GOLDEN PROSPECT PRECIOUS METALS LIMITED

Interim Report and Financial Statements
for the period ended 30 June 2014

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GOLDEN PROSPECT PRECIOUS METALS LIMITED

Chairman's Statement

Dear Shareholder

Attempting to navigate through the vast amount currently being written about gold worldwide can be an exercise in futility in that one is none the wiser afterwards.

A lifetime in the financial and investment sector however tells me that it won't be long before a 'black swan' event triggers a major change in the fortunes of all of us who participate in the investment markets and struggle from time to time with our ever changing portfolio strategies.

An army of research analysts and investment commentators who are paid more than handsomely are at odds over how to read the global geopolitical and financial scene. No matter what their views are… including yours, and mine, in truth no one knows. One can buy into all sorts of theories and noise but this only adds to the confusion.

Such uncertainty then breeds even more confusion which more often than not leads to poor investment decisions and there is a strong argument in favour of falling back on the old market adage 'when in doubt do naught'.

So in many ways I am appreciative of the fact that I and my fellow directors do not personally have to make the tricky stock picking choices that our excellent investment and analytical team do at CQS. You can read their investment management report here in.

However from a generalist or macro view point I will attempt to collate some of the current for and against arguments for gold in particular but also the other precious metals.

My own view as a seasoned professional investor and self-proclaimed 'gold bug' is that bullion should remain a solid safe haven asset given its many defensive qualities. It remains an insurance against geopolitical events; it offers currency protection and asset diversification. Central Banks and Sovereign-wealth funds are still buying it to combat future inflation and expanding or burgeoning Chinese and Indian demand reflects a strong appetite for buying gold in these regions. In fact most Asian governments are encouraging their citizens to buy gold having liberalised their bullion markets at a time when holding costs remain low. So for all these reasons gold and gold shares will remain a core asset in my personal portfolio and I can't see this changing for as long as Western governments borrow, spend and print money all of which dictates the need for investors to hold hard assets.

On the bear tack the main argument is that the US economy will continue to strengthen with falling unemployment leading to a steeper slope in interest rates. The gold market reacts negatively to the Fed now being more prepared to tighten interest rates than previously thought. As a consequence the dollar has risen strongly. The lack of inflation in the US and Europe has also dampened gold demand in the West and as we know rising inflationary expectations normally act as a strong catalyst for gold demand. In the immediate term though deflation stubbornly continues to win out.

But bears also point to conspiracy and manipulation theories of which there does seem to be some evidence and they also worry that maybe a substantial amount of the gold in US vaults has been leased out to the bullion banks since Germany and Austria are only getting a little gold at a time to settle the recall of their bullion back home. It may be years before they get all their gold back, or so the argument runs and this does beg the question as to why?

This in turn has encouraged some of the bigger investment banks to engage in shorting practices plus their creation of other derivatives which collectively dwarf the actual physical trade. Industry hedging is another factor that hit gold in the previous bear market and there is concern that this will materialise again in the medium term. The cost of production is currently running at circa $1350 per Oz, according to most informed sources.

Looking to future worldwide trends, Asia's physical and investment gold demand is increasing with the liberalisation of their gold markets at a time when Western investment demand is falling. According to China Gold Association China will accumulate 8500 tonnes in official gold reserves. Its president recently 'said "Gold is money par excellence and will support the Renminbi to become an international currency."

Chairman's Statement (continued)

Although the ETFs have been liquidating, a significant equities market correction which is arguably overdue should result in the rotation of substantial funds back into gold and gold shares.

Undoubtedly though gold faces a crucial test in the coming months as it tries to combat the stronger US dollar the price and may remain range bound until the signs of significant inflation return. With sentiment constantly changing around the geopolitical and QE news flow it is understandably difficult for the investor to commit further funds at such an uncertain time. However, there is plethora of newsletter writers and alleged gurus currently banging the drum to get back into gold and gold equities. John Paulson, Eric Sprott, Jim Rodgers, George Sorros, Rick Rule, Doug Cassey, and the Aden sisters are among them. And it’s not just gold they are recommending. They also point to big supply and demand imbalances in silver and platinum while the diamonds sector is strengthening all the time. On balance I agree with their collective positive assessment.

Summarising, I am hopeful that we are not far away from our fund recovering much of its lost ground in the recent past, and I will be personally adding to my holding after these report and accounts are published.

Malcolm Burne
Chairman

Board Members

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. He is currently a director of several other resources companies in Australia and the UK.

Kaare Foy, was an executive director of Great Panther Silver Limited, a silver exploration and mining company based in Vancouver, from 1994 until the beginning of 2012 and was its Executive Chairman when it reached a market capitalisation of more than US$600 million in 2011. He is currently chairman of Viscount Mining Limited and Polar Star Mining Corporation, and has been heavily involved with silver and gold projects in North America. He also serves as executive chairman for Canadian exploration company Cangold Limited, and worked with Malcolm Burne at the Australian Bullion Company (Pty) Ltd during the 1980s.

