Golden Prospect Precious Metals Limited

Interim Report and Financial Statements

for the period ended 30 June 2021

Contents	**Page**

Most fund managers in the precious metals sector would be guilty of being in denial not to admit that the past year has been very dismal and disappointing at gold's inability to climb to higher ground.

Inspite of the steady drumbeat building of increasing negativity towards financial markets, mainly bonds and equities, gold has yet to respond and is giving its stoic steadfast followers a worrying and frustrating time. They argue, 'if gold can't catch fire in today's climate of extremely challenging economic and geopolitical conditions, whenever will it.' Real believers like serious goldbugs will say that insurance (as they insist gold really is) represents a long-term contract and that patience will be rewarded in the long term. That is clearly debatable as gold is still below $1,920 reached 10 years ago since when vast amounts of new Fed helicopter money has been printed and the world has become much less safe.

As analysts point out it is difficult to find any other asset class, certain commodities aside, that is trading below where it was a decade ago, particularly the asset that investors are supposed to buy to hedge against the currency debasement that money printing produces. There are other stats that the bears will press home that put golds performance in a bad light. There has been a steady lack of new buyers into the gold markets and some ETF selling but that could be defensible when there are so many opportunities in chasing short term gains that have been seen with tech, IPO's, Crypto's and SPAC's. But these are getting tired and soundings by Bank of America and Deutsche Bank, to name but two recent market polls, found that the majority of fund managers and informed investors think stock prices will end the year significantly lower and lower still next year. Whether a serious correction evolves or not, it's interesting to look at what happened in previous crashes. Initially gold and gold mining equities get marked down with the rest of the market in the scramble for liquidity but then swiftly recover. For example, in the 1973-74 collapse, shares dropped by a net 40.9%, whereas gold jumped 186.2%. In 1977-78 shares fell 19.56%, while gold rose 68.1%. In 1987, shares sold off 25.7% and gold increased 7.3%. In 2001-2002, the dotcom-led pull back was 24.8% and gold responded with a hike of 35.2%. Finally during the 2008-2009 Lehman subprime crash, stocks plummeted 50.5%, while gold put on 39.6%. On this evidence it would seem that the closer we are to a meaningful financial market shake-out and substantial downturn the nearer we are to gold entering a sustained new bullish uptrend.

One hastens to add however, that in the initial stages of a liquidity sell-off gold gets hit as well before quickly regaining momentum on the upside, so timing is the vital criterion. While most analysts and pundits are all busy debating changing Fed policy, tapering, debt ceilings, rates, COVID-19, China's debt contagion and of course the big argument of whether the rise in inflation will be transitory or sustainable, it's geo-politics that might be elevated to the centre stage. There is plenty at stake given China's aspirations in the South China Sea and Taiwan, the recent security pact by the US, UK and Australia to maybe combat this, Korea successfully testing new long range missile capabilities, Putin and his continued covetous eyes on Kazakhstan, where Germany is headed with untested new leadership and where Turkey stand on various alignment issues as well. And not to mention what will really be the aftermath of the Taliban debacle. And just to provoke a new thought on these geo-political events……..a Multibillion cyber securities group that recently floated on NYSE has purchased $50m of physical gold. And just to spice this up a bit more, this company, Palantier, is part owned by the CIA no less. Maybe a sign of something more sinister or not but extremely interesting just the same.

So this takes us back to gold being the best insurance against bad times. It may be futile therefore for fund managers and goldbugs to get continually stressed out about short term swings of up to 10%. Mostly based on speculation and hedge fund trading. Central banks will still keep accumulating the yellow metal on an averaging basis always looking to diversify their US holdings. I feel reassured that governments acknowledge gold's safe-haven protection even if the fickle investment community does not. As for gold mining equities, they are at bigger discounts to the bullion price than they have been since the 2008 financial crisis which may cushion any further downslides and should promote or stimulate more M&A activity. There is great value for the major corporates at these low levels. As always our excellent managers cover the current macro backcloth in depth in their report within these accounts. They also discuss our sensible exposure to silver which is tracking gold yet has some excellent industrial demand drivers and should be attracting more buying interest. I feel sure we will wake up one morning to see silver has exploded just like the uranium price did recently after years in the doldrums and sent prices of the leading uranium miners soaring.

Although gold and silver are stuck in a trading range the major issue that will likely drive the next substantial move will be the outcome of the inflation debate. Will it be transitory which seems to be factored into the gold price currently or will it be marching up to levels that will scare global financial markets sufficiently enough to see a big swing back in favour of both gold and silver, and their respective mining equities. As a reminder, in the 1970's gold rose 6-fold during those inflationary/stagflation crises!

It would not surprise me if some of the hundreds of billions that have been made by the tech entrepreneurs, and their army of stock followers, doesn't find its way into the precious metals sector. They are smart and when their sector eventually sells-off, which is inevitable, they will soon understand and accept what gold's primary role is - insuring some of their billions against a global financial and currency system under immense pressure with debt contagion events unfolding in China as possibly the more immediate Black Swan. Personally I am keeping faith with both gold and silver and the great leverage value they offer investors in these uncertain times.

I will continue to add to my holding in our fund on the down dips and trust our team to allocate our assets in the best of professional ways, as they have consistently done so in the past.

Malcolm Burne
Chairman

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

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

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

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

Toby Birch, is an investment manager. Prior to founding Guernsey Gold (which merged with Bullionrock in 2014) he was the senior investment manager at the local branch of Bank Julius Baer. He then worked for Blackfish Capital Holdings, the private investment arm of a single-family office where he was lead manager of the Blackfish Capital Exodus Fund, trading in precious metals and commodities. He was also a director of the Blackfish-Investec Resources Special Situations Fund, investing in mining companies. Toby is a Chartered Wealth Manager and Fellow of the Chartered Institute for Securities and Investments. He is a regular speaker on the conference circuit covering financial megatrends, precious metals and monetary reform. He holds the HSK2 level proficiency test in Mandarin.

