1) |
| United States Dollar (USD) | 2,737,420 | - | 3,161,639 | - |
| | <u>34,141,523</u> | <u>(240,868)</u> | <u>34,895,805</u> | <u>(153,388)</u> |

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

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.

Golden Prospect Precious Metals Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2023

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk (continued)

| Currency | 31 December 2023 | | 31 December 2022 | |
|----------------------------|-------------------|-------------------|-------------------|-------------------|
| | Appreciation £ | Depreciation £ | Appreciation £ | Depreciation £ |
| Australian Dollar (AUD) | 2,758,758 | (2,039,082) | 2,649,829 | (1,958,569) |
| Canadian Dollar (CAD) | 2,740,637 | (2,025,688) | 2,923,250 | (2,160,663) |
| United States Dollar (USD) | 483,074 | (357,055) | 557,936 | (412,388) |

Summary of Financial Assets and Financial Liabilities by Category

The carrying amounts of the Company's financial assets and financial liabilities, as recognised at the Statement of Financial Position date of the reporting periods under review, are categorised as follows:

| | 2023 £ | 2022 £ |
|--|--------------------|--------------------|
| Financial assets | | |
| <i>Financial assets held at fair value through profit or loss</i> | | |
| Investments at fair value through profit or loss | 34,573,277 | 35,275,370 |
| Accrued income and due from broker | 1,596 | - |
| Cash and cash equivalents | 262,248 | 232,576 |
| Total financial assets | 34,837,121 | 35,507,946 |
| Financial liabilities | | |
| <i>Financial liabilities held at fair value through profit or loss</i> | | |
| Investments at fair value through profit or loss | (552) | (524) |
| <i>Financial liabilities held at amortised cost</i> | | |
| Payables and accruals | (184,949) | (163,491) |
| Bank overdraft | (4,041,447) | (3,346,299) |
| Total financial liabilities | (4,226,948) | (3,510,314) |

Capital management

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

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

The Company is not exposed to any externally imposed capital requirements. The Company expects to meet its other obligations for operating cash flows at the reporting date.

Golden Prospect Precious Metals Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

14. 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.

15. NAV RECONCILIATION

| | 2023 | 2022 |
|--|-------------|-------------|
| Net asset value per financial statements | £30,622,420 | £32,008,077 |
| Number of ordinary shares in issue at the year-end | 85,503,021 | 85,503,021 |
| IFRS NAV per ordinary share (pence) | 35.81 | 37.44 |
| Issued NAV per ordinary share (pence) | 36.62 | 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 Issued NAV purposes.

16. EVENTS AFTER THE FINANCIAL REPORTING DATE

On 15 November 2023, it was announced that Manulife Investment Management – the global wealth and asset management arm of Manulife Financial Corporation, a Canadian multinational insurance company and financial services provider headquartered in Toronto, Ontario - has signed an agreement to acquire the Investment Manager. This acquisition is expected to close in early 2024, subject to certain closing conditions and regulatory approvals but is not expected to impact the provision of services by the Investment Manager to the Company pursuant to the investment Management Agreement.

The Directors are not aware of any other material events which occurred after the reporting date and up to the date of this report, that would require adjustment to or disclosure in the Company's financial statements.

Golden Prospect Precious Metals Limited
Unaudited Portfolio Statement
For the year ended 31 December 2023