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

Toby Birch, is a non-executive director on a number of investment funds and companies, including BullionRock which merged with Guernsey Gold during 2014. Previously he was managing director of Oppenheim & Co Limited in Guernsey and Blackfish Capital Holdings, the private investment arm of a single family office. He was also investment manager of the Blackfish Capital Exodus Fund trading in commodities, precious metals and real asset themes and was a director of the Blackfish-Investec Resources Special Situations Fund, investing in mining companies. He is a Chartered Fellow, and committee member, of the Chartered Institute for Securities and Investments, who have appointed him a Chartered Wealth Manager. He is a regular public speaker on the conference circuit and in the media, covering financial megatrends, precious metals, agricultural investment and monetary reform.

Gold and silver spot prices added 10.5% and 8% respectively during the first half of the year with gains encouragingly occurring despite economic stimulus withdrawal by the US FED, a process which is anticipated to conclude this autumn. Latterly the prospect of nominal interest rate tightening has weighed on sentiment though the impact has been lessened by geopolitical instability, which has become a more prevalent and supportive market feature. In this regard tensions in the Ukraine have more recently been accompanied by renewed turmoil in the Middle East, a trend that may continue should the US pare back its global policing role, a potential result of improved confidence in its domestic energy security.

Importantly, US labour market slack and the sheer magnitude of government indebtedness mean the trajectory of regional rate increases and the impact of associated US dollar strength on the gold price may be muted. Meanwhile, the ECB appears to be adopting similar policies as it considers unconventional monetary stimulus, potentially its own form of inflationary QE, to reinvigorate anaemic Eurozone economic conditions.

Crucially, gold ETF liquidation, which weighed so heavily on the metal price during 2013, abated in February with ETF physical holdings currently around 54Moz, within a range of 50-55Moz believed to represent a "core" position. In this context, despite Asian purchases slowing appreciably against the prior year's opportunistic surge, gold bar and jewellery demand remains robust. Indeed, China's voracity for gold during the 2013, constrained only by the speed with which London Good Delivery bars could be refined into smaller Shanghai 9999 kilo bars, may indicate significant demand support at US$1,200/oz. More immediately the outlook for a seasonal pick-up in demand, notably from India, may help lift prices with the potential for added impetus should the new Modi government relax the region's import restrictions.

Corporate M&A also adds a further positive dimension to the sectors risk-reward profile as capital expenditure and exploration austerity among the larger gold mining groups, coupled with preferential extraction of their higher grade resource, lays the foundations for sustained M&A as producers seek to acquire growth.

Reflecting our positive view, the fund increased its exposure to operational geared equities during the period. Holdings in Silver Wheaton and Royal Gold were reduced with proceeds reinvested into mining equities such as Fortuna Silver, whose share price had declined as a result of GDXJ index rebalancing during March, and explorer Continental Gold. Financial gearing was also maintained at a high level through the period though has more recently been reduced as the valuations of some investments such as Fortuna Silver and Mandalay Resources ran ahead of metal prices. It is perhaps telling of broader investor reticence towards the sector that the share prices of low-risk royalty companies, such as Silver Wheaton have more than kept pace with underlying mining equities though in-so-doing relative valuations are becoming stretched.

Elsewhere protracted strike action in the South African mining industry, responsible for over 70% of global platinum group metal production, had a clear influence on metal prices while also vindicating our cautious preference for exposure via physically backed exchange traded funds. Palladium rose 17.7% during the first half of the year outpacing platinum which rose 8.5%. The formation of two palladium ETF's spurred gains, accentuating deficit conditions which continue to benefit from robust vehicle demand, notably in China. Ukrainian events were also helpful for the palladium price given the risk of sanctions restricting the supply of Russian stocks, historically equivalent to those of South Africa, into the market. While remaining favourably disposed to PGM metals given the industry's longer-term structural challenges exposure was pared-back as South African labour issues were resolved.

The fund also remains exposed to some exciting, high-grade diamond deposits located in North America. While these equities were largely unmoved during the first half of the year, mirroring underling diamond price indices, share price performance has more recently improved as the projects emerge from a relatively quiet period in their development schedules.

We believe that the reasons for owning gold within a portfolio remain unchanged; indeed the continuing currency debasement by global central banks only strengthens that position. Though the strong dollar provides a headwind for all commodities to overcome, we believe the fund is well positioned given its bias towards assets with the flexibility to weather the current challenging metal price environment while offering attractive growth potential.

October 2014
New City Investment Managers (a trading name of CQS Asset Management Limited)

Statement of Comprehensive Income (Unaudited)
For the period from 1 January 2014 to 30 June 2014