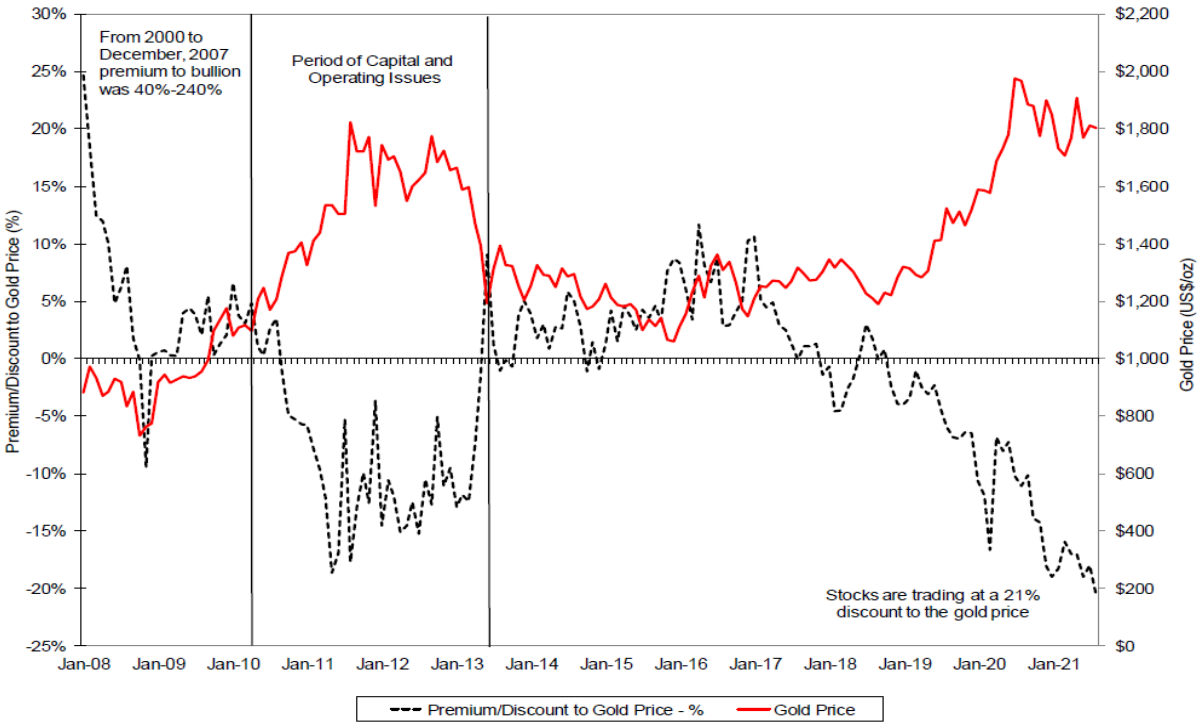
Graeme Ross, was educated at Perth Academy and Dundee College of Technology in Scotland and qualified as a Chartered Accountant with Arthur Young McClelland-Moores in 1984. He then moved to Jersey in the Channel Islands and spent two years with KPMG on financial services audits before joining the embryonic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

Over the first 6 months of the year gold fell by 6.4% in Sterling terms, GDXJ (junior precious metal miner ETF) fell 14.7% and Golden Prospect Precious Metals' NAV declined by 16.0%. Sentiment shifted negatively for the sector as concerns grew regarding the tapering of US government bond purchases, used by the US Federal Reserve to suppress long-term interest rates. Escalating inflation also added to fears that interest rate hikes would be brought forward. News flow that would typically be viewed as positive for gold has been largely ignored, such as the default risk of the Chinese property developer Evergrande, inflation spikes, the energy crisis and an approaching US debt ceiling impasse. We are now in a scenario where inflation has shot higher yet governments and Central Banks globally are sticking to the mantra that these pressures are 'transitory'. We discuss this in more detail below, but these comments are supportive of the same Central Banks maintaining an accommodative low interest rate environment, despite the data in front of them.

US tapering and ultimately rate rises are now clearly flagged by the US Federal Reserve and are arguably priced-in already. While the market appears to have accepted the Fed's transitory inflation message, the risks of inflation remain clear given current shortages of housing, commodities, gas, electricity and labour. Inflation driven by supply shortages is bad inflation and can hurt the global economy. This is theoretically constructive for gold, given the negative implications for discretionary spending in the global economy. Precious metals remain well positioned as a hedge against this, as rates are ultimately likely to remain historically low, whilst inflation is increasingly a threat.

This sentiment shift has weighed on mining shares more than it has for physical metal prices. Gold miners now trade at the largest discount to bullion on record, which we believe provides an attractive entry point, offering downside protection and greater leverage to the upside in either scenario for precious metal pricing.

Historical ranges of premium/discount to Bullion



Source: Scotiabank GBM estimates

This chart highlights that the market anticipates – or is at least pricing in – assumptions for lower gold prices into the valuations for mining companies. Physical gold has also seen selling from financial players, as shown by physical ETF holdings falling 6% over H1 ’21, but demand from other areas such as jewellery and Central Bank purchases rebounded from the COVID-driven lull in 2020. Central Banks’ accumulation looks likely to remain strong, especially with countries seeking to diversify their US dollar holdings. Jewellery demand is driven primarily by the growing wealth of the middle class in China and India. India specifically looks likely to see strong demand in 2023 given the deferral of prior wedding seasons due to COVID lockdowns.

Importantly, this is a very good gold price for gold miners. Their margins are generally very strong, with high free cash flow generation. The discipline across the sector has been uncharacteristically robust, with a focus on debt pay down and payment of dividends by the larger miners. Poorly-timed M&A was much criticised in the previous cycle, which in part has led to the low activity we have seen to date. An additional major contributor to that has been COVID-related travel disruptions which have made due diligence on projects more difficult. It looks likely that we will see a pick-up in this activity going in to 2022, as these restrictions lift. We note especially that larger precious metal miners need to add to their pipelines to offset declining reserves from their existing assets, whilst the respective discounts in the junior names would make those transactions highly accretive.

