

**Golden Prospect Precious Metals Limited**

Annual Report and Audited Financial Statements

For the year-ended 31 December 2021

# Golden Prospect Precious Metals Limited

## Contents

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	<b>Page</b>
Chairman's Statement	2
Board Members	4
Directors' Report	5
Investment Manager's Report	16
Independent Auditor's Report	19
Financial Statements	
Statement of Comprehensive Income	26
Statement of Changes in Equity	27
Statement of Financial Position	28
Statement of Cash Flows	29
Notes to the Financial Statements	30
Unaudited Portfolio Statement	53
Management and Administration	56
Unaudited Report of the UK Investment Manager Relating to Matters under the Alternative Investment Fund Managers' Directive	58
Unaudited Report of the UK Investment Manager Relating to Matters under the Transparency of Securities Financing Transactions	60

# Golden Prospect Precious Metals Limited

## Chairman's Statement

For the year-ended 31 December 2021

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One thing for sure, trying to forecast events in any asset class at the present time is a hostage to fortune. In the case of gold, it would be very unwise indeed as since the Russian invasion the bullion price has been on a massive rollercoaster. This has produced a plethora of punditry that has been so wide of the mark that I hardly think these gold analysts and newsletter writers should claim to be informed knowledgeable sources.

The noise has been at a particularly heightened level and attempting to navigate through this volatile space at present would be a fool's errand.

All one can say is that gold is doing what it is supposed to do...react to both geopolitical and economic events as they arise but always with the solid, record that it remains the best safe haven asset, a store of value and an excellent insurance policy to have in troubled times.

Most investors in the precious metals sector will know why they remain invested in gold and gold mining equities. And of course, silver too.

So, I will not cover the familiar macro climate myself since our investment managers have prepared an excellent and comprehensive report elsewhere in these annual accounts.

However, as global share prices in the current climate are struggling, it will be useful to venture back into recent history and reveal how gold performed in US stock market crashes since the gold standard ended in 1971.

They are compelling stats from the Dow Jones Industrial Average. Starting with the crash in 1973-1974 the Dow lost 41 per cent but gold rose 186 per cent. In the 1977-78 correction the market lost 20 per cent whereas gold climbed 68.1 per cent. During the 1987 crash which took the market down by 26 per cent gold went higher by 7.3 per cent. The Dotcom crash of 2001-2002 saw shares down 25 per cent but gold shot up 35 per cent. In 2008-2009 financial crash the Dow lost 50 per cent and gold climbed 40 per cent.

Two years ago, when the Covid lockdowns began, gold again was the best place to hide during the massive stock sell offs with a very strong price bounce to all-time highs.

I am illustrating these figures to give us an idea of what may transpire if as many believe we are heading for major market downturns which has already hit the Nasdaq by way of a tech wreck. The number of stocks that have made new lows on the main US exchanges recently stands at circa 3000 which is comparable with many previous fear driven market pull backs.

The Russian invasion of Ukraine and the expected Covid Chinese induced spike in commodity prices is fuelling the inflation fires (but hopefully not to the oil shocking levels of the 70's) which must mean a continued rise in interest rates which normally leads to pressure on both bond and equity prices. The economic blows from Putin's war sanctions will also be extremely challenging, mostly for European bourses but also for UK and US markets already under significant pressure from cost of living increases.

# **Golden Prospect Precious Metals Limited**

## **Chairman's Statement (continued)**

For the year-ended 31 December 2021

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With so much uncertainty prevailing, I remain as ever a true believer in much higher gold prices in the near and long term and will again be adding to my shareholding in GPPM after these accounts are published.