	Notes	Revenue £	Capital £	01.01.14 to 30.06.14 Total £	01.01.13 to 30.06.13 Total £
Income					
Income from investments designated at fair value through profit or loss	7	74,499	-	74,499	155,274
Net capital gains/(losses) on investments at fair value through profit or loss	7	-	4,623,887	4,623,887	(23,404,893)
Net investment gains/(losses)		74,499	4,623,887	4,698,386	(23,249,619)
Expenses					
Investment management fees	5	(155,166)	-	(155,166)	(276,456)
Administration fees	5	(27,275)	-	(27,275)	(26,972)
Custodian fees	5	(6,744)	-	(6,744)	(10,165)
Directors' fees	5	(27,121)	-	(27,121)	(39,577)
Audit fees		(13,058)	-	(13,058)	(8,599)
Directors' insurance costs		(3,316)	-	(3,316)	(3,297)
Registrar's fees		(6,910)	-	(6,910)	(6,513)
Sponsor fees		(7,623)	-	(7,623)	(8,827)
Legal fees		(2,903)	-	(2,903)	(16,655)
Printing		(2,835)	-	(2,835)	(11,082)
Other expenses		(92,822)	-	(92,822)	(45,872)
Total operating expenses		(345,773)	-	(345,773)	(454,015)
Operating profit /(loss)		(271,274)	4,623,887	4,352,613	(23,703,634)
Finance cost					
Finance income		3,704	-	3,704	2,295
Overdraft interest	8	(62,339)	-	(62,339)	(43,870)
Profit / (loss) for the period before tax		(329,909)	4,623,887	4,293,978	(23,745,209)
Withholding tax		(12,534)	-	(12,534)	-
Other comprehensive income		-	-	-	-
Total comprehensive profit /(loss) for the period		**(£342,443)**	**£4,623,887**	**£4,281,444**	**(£23,745,209)**
Basic and diluted earnings/(loss) per Ordinary Share (pence)	6			7.51p	(41.66p)

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

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

The notes on pages 10 to 24 form part of these Unaudited Interim Financial Statements.

Statement of Changes in Equity
For the period from 1 January 2014 to 30 June 2014

	Notes	Share Capital £	Share Premium £	Realised Capital Reserve £	Unrealised Capital Reserve £	Revenue Reserve £	Distributable Reserve £	Total Equity £
Balance as at 1 January 2014		57,002	-	(5,973,732)	(13,058,968)	(3,064,947)	43,995,829	21,955,184
Total comprehensive profit for the period	12	-	-	(884,512)	5,508,399	(342,443)	-	4,281,444
Total transactions with owners		-	-	-	-	-	-	-
Balance as at 30 June 2014		**£57,002**	**£-**	**(£6,858,244)**	**(£7,550,569)**	**(£3,407,390)**	**£43,995,829**	**£26,236,628**

For the period from 1 January 2013 to 30 June 2013

	Notes	Share Capital £	Share Premium £	Realised Capital Reserve £	Unrealised Capital Reserve £	Revenue Reserve £	Distributable Reserve £	Total Equity £
Balance as at 1 January 2013		57,002	-	1,677,387	5,681,476	(2,530,460)	43,995,733	48,881,138
Total comprehensive loss for the period	12	-	-	(4,768,394)	(18,636,499)	(340,316)	-	(23,745,209)
Transactions with owners								
Issue of ordinary shares	11, 12	-	95	-	-	-	-	95
Transfer to Distributable Reserve		-	(95)	-	-	-	95	-
Total transactions with owners		-	-	-	-	-	95	95
Balance as at 30 June 2013		**£57,002**	**£-**	**(£3,091,007)**	**(£12,955,023)**	**(£2,870,776)**	**£43,995,828**	**£25,136,024**

The notes on pages 10 to 24 form part of these Unaudited Interim Financial Statements.

Statement of Financial Position

As at 30 June 2014

	Notes	(Unaudited) 30.06.14 £	(Audited) 31.12.13 £
Current Assets			
Investments at fair value	7	29,772,051	23,824,367
Cash and cash equivalents	8	-	84,487
Receivables	9	21,363	13,638
Total Assets		29,793,414	23,922,492
Current Liabilities			
Payables and accruals	10	(61,662)	(74,759)
Bank overdraft	8	(3,495,124)	(1,892,549)
Total Liabilities		(3,556,786)	(1,967,308)
Net Assets		£26,236,628	£21,955,184
Equity			
Share capital	11	57,002	57,002
Revenue reserve	12	(3,407,390)	(3,064,947)
Distributable reserve	12	43,995,829	43,995,829
Other reserves	12	(14,408,813)	(19,032,700)
Total Equity		£26,236,628	£21,955,184
Number of Ordinary Shares in issue	11	57,001,926	57,001,926
Net Asset Value per Ordinary Share (pence)	17	46.03p	38.52p

The Unaudited Interim Financial Statements on pages 6 to 24 were approved by the Board of Directors and authorised for issue and signed on 8 October 2014 on its behalf by:

Robert King **Toby Birch**

The notes on pages 10 to 24 form part of these Unaudited Interim Financial Statements.