The reasons to own gold are arguably more valid today than when it peaked in August 2020. COVID has not gone away, although it is more of an emerging market issue now than in the West. Tapering expectations that have weighed on gold, could arguably be supportive if the market sees jitters. The Chinese property company Evergrande looks likely to go bankrupt, with $300bn of debt; the contagion risks remain very real. US Debt ceiling discussions are back in focus and also present market risks especially as the Democrats need Republican support to pass the bill.

Inflation risks appear to be longer-term than the transitory message peddled by global Central Banks. An international energy crisis, led by high gas pricing, looks likely to continue to feed through all aspects of life. What seems poorly understood by governments is the mechanism by which gas is used for power. It was used for peaking supply during periods of high demand, but now with the larger component of variable renewable power, the balancing requirement from gas is now higher. This has coincided with greater demand from Asia, lower supplies from Russia and ESG pressure on corporates limiting the supply response. Blackouts increasingly look a risk over the Northern Hemisphere winter, which would likely provide a supportive backdrop for precious metals.

Global government debt is much higher after COVID relief programs, reducing the ability of Central Banks to raise rates in the face of higher inflation. This presents a real risk of the dreaded word from the 70’s, namely stagflation. This is where inflation remains high but economic growth stagnates, effectively reducing the spending power and reducing the savings of the global population. Gold miners provide a cheap hedge against this risk, given that during the stagflation era of the late 70’s gold rose 6 fold.

Silver remains a meaningful weighting in the fund, due to what we view as preferential demand dynamics. It differs from Gold, in that ~50% is used in industrial applications, of which high-end electronics is the key growth component. Silver is the only metal that is a better conductor than copper of electricity, but copper dominates due to Silver being prohibitively expensive, except in the higher value applications, such as high grade switches and electronics. Renewables are a key driver of this demand growth, where it’s used in solar panels and within wind turbines; an area with a clear growth trajectory driven by a synchronised government policy focused on green energy. The outlook for industrial silver demand remains positive with market monitor, Metals Focus, expecting demand to rise +8% year-on-year in 2021, recovering to pre-pandemic levels. Other drivers for growth include greater photovoltaic capacity, particularly in China, and surging demand for semiconductors as disruption in the chip sector continues.

Platinum Group Metals have seen divergent performance, driven by the differing uses, although both are primarily for auto manufacture. Palladium is used for gasoline and Platinum for diesel catalytic converters, which had led to strong performance in Palladium as the world saw weaker diesel manufacturing and a pickup in gasoline and hybrids. The global chip shortage has led to weaker auto manufacturing in general, which saw Palladium and Rhodium pull back from the highs they saw in May '21. This impact will likely be temporary, although reports suggest the chip shortage will continue into H1 '22, at which point we anticipate pent-up demand for new vehicles could see a strong demand recovery for these metals. Our primary exposure to this is through Palladium One, which owns a Palladium development asset in Finland and a Nickel exploration asset in Canada.

M&A activity has remained muted, despite strong earnings and improving balance sheets across the sector. This is in part due to cautious management teams not wanting to make the mistakes of prior cycles, by paying inflated prices at the top of the market. The current environment does not look the same, as precious metal miners trade at historic discounts to their implied value with high free cash flow generation. The junior sector trades at a further discount with accretive acquisitions openly visible. COVID travel disruptions have made due diligence on projects in foreign countries difficult but should now begin to ease as the proportion of vaccinated people increases.

New City Investment Managers
20 October 2021

Unaudited Interim Statement of Comprehensive Income

For the period ended 30 June 2021

	Notes	Revenue £	Capital £	Period to June 2021 Total £	Period to June 2020 Total £
Income					
Income from investments held at fair value through profit or loss		50,599	-	50,599	11,047
Net capital gains on investments held at fair value through profit or loss	7	-	(8,768,580)	(8,768,580)	12,738,212
Net gains/(losses) on foreign exchange		-	16,173	16,173	(13,737)
Net (loss)/income		**50,599**	**(8,752,407)**	**(8,701,808)**	**12,735,522**
Expenses					
Investment management fee	5	(275,361)	-	(275,361)	(147,336)
Administration fee	5	(40,500)	-	(40,500)	(40,337)
Custodian fee	5	(13,675)	-	(13,675)	(6,169)
Directors' fee	5	(40,000)	-	(40,000)	(32,000)
Audit fee		(12,438)	-	(12,438)	(11,437)
Directors' insurance costs		(2,778)	-	(2,778)	(1,949)
Research fees		(8,320)	-	(8,320)	-
Registrar's fee	5	(9,247)	-	(9,247)	(9,406)
Stock exchange fee		(14,893)	-	(14,893)	(7,289)
Legal and professional fees		(4,009)	-	(4,009)	(7,815)
Financial adviser's fee	5	(26,555)	-	(26,555)	(9,984)
Depositary fee	5	(8,400)	-	(8,400)	(8,400)
Other expenses		(2,972)	-	(2,972)	(395)
Total operating expenses		**(459,148)**	**-**	**(459,148)**	**(282,517)**
Net (loss)/gain on ordinary activities before finance costs and taxation		**(408,549)**	**(8,752,407)**	**(9,160,956)**	**12,453,005**
Finance cost					
Finance income		-	-	-	63
Overdraft interest	8	(33,884)	-	(33,884)	(10,209)
Net (loss)/gain on ordinary activities before taxation		**(442,433)**	**(8,752,407)**	**(9,194,840)**	**12,442,859**
Taxation		(12,651)	-	(12,651)	(2,712)
Total comprehensive (loss)/gain for the period		**(455,084)**	**(8,752,407)**	**(9,207,491)**	**12,440,147**
Basic (loss)/earnings per Ordinary share (pence)	6			**(10.77)**	**21.81**
Diluted (loss)/earnings per Ordinary share (pence)	6			**(10.77)**	**14.55**

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

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

The notes on pages 12 to 30 form part of these Unaudited Interim Financial Statements.