Malcolm Burne  
Chairman

23 March 2022

# Golden Prospect Precious Metals Limited

## Board Members

For the year-ended 31 December 2021

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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 an independent non-executive Director for a number of open and closed-ended investment funds including one Specialist Fund Sector fund, Tufton Oceanic Assets Limited (Chairman), two AIM listed funds, Weiss Korea Opportunities Fund Limited, CIP Merchant Capital Limited and one International Stock Exchange listed fund Golden Prospect Precious Metals Limited (which also has a trading listing on the LSE). Before becoming an independent non-executive Director in 2011 he was a Director of Cannon Asset Management Limited and their associated companies. Prior to this he was a Director of Northern Trust International Fund Administration Services (Guernsey) Limited (formerly Guernsey International Fund Managers Limited) where he had worked from 1990 to 2007. He has been in the offshore finance industry since 1986 specialising in administration and structuring of offshore open and closed ended investment funds. Rob is British and resident in Guernsey.

**Toby Birch** is an investment manager and 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 Exodus Fund, trading in precious metals and commodities. He was also a Director of the Blackfish-Investec Resources Special Situations Fund, investing in mining companies. Toby is a Chartered Wealth Manager and Fellow of the Chartered Institute for Securities and Investments. He is a regular speaker on the conference circuit covering financial megatrends, precious metals and monetary reform. He holds the HSK3 Intermediate level 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 retirement at the end of 2016. Graeme has significant experience of the management, administration and oversight of all types of collective investment vehicles and has served as a Director on open ended, closed ended and limited partnership vehicles investing in a wide variety of asset classes and sectors including many listed funds. Graeme is a resident of Jersey. Graeme was appointed to the Board on 17 April 2018 as both a Director and Chairman of the Audit Committee.

# Golden Prospect Precious Metals Limited

## Director's Report

For the year-ended 31 December 2021

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The Directors present their Annual Report and the Audited Financial Statements of Golden Prospect Precious Metals Limited (the "Company") for the year-ended 31 December 2021.

### The Company

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

### Subscription Shares

On 22 December 2017 the Company issued, by way of bonus issue and on a one subscription share for every two ordinary shares, 28,500,995 subscription shares. These were admitted to listing on TISE and they traded on the London Stock Exchange Electronic Trading Services SETS QX. The subscription price was equal to the published unaudited net asset value per ordinary share as at the close of business on 20 December 2017 plus a premium depending on the year in which they were exercised. The last exercise date was the 30 November 2020. The Company allotted on 2 December 2020, by way of an exercise of 18,136,934 subscription shares, 18,136,934 new ordinary shares of £0.001 each for cash, at a price of 46.14p per share, the 10,336,782 outstanding subscription shares were sold by finnCap Limited by way of secondary market placing, the Company having allotted a further 10,336,782 ordinary shares. Following the exercise of the rights the Company had raised a total of £13.14 million excluding any costs incurred.

### Shareholder Information

Up to date information regarding the Company, including a daily announcement of Net Asset Value, can be found on the Company's website, which is [www.ncim.co.uk/gppm\\_top.php](http://www.ncim.co.uk/gppm_top.php)

### Results and Dividends

The Company's performance during the year is discussed in the Investment Manager's Report on page 16. The results for the year are set out in the Statement of Comprehensive Income on page 26. The Directors do not recommend the payment of a dividend for the year-ended 31 December 2021 (2020: £nil).

### Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

# Golden Prospect Precious Metals Limited

## Director's Report (continued)

For the year-ended 31 December 2021

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### Directors' Responsibilities Statement (continued)

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

In preparing those Financial Statements the Directors are required to:

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

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

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

### Directors

The Directors of the Company who served during the year and to date are set out on page 4.