| Description | Holding no. | Fair value £ | % of Total net assets |
|-------------------------------|----------------|-------------------|-----------------------|
| Equities | | | |
| <i>Australia</i> | | | |
| Emerald Resources | 2,555,839 | 4,090,438 | 13.36 |
| West African Resources | 3,951,496 | 1,998,750 | 6.51 |
| Westgold Resources | 1,656,542 | 1,924,099 | 6.28 |
| Ora Banda Mining | 14,384,168 | 1,770,833 | 5.78 |
| Calidus Resources | 13,622,476 | 1,531,230 | 5.00 |
| Leo Lithium * | 3,368,789 | 819,545 | 2.68 |
| Predeictive Discovery Ltd | 5,000,000 | 562,023 | 1.84 |
| Horizon Minerals | 22,952,386 | 515,991 | 1.69 |
| Silver Lake Resources | 686,715 | 437,410 | 1.43 |
| Rox Resources | 4,277,778 | 412,151 | 1.35 |
| Antipa Minerals | 41,839,643 | 380,717 | 1.24 |
| Castile Resources | 7,625,977 | 334,714 | 1.09 |
| Firefinch Ltd * | 9,920,002 | 281,950 | 0.92 |
| Genesis Minerals Ltd | 286,957 | 273,402 | 0.89 |
| Richmond Vanadium | 594,363 | 89,079 | 0.29 |
| Metals X | 551,618 | 84,149 | 0.27 |
| Los Cerros | 9,150,000 | 78,362 | 0.26 |
| Nico Resources | 51,422 | 9,496 | 0.03 |
| | | 15,594,339 | 50.91 |
| <i>Canada</i> | | | |
| Calibre Mining | 3,346,380 | 2,707,442 | 8.84 |
| Fortuna Silver Mines | 646,653 | 1,961,943 | 5.41 |
| Karora Resources Inc | 531,893 | 1,534,656 | 5.01 |
| Mag Silver | 103,810 | 849,155 | 2.77 |
| T dg Gold Corp Placement | 5,800,000 | 845,355 | 2.76 |
| Osisko Development | 298,985 | 672,336 | 2.20 |
| Galiano Gold | 919,496 | 667,352 | 2.18 |
| Silvercrest Metals | 121,000 | 624,093 | 2.04 |
| Adventure Mining Corp | 3,594,655 | 556,001 | 1.82 |
| Reunion Gold Corp | 2,284,500 | 550,416 | 1.80 |
| Collective Mining Ltd | 200,000 | 493,768 | 1.61 |
| Mawson Gold Ltd | 2,236,554 | 465,685 | 1.52 |
| Pan American Silver | 32,546 | 417,631 | 1.36 |
| Palladium One Mining | 11,620,218 | 414,773 | 1.35 |
| Vizsla Silver Corp | 422,462 | 407,144 | 1.33 |
| Integra Resources | 493,465 | 399,245 | 1.30 |
| Rupert Resources Ltd | 148,177 | 338,499 | 1.11 |
| Silver Mountain Resources | 5,376,550 | 303,859 | 0.99 |
| Orla Mining | 119,300 | 302,340 | 0.99 |
| Marathon Gold Corp | 543,000 | 264,886 | 0.87 |
| Americas Silver | 931,185 | 180,038 | 0.59 |
| Liberty Gold | 851,000 | 156,941 | 0.51 |
| Ascendant Resources | 3,297,345 | 147,120 | 0.48 |
| Newcore Gold | 1,639,156 | 131,643 | 0.43 |
| Bluestone Resources | 696,215 | 86,978 | 0.28 |
| Orea Mining | 717,000 | 6,398 | 0.02 |
| Pan America Silver * | 168,700 | - | - |
| Trevali Mining * | 101,838 | - | - |
| Residual Co-Pure Gold Mining* | 6,519,250 | - | - |
| | | 15,485,697 | 49.57 |

Golden Prospect Precious Metals Limited
Unaudited Portfolio Statement (continued)
For the year ended 31 December 2023