Unaudited Interim Statement of Changes in Equity
For the period ended 30 June 2021

	Share Capital £	Revenue Reserve £	Distributable Reserve £	Realised Capital Reserve £	Unrealised Capital Reserve £	Total Equity £
Balance as at 1 January 2021	85,503	(6,963,062)	56,991,016	(9,328,336)	15,113,560	55,898,681
Total comprehensive (loss)/income for the period	-	(455,084)	-	1,908,826	(10,661,233)	(9,207,491)
Balance as at 30 June 2021	**85,503**	**(7,418,146)**	**56,991,016**	**(7,419,510)**	**4,452,327**	**46,691,190**
Balance as at 1 January 2020	57,029	(6,257,818)	43,914,233	(13,648,424)	(1,044,518)	23,020,502
Total comprehensive (loss)/income for the period	-	(284,328)	-	(111,908)	12,836,383	12,440,147
Balance as at 30 June 2020	**57,029**	**(6,542,146)**	**43,914,233**	**(13,760,332)**	**11,791,865**	**35,460,649**

The notes on pages 12 to 30 form an integral part of these Unaudited Financial Statements

Unaudited Interim Statement of Financial Position
As at 30 June 2021

	Notes	(Unaudited) 30 June 2021 £	(Audited) 31 December 2020 £
Non-current Assets			
Investments at fair value through profit or loss	7	52,039,863	57,947,979
Current Assets			
Cash and cash equivalents	8	36,221	7,918
Other receivables	9	8,960	11,303
Total Assets		52,085,044	57,967,200
Current Liabilities			
Derivative financial liability	7	-	(510)
Other payables and accruals	10	(111,064)	(106,203)
Bank overdraft	8	(5,282,790)	(1,961,806)
Total Liabilities		(5,393,854)	(2,068,519)
Net Assets		**46,691,190**	**55,898,681**
Equity			
Share Capital	11	85,503	85,503
Revenue reserve	12	(7,418,146)	(6,963,062)
Distributable reserve	12	56,991,016	56,991,016
Realised capital reserve	12	(7,419,510)	(9,328,336)
Unrealised capital reserve	12	4,452,327	15,113,560
Total Equity		**46,691,190**	**55,898,681**
Number of Ordinary Shares in issue	11	**85,503,021**	**85,503,021**
Net Asset Value per Ordinary Share (pence)	16	**54.61**	**65.38**

The Financial Statements on pages 8 to 30 were approved by the Board of Directors and authorised for issue and signed on 20 October 2021 on its behalf by:

Robert King

Toby Birch

The notes on pages 12 to 30 form part of these Unaudited Financial Statements.

Unaudited Interim Statement of Cash Flows

For the period ended 30 June 2021

	Notes	Period to 30 June 2021 £	Period to 30 June 2020 £
Cash flows from operating activities			
Net (losses)/gains on ordinary activities for the period		(9,207,491)	12,440,147
Adjustment for:			
Net capital losses/(gains) on investments held at fair value through profit or loss		8,768,580	(12,738,212)
Operating cash flows before movement in working capital		(438,911)	(298,065)
Decrease/(increase) in receivables		2,343	(110,761)
Increase in payables and accruals		4,861	301,766
Purchase of investments	7	(10,503,790)	(6,912,865)
Proceeds from sale of investments	7	7,642,816	5,027,499
Net cash outflow from operating activities		**(3,292,681)**	**(1,992,426)**
Decrease in cash and cash equivalents		**(3,292,681)**	**(1,992,426)**
Cash and cash equivalents at beginning of period	8	(1,953,888)	(528,847)
Cash and cash equivalents at period end	8	**(5,246,569)**	**(2,521,273)**

Composed of:

Cash and cash equivalents	36,221	351,368
Bank overdraft	(5,282,790)	(2,872,641)
	(5,246,569)	**(2,521,273)**

Supplementary cash flow information

Net cash generated from operating activities include:	£	£
Interest received on cash balances	-	63
Interest paid on cash balances	(33,884)	(10,209)
Income received from investments	50,599	11,047

The notes on pages 12 to 30 form part of these Unaudited Financial Statements.

1. COMPANY INFORMATION

Golden Prospect Precious Metals Limited (the 'Company') was incorporated in Guernsey on 16 October 2006 as an authorised closed-ended investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended. The Company's registered office is shown on page 34.

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

The Company's Ordinary Shares were admitted to the Official List of the Channel Islands Stock Exchange which subsequently transferred to The Channel Islands Securities Exchange Limited on 24 June 2008. The Channel Islands Securities Exchange rebranded to The International Securities Exchange ('TISE') on 6 March 2017.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

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

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

The Interim Financial Statements have been prepared on a historical cost basis except for the measurement of certain financial assets at fair value through profit or loss.

Going concern

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

Since the year end the impact of the COVID-19 pandemic has caused extensive disruptions to businesses and economic activities globally. The fair value of the Company's investments had decreased since the year end as detailed in the Investment Manager's Report. The Directors reviewed the Company's collateral position. The Company holds an excess of £23,112,878.32 over the margin requirement as at the date of signing these interim financial statements and therefore the Directors consider that the Company will be able to meet its liabilities as they fall due.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern (continued)

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

Accounting judgements and estimates

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

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

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

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

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

Standards and interpretations in issue and not yet effective

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

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

IFRS 9 Financial Instruments

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

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

Financial assets

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

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

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

Financial assets at amortised cost

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

Cash and cash equivalents

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

Financial assets at fair value

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

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

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

Fair value estimation
The fair value of financial assets traded in active markets is based on quoted market prices at the Interim Statement of Financial Position date. The quoted market price used for the financial assets held by the Company is the bid price at the close of the respective market at the Interim Statement of Financial Position date. Warrants are carried at fair value using standard Black-Scholes valuation model. Further details are disclosed in Note 7. Unlisted investments are carried at such fair value as the Directors consider appropriate given the performance of each investee company and after considering the financial position of the entity, latest news and developments.