### Directors' Interests

The Directors held the following interests in the share capital of the Company either directly or beneficially as at 31 December 2021, and as at the date of signing these Financial Statements:

Director	2021 Ordinary shares	2020 Ordinary shares	2021 Subscription shares	2020 Subscription shares
M Burne	1,056,250	956,250	-	-
R King	30,000	30,000	-	-
T Birch	125,000	100,000	-	-
G Ross	-	-	-	-

# Golden Prospect Precious Metals Limited

## Director's Report (continued)

For the year-ended 31 December 2021

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### Directors' Interests (continued)

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

Director	2021 £	2020 £
M Burne*	20,000	16,000
R King	20,000	16,000
T Birch	20,000	16,000
G Ross	20,000	16,000
	<b>80,000</b>	<b>64,000</b>

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

\* Chairman

### Directors' Authority to Buy Back Shares

As agreed at the Company AGM on 27 July 2020, and in accordance with the Articles of Association of the Company and the Companies (Guernsey) Law, 2008, as amended (the "Law"), the Company is authorised to make market purchases of up to a maximum of 15 per cent of its existing issued ordinary Share Capital. This authority is renewable annually. At the Annual General Meeting to take place on 29 June 2022 the Company will seek to renew such authority and will seek to renew such authorities at annual general meetings thereafter.

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

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

During the year no shares (2020: no shares) were acquired by the Company under the above authority.

### Board Responsibilities and Corporate Governance

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



# Golden Prospect Precious Metals Limited

## Director's Report (continued)

For the year-ended 31 December 2021

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### Board Responsibilities and Corporate Governance (continued)

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

The Board has reviewed the position and relationships of all directors in office as at 31 December 2021 and is satisfied that no director has any contract for services or any other connection, paid or otherwise, with any related party of the Company.

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

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

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

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

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

# Golden Prospect Precious Metals Limited

## Director's Report (continued)

For the year-ended 31 December 2021

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### Audit Committee

The Audit Committee has been established with written terms of reference and comprises all of the Board members. The Audit Committee members have recent and relevant financial experience. The terms of reference of the Audit Committee are reviewed and re-assessed for their adequacy on an annual basis.

### Role of the Audit Committee

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

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

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

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

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

### Independent Auditor

The Audit Committee is responsible for overseeing the Company's relationship with the external auditor, including making recommendations to the Board on their appointment of the external auditor and their remuneration. BDO Limited has been the Company's external auditor since the Company's inception. The lead audit director, Mr Simon Hodgson has been appointed for the year-end 31 December 2021 audit.

# Golden Prospect Precious Metals Limited

## Director's Report (continued)

For the year-ended 31 December 2021

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### Independent Auditor (continued)

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

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

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

### Annual Report and Financial Statements

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

### Investment Policy

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

### Anti-bribery and Corruption

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

### Alternative Investment Fund Managers Directive ("AIFMD")

Our Investment Manager, CQS (UK) LLP, has been authorised by the UK Financial Conduct Authority ("FCA") as an Alternative Investment Fund Manager ("AIFM") under the Alternative Investment Fund Managers Directive ("AIFMD"). The funds managed by the AIFM are now defined as Alternative Investment Funds ("AIFs") and are subject to the relevant articles of the AIFMD. Further AIFM disclosures are shown on pages 58 and 59. The Board has appointed INDOS Financial Limited as the Company's Depositary.

# Golden Prospect Precious Metals Limited

## Director's Report (continued)

For the year-ended 31 December 2021

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### Internal Control and Financial Reporting

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

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

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

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

### Environmental, Social and Governance ("ESG") Statement

The Board of Directors confirms that the Company places the highest regard to ESG factors in the investment decision making process and this focus plays a key role in the execution of its investment strategy. The Board recognises the importance to society of the need to invest in companies that are environmentally and socially responsible with clear governance structures. The Board believes the integration of ESG factors in the investment process provides enhanced financial returns for Shareholders through deeper, more informed investment decisions. The Board has reviewed and agreed the ESG approach adopted by CQS and a summary of this is set out below.

#### CQS ESG Statement

CQS is committed to operating in a socially responsible manner, embedding strong and clear governance, and conducting our business in a sustainable way. In our role as an investment manager we view ESG factors as key drivers influencing financing costs, valuations and performance, while also acting as a lever to shape and influence the world for generations to come.