Statement of Cash Flows

For the period from 1 January 2014 to 30 June 2014

	Notes	01.01.14 to 30.06.14 £	01.01.13 to 30.06.13 £
Cash flows from operating activities			
Profit / (loss) for the period		4,281,444	(23,745,209)
Adjustment for:			
Capital (gain) / loss on investments at fair value		(4,623,887)	23,404,893
Operating cash flows before movements in working capital		(342,443)	(340,316)
(Increase) / decrease in receivables		(7,725)	60,708
Decrease in payable and accruals		(13,097)	(56,710)
Purchase of investments		(8,846,914)	(11,714,323)
Proceeds from sale of investments		7,523,117	14,148,495
Net cash (used in) / generated from operating activities		**(1,687,062)**	**2,097,854**
Cash flows from financing activities			
Proceeds from issue of Ordinary Shares	11	-	95
Net cash generated from financing activities		**-**	**95**
Net (decrease) / increase in cash and cash equivalents		**(1,687,062)**	**2,097,949**
Net cash and cash equivalents at beginning of period		(1,808,062)	(2,093,061)
Cash and cash equivalents at period end	8	**(3,495,124)**	**4,888**

Supplementary cash flow information

Net cash (used in)/generated from operating activities include:	£	£
Interest received on cash balances	3,704	2,295
Interest paid on cash balances	(62,339)	(43,870)
Income received from investments	80,493	155,274

The notes on pages 10 to 24 form part of these Unaudited Interim Financial Statements.

1 COMPANY INFORMATION

Golden Prospect Precious Metals Limited ("the Company") was incorporated in Guernsey on 16 October 2006 as an authorised closed-ended investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended. The Company's registered office is as shown on page 27.

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

The Company's ordinary shares were admitted to the Official List of the Channel Islands Stock Exchange ("CISX") on 24 June 2008. On 20 December 2013 the Royal Court of Guernsey approved the scheme of arrangement (“the scheme”) between The Channel Islands Stock Exchange, LBG (“CISX”), The Channel Islands Securities Exchange Limited (“CISEL”) and The Channel Islands Securities Exchange Authority Limited (“CISEAL”). In accordance with the scheme, the business of CISX has been acquired by CISEAL. All securities that were listed on the Official List of CISX have been transferred in accordance with Listing Rule 2.6A of the CISX Listing Rules and are now listed on the Official List of CISEAL.

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

2 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting judgements and estimates (continued)
The most significant accounting judgements made by management are deemed to be the fair value estimation of non listed investments and consideration of the functional and presentational currency of the Company.

Adoption of new and revised standards
The accounting policies adopted in the period are consistent with those of the previous financial period, with the exception of new standards that have become effective during the period. Although there were a number of new standards and interpretations that apply for the first time in 2014 none of these had any significant impact on the Company's financial statements.

The list below shows the IFRSs, IFRICs and amendments that are mandatory for the first time in this financial reporting period but which have had no significant impact on these financial statements.

IFRS 10 - Consolidated Financial Statements
IFRS 10 - Consolidated Financial Statements - Amendment for investment entities
IFRS 11 - Joint arrangements
IFRS 12 - Disclosures of Interests in Other Entities
IFRS 12 - Disclosures of Interests in Other Entities - Amendment for investment entities
IAS 27 - Consolidated and Separate Financial Statements - Amendments for investment entities
IAS 28 - Investments in Associates and Joint Ventures
IAS 32 - Offsetting Financial Assets and Financial Liabilities

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

IFRS 9, "Financial Instruments - Classification and Measurement" (for accounting periods currently no sooner than 1 January 2018, though no effective date has been set by the IASB)

IFRS 7, Financial Instruments Disclosures- Amendments regarding initial application of IFRS 9* - effective for periods commencing on or after 1 January 2015.
* - Still to be endorsed by the EU.

These standards and interpretations will be adopted by the Company when they become effective. The Directors anticipate that, with the exception of IFRS 9, the adoption of these standards and interpretations in future periods will not have a material impact on the financial statements of the Company. The Directors are considering, but have not yet concluded, on what the impact of IFRS 9 will be on the Company’s Statement of Financial Position but do not anticipate adopting the standard until the year ending December 2018.

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

Financial instruments
Financial assets and financial liabilities are recognised in the 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

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

Loans and receivables

These 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 and cash equivalents. These are subsequently measured at amortised cost using the effective interest rate method, less any impairment. The effect of discounting is immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand 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.

Financial assets at fair value

Classification

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

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

Recognition

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

Derecognition of financial assets

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

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

Measurement

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets at fair value (continued)

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

Fair value measurement hierarchy
IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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

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

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

Financial liabilities measured at amortised cost
These include payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest 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.

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

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

Expenses
All other expenses are accounted for on an accruals basis.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Share issue expenses

Any share issue expenses will be treated as a deduction from equity in the Statement of Changes in Equity, and written off against Share Premium. During the period there were no such expenses incurred (2013: £Nil).

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.

Translation of foreign currency

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

Segmental reporting

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

For management purposes, the Company is organised into one main operating segment, which invests in precious metals securities which are principally listed on the stock exchanges of London, Toronto and Sydney. All of the Company's activities are interrelated, and each activity is based upon analysis of the Company as one segment. On a day to day basis investment decisions have been delegated to the Investment Manager, New City Investment Managers.

The Company does not hold any non-current assets which require disclosure under IFRS 8. The Company also does not have any external customers and therefore the disclosure of customers geographically 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 25.

3 TAXATION

The Company is exempt from taxation in Guernsey under the provisions of The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and has paid an annual exemption fee of £600.

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 CISEAL.

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.