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

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

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

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

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segmental reporting (continued)

The Company does not hold any non-current assets which required disclosure under IFRS 8. The Company also does not have any external customers and therefore the disclosure of customers geographically required under IFRS 8 is not applicable. However, for additional information, the fair value of each geographical base and the respective percentages of the total value of the Company can be found in the Portfolio Statement on pages 31 to 33.

3. TAXATION

The Company has been granted exemption from Guernsey taxation and has paid an annual exemption fee for the year of £1,200 (2020: £1,200). It should be noted, however, that interest and dividend income accruing from the Company's investments may be subject to irrecoverable withholding tax in the country of origin.

The Company has suffered irrecoverable withholdings tax in the year under review of £12,651 (30 June 2020: £2,712).

4. DISTRIBUTION TO SHAREHOLDERS

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

5. RELATED PARTY TRANSACTIONS AND OTHER SIGNIFICANT AGREEMENTS

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

Directors' Interests
The Directors held the following interests in the share capital of the Company either directly or beneficially as at 30 June 2021, and as at the date of signing these Interim Financial Statements:

	Ordinary Shares Period ended 30 June 2021	Subscription Shares Period ended 30 June 2021	Ordinary Shares Year ended 31 December 2020	Subscription Shares Year ended 31 December 2020
Director				
M Burne	981,250	-	956,250	-
R King	30,000	-	30,000	-
T Birch	125,000	-	125,000	-

Directors' Fees
The Directors are responsible for the determination of the investment policy of the Company and have overall responsibility for the Company's activities. With effect from 1 January 2021, the annual remuneration for each director is £20,000 per annum (31 December 2020: £16,000 per annum per director). During the period Directors' fees of £40,000 were charged to the Company (2020: £32,000) and £nil was payable at the period end (31 December 2020: £nil). All Directors are non-executive.

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, previously CQS Asset Management Limited), is entitled to an annual management fee, payable monthly in arrears, of 1.25% of the Company's Net Asset Value up to (and including) £20,000,000 and 1% of the Company's Net Asset Value in excess of £20,000,000. The Investment Manager is also entitled to reimbursement of certain expenses incurred by it in connection with its duties.

During the period investment management fees of £275,361 were charged to the Company (30 June 2020: £147,336) and £45,930 was payable at the period end (31 December 2020: £49,224).

The Investment Manager has also received £nil (30 June 2020: £nil) in relation to the reimbursement of third-party research fees incurred on behalf of the Company in this financial accounting period.

Administrator

The Company's Administrator is Maitland Administration (Guernsey) Limited. 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, if the NAV is under £100,000,000, payable quarterly in arrears. During the period administration fees of £40,500 were charged to the Company (30 June 2020: £40,337) and £20,000 was payable at the period end (31 December 2020: £20,000).

Custodian

The Company's Custodian is Credit Suisse AG Dublin Branch. Custodian fees are charged monthly at 5 basis points based on the Company's assets under management. During the period custodian fees of £13,675 were charged to the Company (30 June 2020: £6,169) and £9,413 was payable at the period end (31 December 2020: £1,701).

Depositary

The Company's Depositary is INDOS Financial Limited. In consideration for the services provided by the Depositary under the Depositary Agreement, the Depositary is entitled to receive from the Company an annual fee of 0.25% of the Company's Net Asset Value up to £150 million; 0.015% up to £300 million; 0.0125% up to £450 million and 0.015% thereafter, subject to a minimum fee of £1,400 per month. During the period depositary fees of £8,400 were charged to the Company (30 June 2020: £8,400) and £1,400 was payable at the period end (31 December 2020: £1,400).

Financial Adviser and Corporate Broker

As at 8 February 2019 the Company appointed finnCap Ltd as Financial Advisor 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. During the period financial adviser fees of £26,555 (30 June 2020: £9,984) were charged to the Company. At period end £1,000 (31 December 2020: £ 1,000) was payable for adviser fees and £7,033 was payable for brokerage fees (31 December 2020: receivable of £1,467).

Registrar

The Company's Registrar is Computershare Investor Services (Guernsey) Limited. In consideration for the services provided by the Registrar under the Registrars Agreement, the Registrar is entitled to receive from the Company an annual fee of £8,300 per annum payable monthly in arrears as well as all reasonable out-of-pocket expenses. During the period registrar fees of £9,247 were charged to the Company (30 June 2020: £9,406) and £1,431 was payable at period end (31 December 2020: £1,693).

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

Basic (loss)/earnings per Ordinary Share is calculated by dividing the total comprehensive loss for the period of £9,207,491 (30 June 2020: income of £12,440,147) by the weighted average number of Ordinary Shares outstanding during the period. The weighted average number of Ordinary Shares for the period is 85,503,021 (31 December 2020: 85,503,021). There are nil (31 December 2020: nil) Subscription Shares which are dilutive as at 30 June 2021 as the subscription shares have been exercised.

7. INVESTMENTS AT FAIR VALUE

Details of the significant accounting policies and methods adopted by the Company, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of its financial assets and liabilities are disclosed in Note 2. The following table analyses the fair value of the Company's financial assets and liabilities by category, as defined in IFRS 13.

	Fair Value Level 1	**Fair Value Level 2**	**Fair Value Level 3**	**Fair Value Total**
	£	**£**	**£**	**£**
Opening fair value at 1 January 2021	57,398,433	549,036	-	57,947,469
Purchases	10,503,790	-	-	10,503,790
Sales	(7,642,816)	-	-	(7,642,816)
Gain/(loss)				
- realised	1,886,653	-	-	1,886,653
- unrealised	(10,347,729)	(307,504)	-	(10,655,233)
Closing fair value at 30 June 2021	**51,798,331**	**241,532**	**-**	**52,039,863**
Split by:				
Listed equities	51,798,331	-	-	51,798,331
Warrants	-	241,532	-	241,532
	51,798,331	**241,532**	**-**	**52,039,863**

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

Please refer to pages 31 to 33 for an analysis of financial assets at fair value through profit or loss which are disclosed above.