| Description | Holding no. | Fair value £ | % of Total net assets |
|--|----------------|-------------------|-----------------------|
| <i>United Kingdom</i> | | | |
| Thor Explorations | 3,400,000 | 476,000 | 1.55 |
| Tharisa Plc | 195,000 | 122,852 | 2.40 |
| Trident Royalties Plc | 302,329 | 96,745 | 0.34 |
| | | 695,597 | 4.29 |
| <i>United States of America</i> | | | |
| Wheaton Precious Metals | 26,000 | 1,006,103 | 2.29 |
| Osisko Gold Royalties Ltd | 60,000 | 672,106 | 2.19 |
| Mag Silver Corp | 58,118 | 474,591 | 1.55 |
| Platinum Group Metals | 449,795 | 395,176 | 1.29 |
| Sibanye-Stillwater | 35,000 | 148,808 | 0.49 |
| Pan American Silver Corp * | 50,000 | - | - |
| | | 2,696,784 | 7.81 |
| Total equities | | 34,472,417 | 112.58 |
| Warrants | | | |
| <i>Australia</i> | | | |
| Horizon Mineral ** | 5,222,222 | 22,438 | 0.07 |
| Castile Resource ** | 1,037,087 | 480 | - |
| Calidus Resources Ltd | 1,502,493 | 136 | - |
| | | 23,054 | 0.07 |
| <i>Canada</i> | | | |
| Osisko Dev Crp | 79,999 | 21,898 | 0.07 |
| Silver Mountain Reso | 500,000 | 12,240 | 0.04 |
| Newcore Gold Ltd | 569,578 | 9,086 | 0.03 |
| Aurcana Silver Corp WT 08 ** | 357,143 | 163 | - |
| Silver MTN-CW24 Equity ** | 935,000 | 16 | - |
| Springtide Cap Acquis | 500,000 | - | - |
| | | 43,403 | 0.14 |
| <i>United States of America</i> | | | |
| Silver Mountain Res | 1,253,275 | 34,403 | 0.11 |
| | | 34,403 | 0.11 |
| Total warrants | | 100,860 | 0.32 |
| Foreign currency contracts | | | |
| CAD:GBP 03/01/2023 | | (552) | - |
| Total foreign currency contracts | | (552) | - |
| Total Investments at fair value through profit and loss | | 34,572,725 | 112.90 |
| Net receivables and payables | | (171,106) | (0.56) |
| Net cash and cash equivalents and bank overdraft | | (3,779,199) | (12.34) |
| Total Net Assets | | 30,622,420 | 100 |

*Level 3 unlisted equities

** Level 2 warrants

Golden Prospect Precious Metals Limited
Unaudited Portfolio Statement (continued)
For the year ended 31 December 2023

| Summary: | Fair value | |
|---|--------------------|-----------------------|
| | £ | % of Total net assets |
| Equities | | |
| Australia | 15,594,339 | 50.91 |
| Canada | 15,485,697 | 49.57 |
| United States of America | 2,696,784 | 7.81 |
| United Kingdom | 695,597 | 4.29 |
| Total equities | 34,472,417 | 112.58 |
| Warrants | | |
| Canada | 43,403 | 0.14 |
| United States of America | 34,403 | 0.11 |
| Australia | 23,054 | 0.07 |
| Total warrants | 100,860 | 0.32 |
| Foreign currency contracts | (552) | - |
| Net receivables and payables | (171,106) | (0.56) |
| Net cash and cash equivalents and bank overdraft | (3,779,199) | (12.34) |
| Total Net Assets | 30,622,420 | 100 |

Golden Prospect Precious Metals Limited

Management and Administration

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

Apex Administration (Guernsey) Limited
(formerly Maitland Administration (Guernsey) Limited)
1 Royal Plaza
St Peter Port
Guernsey
GY1 2HL

Registered office

Apex Administration (Guernsey) Limited
(formerly Maitland Administration (Guernsey) Limited)
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 New City Investment Managers.

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
1 Strand
London
WC2N 5HR

Independent Auditor to the Company

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

Depositary

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

Principal Bankers and Custodian

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.