5 RELATED PARTY TRANSACTIONS AND OTHER SIGNIFICANT AGREEMENTS (continued)

Related party transactions

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 2014 all Directors are entitled to remuneration for their services of £12,000 per annum (2013: £16,000). During the period Directors' fees of £27,121 were charged to the Company (2013: £39,577) and £11,967 was payable at the period end (31 December 2013: £20,000). All Directors are non-executive.

Investment Manager
The Investment Manager, New City Investment Managers (a trading name of 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. This became effective from 1 January 2014. Previously a fee of 1.5% was payable.

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 £155,166 were charged to the Company (2013: £276,456) and £28,124 was payable at the period end (31 December 2013: £29,149).

The Investment Manager is also entitled to receive an annual performance fee equal to 20% of the increase in the Company's Net Asset Value on the last Trading Day of each calendar period, above an annual hurdle for growth of 8% and subject to a high water mark. During the period no performance fees had accrued to the Investment Manager (2013: £Nil).

Other significant agreements
Administrator
The Company's administrator is Legis Fund Services Limited (the "Administrator"). In consideration for the services provided by the Administrator under the Administration and Secretarial Agreement, the Administrator is entitled to receive from the Company an annual fee of £55,000 per annum payable monthly in arrears. During the period administration fees of £27,275 were charged to the Company (2013: £26,972) and £4,671 was payable at the period end (31 December 2013: £4,822).

Custodian Fees
The Company's Custodian is Credit Suisse Securities (Europe) Limited. Custodian fees are charged monthly at 5 basis points based on the Company's assets under management. During the period custodian fees of £6,744 were charged to the Company (2013: £10,165) and £1,100 was payable at the period end (31 December 2013: £1,100).

6 BASIC AND DILUTED EARNINGS / (LOSS) PER ORDINARY SHARE
Basic earnings/(loss) per Ordinary Share is calculated by dividing the comprehensive profit for the period of £4,281,444 (2013: Loss £23,745,209) by the weighted average number of Ordinary Shares outstanding during the period. The weighted average number of Ordinary Shares for the period is 57,001,926 (2013: 57,001,864). The Company's subscription shares are non-dilutive.

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 Total £
Opening fair value at 1 January 2014	23,341,036	483,331	23,824,367
Purchases	8,566,263	280,651	8,846,914
Sales	(7,523,117)	-	(7,523,117)
Gain / (loss)			
- realised	(884,512)	-	(884,512)
- unrealised	5,633,723	(125,324)	5,508,399
Closing fair value at 30 June 2014	29,133,393	638,658	29,772,051
Split by:			
Listed equities	29,133,393	-	29,133,393
Bonds	-	627,103	627,103
Warrants	-	11,555	11,555
	29,133,393	638,658	29,772,051

During the period there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Please refer to pages 25 - 26 for an analysis of financial assets at fair value through profit or loss which are disclosed above.

	Fair Value Level 1 £	Fair Value Level 2 £	Fair Value Total £
Opening fair value at 1 January 2013	50,410,594	595,250	51,005,844
Purchases	22,058,919	-	22,058,919
Sales	(22,664,757)	(99,158)	(22,763,915)
Gain / (loss)			
- realised	(7,739,962)	3,925	(7,736,037)
- unrealised	(18,723,758)	(16,686)	(18,740,444)
Closing fair value at 31 December 2013	23,341,036	483,331	23,824,367
Split by:			
Listed equities	23,341,036	-	23,341,036
Bonds	-	452,707	452,707
Warrants	-	30,624	30,624
	23,341,036	483,331	23,824,367

7 INVESTMENTS AT FAIR VALUE (continued)

Net gains/(losses) on financial assets at fair value through profit or loss:	**01.01.14 to 30.06.14 £**	**01.01.13 to 30.06.13 £**
Realised loss on financial assets designated as at fair value through profit or loss	(884,512)	(4,768,394)
Net unrealised gain/(loss) on financial assets designated as at fair value through profit or loss	5,508,399	(18,636,499)
Net capital gains/(losses) on financial assets	£4,623,887	(£23,404,893)
Dividend income and interest on bonds	74,499	155,274
Total net gains/(losses) on financial assets	£4,698,386	(£23,249,619)

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

Item	Fair value hierarchy level	Valuation techniques
Financial assets at fair value through profit or loss - Listed equity securities	Level 1	Fair value is the quoted bid price.
Financial assets at fair value through profit or loss - Debt securities	Level 2	The fair value of Debt Securities is calculated as the present value of the estimated future cash flows based on observable gold price, time value and discount rates.
Financial assets at fair value through profit or loss - Warrants	Level 2	The fair value of Warrants has been calculated using the underlying listed prices, expiry dates and observable future volatility.

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	30.06.14 £	**31.12.13 £**
Cash at bank	-	84,487
Bank overdraft	(3,495,124)	(1,892,549)
	(£3,495,124)	(£1,808,062)

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

Overdraft interest is calculated on a daily basis using the one month Libor rate plus 175 basis points and is charged to the Company on a monthly basis. In order to satisfy CSSEL of liquidity, a margin requirement is calculated to establish a net equity and cash position that must be maintained as collateral. If the Company falls into deficit then more funds are called. If the margin calls are not met then CSSEL can call in all outstanding funds. At no point during the period did the Company fall into deficit and at the period end the Company held an excess over the margin requirement of £14,255,946 (31 December 2013: £12,359,280).