7. INVESTMENTS AT FAIR VALUE (continued)

	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Fair Value Total
	£	£	£	£
Opening fair value at 1 January 2020	23,278,772	94,004	-	23,372,776
Purchases	26,075,685	-	-	26,075,685
Sales	(12,002,747)	(15,458)	-	(12,018,205)
Gain				
- realised	4,349,929	15,458	-	4,365,387
- unrealised	15,696,794	455,032	-	16,151,826
Closing fair value at 31 December 2020	**57,398,433**	**549,036**	**-**	**57,947,469**
Split by:				
Listed equities	57,398,433	-	-	57,398,433
Warrants	-	549,546	-	549,546
	57,398,433	**549,546**	**-**	**57,947,979**
Forward currency contracts	-	(510)	-	(510)
	-	**(510)**	**-**	**(510)**

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

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

	Period ended 30 June 2021	Period ended 30 June 2020
	£	£
Realised gain/(loss) on financial assets designated as at fair value through profit or loss	1,886,653	(98,171)
Net unrealised (loss)/gain on financial assets designated as at fair value through profit or loss	(10,655,233)	12,836,383
Net capital (loss)/gain on financial assets	(8,768,580)	12,738,212
Dividend income	50,599	11,047
Total net (loss)/gain on financial assets	**(8,717,981)**	**12,747,259**

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.

7. INVESTMENTS AT FAIR VALUE (continued)

Item	Fair value hierarchy level	Valuation techniques
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.

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	Period ended 30 June 2021 £	Year ended 31 December 2020 £
Cash at bank	36,221	7,918
Bank overdraft	(5,282,790)	(1,961,806)
	(5,246,569)	**(1,953,888)**

Credit Suisse AG Dublin Branch ('CASGDB') may determine from time to time the overdraft limit it will provide to the Company and may provide reasonable notice in writing of such an amount.

Overdraft interest is calculated on a daily basis using the one month Libor rate plus 175 basis points and is charged to the Company on a monthly basis. In order to satisfy CSAGDB of liquidity, a margin requirement is calculated to establish a net equity and cash position that must be maintained as collateral. If the Company falls into deficit then more funds are called. If the margin calls are not met then CSAGDB can call in all outstanding funds. At no point during the period did the Company fall into deficit and at the period end the Company held an excess over the margin requirement of £23,326,000 (31 December 2020: £30,128,367).

The overdraft interest during the period of £33,884 (30 June 2020: £10,209) represents the only gain or loss on financial liabilities measured at amortised cost.

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

9. RECEIVABLES

	Period ended 30 June 2021	Year ended 31 December 2020
	£	£
General expenses prepaid	8,960	11,303
	8,960	**11,303**

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

10. PAYABLES AND ACCRUALS

	Period ended 30 June 2021	Year ended 31 December 2020
	£	£
Investment management fee (Note 5)	45,930	49,224
Administration fee (Note 5)	20,000	20,000
Audit fee	11,748	23,000
Depositary fee (Note 5)	1,400	1,400
Registrar fee (Note 5)	1,431	1,693
Custodian fee (Note 5)	9,413	1,701
Other expenses	21,142	9,185
	111,064	**106,203**

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

11. SHARE CAPITAL

Authorised Share Capital as at 30 June 2021 and 31 December 2020

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

	No. of Shares		Share Capital	
	2021	2020	2021	2020
Issued and Fully paid Share Capital			£	£
Equity Shares				
Ordinary Shares of £0.001 each at inception				
As at 1 January and 30 June/31 December	85,503,021	85,503,021	85,503	85,503

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

12. RESERVES

Revenue Reserve

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

12. RESERVES (continued)

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

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

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

13. FINANCIAL RISK MANAGEMENT

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

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

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

As at 30 June 2021 there were no financial assets which were past due or impaired (31 December 2020: none).

The Board of Directors are satisfied that the Company's transactions are concluded with a suitably approved counterparty with an appropriate credit quality, CSAGDB currently has a Standard and Poor's credit rating of A-1/A+ (31 December 2020: A-1/A+). The Investment Manager carefully selects debt securities with counterparties displaying the necessary experience and financial stability. The Company's exposures to these counterparties, and their credit rating or financial results, are monitored by management. The following table illustrates the credit concentration by category:

	Period ended 30 June 2021	**Year ended 31 December 2020**
	£	**£**
Cash and cash equivalents:		
Credit Suisse AG Dublin Branch	36,221	7,918

13. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

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

Whilst most of the Company's financial assets are listed securities which are considered readily realisable as they are listed on major recognised stock exchanges, some of the financial assets held by the Company may not be listed on recognised stock exchanges and so will not be readily realisable and their marketability may be restricted. The Company might only be able to liquidate these positions at disadvantageous prices, should the Investment Manager determine, or it become necessary, to do so. The fair value of these financial assets as at 30 June 2021 amounts to £241,532 (31 December 2020: £549,036).

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

30 June 2021	**Less than 1 month**	**1-3 months**	**3 months to 1 year**	**1 year to 5 years**	**Total**
	£	**£**	**£**	**£**	**£**
Gross settled:					
Bank overdraft	5,282,790	-	-	-	5,282,790
Investment management fee	45,930	-	-	-	45,930
Registrar fee	1,431	-	-	-	1,431
Administration fee	20,000	-	-	-	20,000
Audit fee	-	-	11,748	-	11,748
Depositary fee	1,400	-	-	-	1,400
Custodian fee	9,413	-	-	-	9,413
Other expenses	12,782	-	-	-	12,782
Research fee	-	-	8,360	-	8,360
	5,373,746	**-**	**20,108**	**-**	**5,393,854**

13. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

31 December 2020	Less than 1 month	1-3 months	3 months to 1 year	1 year to 5 years	Total
	£	£	£	£	£
Gross settled:					
Forward Currency Contract	510	-	-	-	510
Bank overdraft	1,961,806	-	-	-	1,961,806
Investment management fee	49,224	-	-	-	49,224
Registrar fee	1,693	-	-	-	1,693
Administration fee	20,000	-	-	-	20,000
Audit fee	-	-	23,000	-	23,000
Depositary fee	1,400	-	-	-	1,400
Custodian fee	1,701	-	-	-	1,701
Other expenses	9,185	-	-	-	9,185
	2,045,519	**-**	**23,000**	**-**	**2,068,519**

CSAGDB as Custodian has a fixed charge on all the Company's cash held by Credit Suisse, and all its assets, in return for services provided including execution of transactions, custody of investments and cash and financing. As per Note 8 CSAGDB 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 CSADGB 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 for changes in market prices, interest rates and foreign currency exchange rates.