Credit Suisse AG Dublin Branch*

Kilmore House
Park Lane
Spencer Dock
Dublin
Ireland

Financial Adviser and Broker to the Company

Cavendish Capital Markets Limited (formerly finnCap Ltd.)
One Bartholomew Close
London
EC1A 7BL

Golden Prospect Precious Metals Limited

Management and Administration (continued)

TISE Sponsor

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

Market Makers

Cavendish Capital Markets Limited (formerly
finnCap Capital Markets Limited)
One Bartholomew Close
London
EC1A 7BL

Registrar and CREST Agent

Computershare Investor Services (Guernsey)
Limited
1st Floor
Tudor House
Le Bordage
St Peter Port
Guernsey
GY1 1DB

Advocates to the Company as to Guernsey Law

Babbé LLP
La Vielle Cour, La Plaiderie
St Peter Port
Guernsey
Channel Islands
GY1 1WG

Solicitors to the Company as to English Law

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Golden Prospect Precious Metals Limited

Unaudited Report of the UK Investment Manager Relating to Matters under the Alternative Investment Fund Managers' Directive ("the Directive")

For the year ended 31 December 2023

Risk management systems

The Company's Offering Memorandum sets out the risks to which the Company is exposed. The AIFM employs risk management disciplines which monitor the Master Fund's portfolio and to quantify and manage the associated market and other risks. A permanent independent department has been established by the AIFM to perform the risk management function. The CQS Risk Team is led by the Head of Risk and is functionally and hierarchically separate from the operating units of the portfolio managers of the Master Fund.

The Risk Team is a dedicated control function over the operating units of the AIFM and is not involved in the performance activities of the Master Fund. The Risk Team has designed, documented, and implemented effective risk management policies, processes, and procedures in order to identify, quantify, analyse, monitor, report on and manage all material risks relevant to the Master Fund's investment strategy.

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

No material changes.

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

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

Remuneration

The AIFM has adopted a remuneration policy which meets the requirements of the Directive and has been in place for the current financial year of the Company. The variable remuneration period of the AIFM ended on 31 December 2023 and therefore coincides with the financial year of the Company.

The below information provides the total remuneration paid by the AIFM (and any delegates) for the year ending, December 31, 2023. This has been presented in line with the information available to the Company. There is no allocation made by the AIFM to each AIF and as such the disclosure reflects the remuneration paid to individuals who are partly or fully involved in the AIF, as well as staff of any delegate to which the firm has delegated portfolio management and/or risk management responsibilities in relation to the AIF.

Of the total AIFM remuneration paid of \$43.6m for the year ending December 31, 2023 to 164 individuals (full time equivalent), \$26.2m has been paid as fixed remuneration determined with the remainder being paid as variable remuneration.

The AIFM has assessed the members of staff whom it determines to be code staff in accordance with the requirements of SYSC 19.B of the FCA Handbook (the AIFM Remuneration Code). There are 12 individuals (full time equivalent) who meet this definition and these individuals have collectively been compensated \$14.1m.

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

Golden Prospect Precious Metals Limited

Registered Office Address: 1 Royal Plaza, St. Peter Port, Guernsey, GY1 2HL

Registration Number: 45676

Golden Prospect Precious Metals Limited

Unaudited Report of the UK Investment Manager Relating to Matters under the Transparency of Securities Financing Transactions

For the year ended 31 December 2023

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

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

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

The regulation also covers transactions that are commonly referred to as total return swaps ("Swaps"). As at December 31, 2023, there were no SFT's or Swaps held by the Company and as such there are no disclosure requirements in respect of these securities. The Company did however incur margin lending fees during the year and these have been disclosed below.

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

The following table reflects the return and cost for each type of SFT and Swap broken down between the Company, the Investment Manager and third parties for the year ended December 31, 2023.

| | Collective Investment undertaking | Manager | Third parties |
|---|---|----------|------------------|
| Repurchase transaction | - | - | - |
| Securities or commodities lending and securities or commodities borrowing | - | - | - |
| Buy-sell back transactions or sell-buy back transactions | - | - | - |
| Margin lending transactions | (275,437) | - | - |
| Total return swaps | - | - | - |
| Total | (275,437) | - | - |

These disclosures have been prepared by the Investment Manager and reflect the Investment Managers data as at 31 December 2023.

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

22 March 2024