The overdraft interest during the period of £62,339 (2013: £43,870) represents the only gain or loss on financial liabilities measured at amortised cost.

9 RECEIVABLES

	30.06.14	31.12.13
	£	£
Dividend income receivable	5,433	5,704
Bond interest receivable	181	5,723
Sales of investments awaiting settlement	-	-
General expenses prepaid	15,749	2,211
	£21,363	£13,638

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

10 PAYABLES AND ACCRUALS

	30.06.14	31.12.13
	£	£
Administration fee payable	4,671	4,822
Directors' fees payable	11,967	20,000
Investment management fee payable	28,124	29,149
Bank overdraft interest	7,742	3,704
Audit fee	8,058	15,000
Custodian fee payable	1,100	1,100
Sundry creditor	-	984
	£61,662	£74,759

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 2014 and 31 December 2013	No. of shares	£
Ordinary Shares of £0.001 par value	200,000,000	£200,000

During the period no Shareholders have elected to exercise subscription shares (2013: 74).

	No. of Shares		Share Capital	
	2014	2013	2014	2013
Issued and Fully Paid Share Capital			£	£
Equity Shares				
Ordinary Shares of £0.001 each at inception				
As at 1 January	57,001,926	57,001,852	57,002	57,002
Issued during the period / year	-	74	-	-
As at 30 June / 31 December	57,001,926	57,001,926	57,002	57,002
Subscription shares of no par value each				
As at 1 January	28,498,048	28,498,122	-	-
Exercised during the period / year	-	(74)	-	-
As at 30 June / 31 December	28,498,048	28,498,048	-	-

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.

11 SHARE CAPITAL (continued)

Each Subscription share confers the right (but not the obligation) to subscribe for one Ordinary Share at a Subscription price of 130p per Ordinary Share. The Subscription Rights may be exercised quarterly on the last business day in August, November, February or May as from May 2012 to November 2014, after which time the Subscription rights will lapse.

12 RESERVES

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 and Unrealised Capital Reserve

The Realised Capital Reserve contains gains and losses on the disposal of investments. The Unrealised Capital Reserve contains increases and decreases in the fair value of the Company's investment portfolio, together with any expenses allocated to capital.

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 payment of dividends.

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 debt securities as disclosed in Note 7 as well as bank balances and receivables. In the opinion of the Board of Directors 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 30 June 2014 there were no financial assets which were past due or impaired (31 December 2013: None).

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

	30.06.14	**31.12.13**
	£	**£**
Debt securities	627,103	452,707
Cash and cash equivalents:		
Credit Suisse Securities (Europe) Limited	-	84,487
Receivables	5,614	11,427
Total assets at credit risk	£632,717	£548,621

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

	Less than 1 month	1-3 months	3 months to 1 year	1 year to 5 years	30.06.14 Total
	£	£	£	£	£
Gross settled:					
Bank overdraft	-	3,495,124		-	3,495,124
Bank overdraft interest	7,742	-	-	-	7,742
Investment management fee payable	28,124	-	-	-	28,124
Administration fee payable	4,671	-	-	-	4,671
Directors' fees payable	11,967	-	-	-	11,967
Audit fee	-	-	8,058	-	8,058
Custodian fee payable	1,100	-	-	-	1,100
Sundry creditor	-	-	-	-	-
	£53,604	£3,495,124	£8,058	£-	£3,556,786

	Less than 1 month	1-3 months	3 months to 1 year	1 year to 5 years	31.12.13 Total
	£	£	£	£	£
Gross settled:					
Bank overdraft	-	1,892,549		-	1,892,549
Bank overdraft interest	3,704	-	-	-	3,704
Investment management fee payable	29,149	-	-	-	29,149
Administration fee payable	4,822	-	-	-	4,822
Directors' fees payable	20,000	-	-	-	20,000
Audit fee	-	-	15,000	-	15,000
Custodian fee payable	1,100	-	-	-	1,100
Sundry creditor	984	-	-	-	984
	£59,759	£1,892,549	£15,000	£-	£1,967,308

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

13 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

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

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

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 involves 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 geopolitical environment, local and international regulatory requirements, licensing terms, planning permission, unexpected geological formations, rock falls, flooding, pollution, legal liabilities, the availability and reliability of plant and equipment, the scaling-up of operations, the reliance on key individuals, local finance and tax regimes, foreign currency repatriation, capital and budget constraints, contractors and suppliers, local employment regulations and practices, employment unions and the availability of suitable labour. In addition, there is often no guarantee that the estimates of quantities and grades of metals and minerals disclosed by investee companies will be available for extraction.