13. FINANCIAL RISK MANAGEMENT (continued)

Price risk

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

The Company is exposed to market price risk arising from its financial assets designated as at fair value through profit or loss. The performance of these financial assets will be affected by the performance of the investee companies. The exploration, development and production of metal and mineral deposits involve significant uncertainties and the investee companies will be subject to all the hazards and risks normally encountered in such activities. Many of these are difficult to predict and are outside the control of the investee companies. They include, amongst others, issues relating to the environment, the climate, the geographical environment, local and international regulatory requirements, licensing terms, planning permission, unexpected geological formations, rock falls, flooding, pollution, legal liabilities, the availability and reliability of plant and equipment, the scaling-up of operations, the reliance on key individuals, local finance and tax regimes, foreign currency repatriation, capital and budget constraints, contractors and suppliers, local employment regulations and practices, employment unions and the availability of suitable labour.

In addition, there is often no guarantee that the estimates of quantities and grades of metals and minerals disclosed by investee companies will be available for extraction.

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

Price sensitivity

The value of the Company's financial assets had a sensitivity of £15,611,959 (31 December 2020: £17,384,394) to a 30% (31 December 2020: 30%) increase or decrease in the market prices with other variables being held constant as at 30 June 2021. A 30% change is the sensitivity rate currently used when reporting price risk internally to key management personnel.

Interest rate risk

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

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

13. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

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

As at 30 June 2021	0-3 Months £	1-5 Years £	Total £
Variable rate assets			
Cash and cash equivalents	36,221	-	36,221
Total interest bearing assets	**36,221**	**-**	**36,221**
Variable rate liabilities			
Bank overdraft	(5,282,790)	-	(5,282,790)
Total interest bearing liabilities	**(5,282,790)**	**-**	**(5,282,790)**

As at 31 December 2020	0-3 Months £	1-5 Years £	Total £
Variable rate assets			
Cash and cash equivalents	7,918	-	7,918
Total interest bearing assets	**7,918**	**-**	**7,918**
Variable rate liabilities			
Bank overdraft	(1,961,806)	-	(1,961,806)
Total interest bearing liabilities	**(1,961,806)**	**-**	**(1,961,806)**

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

Interest rate sensitivity

The sensitivity analysis has been determined based on the Company's exposure to interest rates for interest bearing assets and liabilities at the date of the Interim Statement of Financial Position and the stipulated change taking place at the beginning of the interim financial period and held constant throughout the interim reporting period in the case of instruments that have floating rates.

If interest rates had been 25 basis points higher or lower and all other variables had been held constant, the Company's net assets attributable to holders of Ordinary Shares for the period would have been £85 (31 December 2020: £170) higher or lower due to the change in the interest payable on the bank overdraft and the interest receivable on cash and cash equivalents.

13. FINANCIAL RISK MANAGEMENT (continued)

Currency risk

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

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

There were no hedging instruments held at the period end or used in the period. As at 31 December 2020 the Company held the following hedging instrument.

Currency Sold	Amount	Rate	Currency Bought	Amount	Unrealised Loss	Date
GBP	221,967	0.58	CAD	385,665	(510)	04 January 2021

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

	30 June 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
	£	£	£	£
Australian Dollar (AUD)	16,986,692	-	16,919,302	-
Canadian Dollar (CAD)	29,782,907	(3,722)	33,486,231	(221,790)
Mexican Peso (MXN)	240,391	-	296,289	-
United Stated Dollar (USD)	4,570,668	(8,360)	6,257,781	-
	51,580,658	**(12,082)**	**56,959,603**	**(221,790)**

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

The following table details the Company's sensitivity to a 15% (2020: 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.

13. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency sensitivity (continued)

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

	AUD	CAD	USD	MXN
30 June 2021	**£**	**£**	**£**	**£**
Appreciation	2,997,652	5,255,150	805,113	42,422
Depreciation	(2,215,655)	(3,884,242)	(595,084)	(31,355)
31 December 2020				
Appreciation	2,985,759	5,870,195	1,104,314	52,286
Depreciation	(2,206,865)	(4,338,840)	(816,232)	(38,646)

Capital management

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

The capital structure of the Company consists of net debt, as disclosed in Note 8 and equity as per Note 11. The Company is not exposed to any externally imposed capital requirements. The Company expects to meet its other obligations for operating cash flows at the Interim Statement of Financial Position date.

14. CONTINGENT LIABILITIES

There were no contingent liabilities at the Interim Statement of Financial Position date.

15. CONTROLLING PARTY

The issued Ordinary Shares of the Company are owned by numerous parties and therefore, in the opinion of the Directors, there is no immediate or ultimate controlling party of the Company.

16. NAV RECONCILIATION

	Period ended 30 June 2021	Year ended 31 December 2020
Net Asset Value per financial statements	£46,691,190	£55,898,681
Number of shares in issue	85,503,021	85,503,021
NAV per Ordinary Share	54.61p	65.38p
Issued NAV per Ordinary Share	55.25p	65.75p

16. NAV RECONCILIATION (continued)

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.

17. SUBSEQUENT EVENTS

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

Portfolio Statement
As at 30 June 2021

Description	Holding	Fair Value £	% of Total Net Assets
Equities			
Australia			
West African Resources	8,568,700	4,540,250	9.72
Calidus Resources	12,530,232	3,166,448	6.78
Westgold Resources	1,853,457	1,873,509	4.01
Emerald Resources	3,629,543	1,745,642	3.74
Firefinch	4,930,085	1,044,911	2.24
Ora Banda Mining	10,686,027	871,099	1.87
Horizon Minerals	13,285,720	866,416	1.86
Red 5 Ltd	6,917,918	695,516	1.49
Silver Lake Resources	686,715	617,639	1.32
Oklo Resources	5,928,751	354,418	0.76
Castile Resources	2,997,974	333,997	0.72
Rox Resources	1,527,777	332,109	0.71
Metals X	2,317,805	270,817	0.58
Antipa Minerals	10,714,286	238,730	0.51
S2 Resources	328,898	22,342	0.05
Amani Gold	17,026,284	9,252	0.02
Lachlan Star	120,000	3,587	0.01
		16,986,682	**36.39**
Canada			
Roxgold	2,623,308	2,898,344	6.21
Fortuna Silver Mines	549,563	2,200,630	4.71
Adventus Mining	3,402,790	2,088,639	4.47
Calibre Mining	2,171,901	2,082,202	4.46
Silvercrest Metals	322,000	2,015,971	4.32
Oceanagold	1,357,143	1,848,504	3.96
Mag Silver	119,000	1,801,713	3.86
Palladium One Mining Inc	9,803,581	1,604,655	3.44
Galiano Gold	1,631,089	1,239,538	2.66
Aurcana Sliver Corp	2,500,000	1,227,604	2.63
Integra Resources	555,146	1,168,285	2.50
Agnico Eagle Mines	25,000	1,093,152	2.34
Pretium Resources	150,000	1,033,818	2.21
B2 Gold	335,000	1,018,327	2.18
Americas Silver	931,185	1,012,483	2.17
Sabina Gold & Silver	991,177	990,801	2.12
Capstone Mng	240,000	750,592	1.61
Bluestone Resources	696,215	683,740	1.46
Pan American Silver	32,546	672,933	1.44

Portfolio Statement (Continued)

As at 30 June 2021

Description	Holding	Fair Value £	% of Total Net Assets
Liberty Gold	551,000	479,929	1.03
Gold Standard Ventures	1,000,000	403,356	0.86
Lundin Mining	42,183	274,455	0.59
Ascendant Resources	1,848,585	264,755	0.57
Osisko Development Corp	50,000	200,509	0.43
Newcore Gold	500,000	181,218	0.39
Trevali Mining	1,018,380	127,993	0.27
Teck Resources	7,500	124,821	0.27
Orea Mining	717,000	33,531	0.07
Allegiant Gold	73,400	18,879	0.04
Pan America Silver *	168,700	-	-
		29,541,377	**63.27**
United Kingdom			
Hummingbird Resources	2,420,000	459,800	0.99
Keras Resources	37,500,000	35,625	0.08
Sovereign Bauxite of Guinea Ltd*	100,000	-	-
		495,425	**1.07**
Mexico			
Industrias Penoles	24,000	239,997	0.51
		239,997	**0.51**
United States			
MAG Silver	79,000	1,196,337	2.56
Platinum Group Metals	449,795	1,172,147	2.51
Golden Star Resources	522,329	1,070,029	2.29
Pretium Resources	106,926	739,956	1.58
First Majestic Silver	31,140	356,382	0.76
Pan America Silver *	50,000	-	-
		4,534,851	**9.70**
Total Equites		**51,798,332**	**110.94**
<u>Warrants</u>			
Pure Gold Mining July 2019 *2	500,000	220,413	0.47
Osisko 12/01/2023 *2	25,000	13,619	0.03
Ascendant Resources 07/03/2022 *2	514,043	4,507	0.01
Trevali Mining 02/06/2022 *2	73,127	2,992	0.01
Pall 1 Plc 23/02/2023	1,687,500	-	-
Total Warrants		**241,531**	**0.52**

Portfolio Statement (Continued)

As at 30 June 2021

	Fair Value £	% of Total Net Assets
Other current assets less payables and accruals	(102,104)	(0.22)
Net cash and cash equivalents and bank overdraft	(5,246,569)	(11.24)
Total Net Assets	**46,691,190**	**100.00**

* Level 3 unlisted equities.

*2 Level 2 unlisted warrants

Summary of Investments		
Equities		
Canada	29,541,377	63.27
Australia	16,986,682	36.39
United States	4,534,851	9.70
United Kingdom	495,425	1.07
Mexico	239,997	0.51
	51,798,332	**110.94**
Warrants	**241,531**	**0.52**
Total Investments	**52,039,863**	**111.46**
Other current assets less payables and accruals	**(102,104)**	**(0.22)**
Net cash and cash equivalents and bank overdraft	**(5,246,569)**	**(11.24)**
Total Net Assets	**46,691,190**	**100.00**

Management and Administration
As at 30 June 2021

Directors
Malcolm Burne
Toby Birch
Robert King
Graeme Ross

Details available at – www.ncim.co.uk

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

Registered office
Maitland Administration (Guernsey) Limited
3rd Floor, 1 Le Truchot
St Peter Port
Guernsey
GY1 1WD

Investment Manager
CQS (UK) LLP
4th Floor
1 Strand
London
WC2N 5HR
Note: the Company has appointed CQS as its investment manager. However, CQS has, with the agreement of the Board, delegated that function to NCIM.

New City Investment Managers
(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
25 North Row
London
W1K 6DJ

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

Financial Adviser and Broker to the Company
finnCap Ltd.
60 New Broad Street
London
EC2M 1JJ

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

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

Advocates to the Company as to Guernsey Law
Babbé LLP
18-20 Smith Street
St Peter Port
Guernsey
GY1 4BL

Solicitors to the Company as to English Law
Gowling WLG (UK) LLP
4 More London Riverside
London
SE1 2AU

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

Shore Capital
Bond Street House
14 Clifford Street
London
W1S 4JU

KBC Peel Hunt
111 Old Broad Street
London
EC2N 1PH

Winterflood Securities
25 Dowgate Hill
London
EC4R 2GA