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

Price sensitivity

The value of the Company's financial assets had a sensitivity of £5,954,410 (31 December 2013: £4,764,873) to a 20% increase or decrease in the market prices with other variables being held constant as at 30 June 2014. A 20% 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 or 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 has cash and cash equivalents which are invested at short term rates and debt securities which receive interest at a fixed rate. 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)

Returns from debt securities are fixed at the time of purchase, as the fixed coupon payments are known, as are the final redemption proceeds. Consequentially, if such a debt security is held until its redemption date, the total return achieved is unaltered from its purchase date. However over its life the market price at any given time will depend on the market environment at that time. Therefore, a debt security sold before its redemption date is likely to have a different price from its purchase level and a profit or loss may be incurred. Interest rate risk on fixed interest debt securities is considered to be part of market price risk as disclosed above.

The 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 30 June 2014

	0-3 Months £	1-5 Years £	Total £
Fixed rate assets			
Debt securities	-	274,095	274,095
Total interest bearing assets	-	274,095	274,095
Variable rate liabilities			
Bank overdraft	3,495,124	-	3,495,124
Total interest bearing liabilities	3,495,124	-	3,495,124

As at 31 December 2013

	0-3 Months £	1-5 Years £	Total £
Variable rate assets			
Cash and cash equivalents	84,487	-	84,487
Fixed rate assets			
Debt securities	-	452,707	452,707
Total interest bearing assets	84,487	452,707	537,194
Variable rate liabilities			
Bank overdraft	1,892,549	-	1,892,549
Total interest bearing liabilities	1,892,549	-	1,892,549

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

Interest rate sensitivity

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

If interest rates had been 25 basis points higher or lower and all other variables had been held constant, the Company's net assets attributable to holders of Ordinary Shares for the period would have been £6,410 (2013: £4,930) higher or lower due to the change in the interest payable on the bank loan 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. The Investment Manager's treatment of currency transactions is set out in Note 2 to the Financial Statements under "Translation of foreign currency".

There were no hedging instruments held at period end or used in the period (31 December 2013: None).

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

	30.06.14		**31.12.13**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	£	£	£	£
Australian Dollar (AUD)	5,617,065	(8,557)	3,835,283	(399)
Canadian Dollar (CAD)	16,733,786	-	12,443,751	-
United States Dollar (USD)	3,290,995	-	3,610,005	-
Swiss Franc (CHF)	189	-	195	-
	25,642,035	(8,557)	19,889,234	(399)

Foreign currency sensitivity

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

The following table details the Company's sensitivity to a 10% increase or decrease in Sterling against the relevant foreign currencies. A 10% change is the sensitivity rate currently used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated financial assets and financial liabilities and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in net assets attributable to holders of Ordinary Shares where Sterling weakens against the relevant currency and a negative number indicates a decrease in net assets where Sterling strengthens against the relevant currency.

			30.06.14
	AUD	**CAD**	**USD**
	£	**£**	**£**
Change in net assets in response to a	623,167	1,859,310	365,666
10% change in foreign currency rates	(509,865)	(1,521,253)	(299,181)

			31.12.13
	AUD	**CAD**	**USD**
	£	**£**	**£**
Change in net assets in response to a	426,098	1,382,639	401,111
10% change in foreign currency rates	(348,626)	(1,131,250)	(328,182)

13 FINANCIAL RISK MANAGEMENT (continued)

Capital Management

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

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

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

14 CONTINGENT LIABILITIES

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

15 EVENTS AFTER THE REPORTING DATE

With effect from 22 July 2014 the Company has entered into arrangements necessary to ensure compliance with AIFMD. On this date the Board approved the appointment of CQS Asset Management Limited ("CQS") as the Company's alternative investment fund manager ("AIFM") on the terms of, and subject to the conditions of, a new investment management agreement between the Company, CQS and CQS Cayman Limited Partnership. The Management fee and notice period are unchanged.

The Board also authorised the appointment of Legis Depositary Services Limited ("LDSL") to act as the Company's depositary to perform its duties in accordance with AIFMD. A depositary agreement between the Company, CQS and LDSL entitles LDSL to a fee, payable by the Company, of 0.02% of the Net Asset Value of the Company per annum up to £175 million, subject to a minimum fee of £1,000 per month.

16 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.

17 NAV RECONCILIATION

	30.06.14	**31.12.13**
Net Asset Value per financial statements	£26,236,628	£21,955,184
Number of shares in issue	57,001,926	57,001,926
Unaudited NAV per Ordinary Share	46.03p	38.52p
Issued NAV per Ordinary Share	46.42p	38.83p

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

Portfolio Statement

As at 30 June 2014

Description	Holding	Fair Value £	% of Total Net Assets
Equities			
Australia			
Ausgold Ltd	3,375,000	85,540	0.33%
Beadell Resources Ltd	5,485,000	1,828,385	6.97%
Gascoyne Resources	1,200,000	66,118	0.25%
Independence Group	430,000	1,021,131	3.89%
Lachlan Star Ltd	600,000	28,100	0.11%
Perseus Mining Ltd	1,931,451	441,639	1.68%
Phoenix Gold Ltd	3,076,924	245,822	0.94%
Regis Resources Ltd	500,000	449,049	1.71%
Resolute Mining Ltd	4,250,000	1,440,124	5.49%
		5,605,908	21.37%
Canada			
Asanko Gold Inc	640,857	973,134	3.71%
Anvil Mining Ltd	350,000	147,737	0.56%
Aureus Mining Inc	1,111,500	275,096	1.05%
Brazil Resources Inc	500,000	263,131	1.00%
Castle Mountain Mining Corp	1,850,000	659,199	2.51%
Endeavour Mining Corp	1,835,000	794,685	3.03%
First Majestic Silver Corp	275,000	1,736,668	6.62%
Fortuna Silver Mines	549,500	1,750,151	6.67%
Kennady Diamonds Inc	102,631	315,064	1.20%
Klondex Mines Ltd	509,100	555,377	2.12%
Mandalay Resources	3,220,000	1,888,735	7.20%
Royal Canadian Mint	51,800	429,470	1.64%
Affero Mining Inc	325,000	894,373	3.41%
New Gold Inc	200,000	736,768	2.81%
Pilot Gold Inc	275,000	220,099	0.84%
Perseus Mining Ltd	1,242,500	303,101	1.16%
Polar Star Mining Corp	2,347,500	77,213	0.29%
Rio Alto Mining Ltd	300,000	401,276	1.53%
Santacruz Silver Mining Ltd	1,448,000	746,153	2.84%
Silver Wheaton Corp	89,917	1,378,195	5.25%
Tahoe Resources Inc	65,000	985,948	3.76%
Timmins Gold Corp	900,000	927,539	3.54%
		16,459,112	62.74%
United Kingdom			
Fresnillo Plc	234,000	2,039,310	7.77%
Sovereign Mines of Africa	2,400,000	22,800	0.09%
ETFS Physical Palladium	24,750	1,182,293	4.51%
DB Physical Rhodium	904	56,197	0.21%
ETFS Phys Platinum	10,000	837,221	3.19%
Sovereign Bauxite of Guinea Limited	100,000	-	0.00%
		4,137,821	15.77%

Portfolio Statement (continued)

As at 30 June 2014

	Holding	Fair Value £	% of Total Net Assets
United States			
Continental Gold Ltd	600,000	1,124,887	4.28%
SPDR Gold Trust	15,000	1,121,733	4.28%
ETFS Palladium Trust	7,000	334,795	1.28%
PPL Corporation	7,000	311,425	1.19%
ZKB Gold	50	37,712	0.14%
		2,930,552	11.17%
Total Equities		**29,133,393**	**111.05%**
Warrants			
African MI EQW 01 Jan 00	2,500,000	-	0.00%
Gran Colombia Gold	7,500	-	0.00%
Aureus Mng Wts	187,500	-	0.00%
Ausgold EQW 15/05/15	1,125,000	11,157	0.04%
Gran Colombia Gold Corp	15,000	247	0.00%
Kinross Gold Corp	13,750	151	0.00%
Pan Am EQW 12 Jul 01	20,000	-	0.00%
Total Warrants		**11,555**	**0.04%**
Bonds			
Canada			
Maya Gold and Silver Inc 8% 31 Dec 2016	500,000	274,095	1.04%
Gran Colombia Gold Corp 10% 31 Oct 2017	750,000	353,008	1.35%
Total Bonds		**627,103**	**2.39%**
Total investments		**29,772,051**	**113.48%**
Other current assets less current liabilities		(3,535,423)	(13.48%)
Total Net Assets		**£26,236,628**	**100.00%**

GOLDEN PROSPECT PRECIOUS METALS LIMITED
Management and Administration

Directors
Malcolm Alec Burne
Kaare Glenne Foy
Robert Paul King
Toby Birch (appointed 3 April 2014)
John Bowles (resigned 3 April 2014)
Paul Craig (resigned 3 April 2014)

all of
Registered office
11 New Street
St Peter Port
Guernsey
GY1 2PF

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

Secretary, Administrator and CISEAL Sponsor
Legis Fund Services Limited
11 New Street
St Peter Port
Guernsey
GY1 2PF

Financial Adviser and Broker to the Company
Nplus 1 Singer Limited
One Bartholomew Lane
London
EC2N 2AX

Investment Manager

CQS Cayman Limited Partnership
P.O. Box 242
45 Market Street
Gardenia
Camana Bay
Grand Cayman KY1-1104
Cayman Islands

New City Investment Managers
(a trading name of CQS Asset Management Limited)
5th Floor
33 Chester Street
London
SW1X 7BL

Note: The Company has appointed CQS as its investment manager. However, CQS has, with the agreement of the Board, delegated that function to NCIM.

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

Custodian and Principal Bankers
Credit Suisse Securities (Europe) Limited
One Cabot Square
London
E14 4QJ

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

Solicitors to the Company as to English Law
Lawrence Graham LLP
4 More London Riverside
London
SE1 2AU

Registrar and CREST Agent
Capita Registrars (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue
St Sampson
Guernsey
GY2 4LH

Market Makers

Nplus 1 Singer Limited
One Bartholomew Lane
London EC2N 2AX

KBC Peel Hunt
111 Old Broad Street
London EC2N 1PH

Winterflood Securities
25 Dowgate Hill
London EC4R 2GA

Cantor Fitzgerald Europe
17 Crosswall
London EC3N 2LB