# Golden Prospect Precious Metals Limited

## Director's Report (continued)

For the year-ended 31 December 2021

### CQS ESG Statement (continued)

The assessment and integration of ESG factors is a crucial part of this commitment across the CQS investment platform, both in public and privately held companies, and a key factor in our decision-making. By embedding ESG into our investment process we enhance our ability to identify value, investment opportunities and, critically, to generate the best possible returns for our clients.

Our ESG process specifically looks at ESG factors through integration in our sector research process, including modelling and internal ratings with ESG methodologies applied to both public and private debt and equity. Methodologies include analysing the relative importance and risk posed by any identified ESG issue. Research notes are stored in accessible form and available for use across the Front Office. Discussion and debate is encouraged during the ESG internal analysis, both within the CQS Research team and with Portfolio Managers.

This is followed by an evaluation. Portfolio Managers are required to consider (to an appropriate degree having regard to their investment strategy) ESG risks as part of their investment decision making. This includes, but is not limited to:

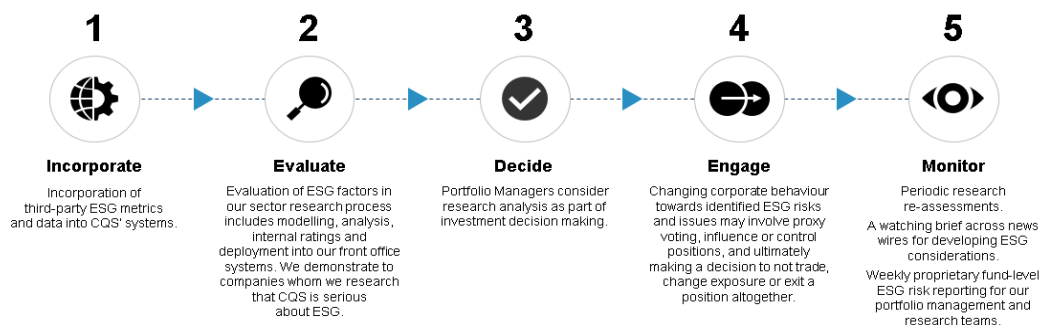
- Environmental: Climate Change, Water Stress, Biodiversity and Land Use, Toxic Emissions and Waste and Environment Opportunities;
- Social: Labour management, Health and Safety, Privacy and Data Security, Stakeholder Opposition and Social Opportunities, Mobility and Diversity; and
- Governance: Corporate Governance and Corporate Behaviour including Ethics, Corruption, Instability, Diversity and Remuneration.

Please see below a slide depicting our five-stage process:

### Five-Stage ESG Investment Process



Environmental, Social and Governance (ESG) Policy applies to all strategies across the CQS platform.



# Golden Prospect Precious Metals Limited

## Director's Report (continued)

For the year-ended 31 December 2021

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### Standards and Codes

CQS is a signatory and/or supporter to the following:

- United Nations: Principles for Responsible Investment (“UN PRI”)
- Task Force on Climate-Related Financial Disclosures (“TCFD”)
- CDP (“CDP”, formerly Carbon Disclosure Project)
- Standards Board for Alternative Investments (“SBAI”, formerly HFSB)
- Climate Action 100+
- CQS is now a signatory to the UK Stewardship Code

### Specific ESG Statement from the CQS Investment Managers with regard to the Company

Companies involved in the gold and precious metals sector are exposed to ESG risk given the nature of their business. In addition, mining companies often operate in countries that score poorly in the ratings of Transparency International. Companies that demonstrate social value creation and good governance – through responsible and active ESG management – go some way in mitigating that risk. Moreover, they are more likely to attract capital which will differentiate them from their peers on a relative valuation basis, a trend that we expect to continue today and over the long term.

It is our responsibility to effectively analyse and monitor investee companies’ financial and non-financial (ESG) performance. ESG disclosure is an important consideration when analysing investment opportunities and we are committed to evolving our approach in support of our ESG principles. We follow the CQS firm-wide five-stage ESG investment integration process but are also guided by the following principals which have been agreed with the Board of the Company:

- to engage directly in dialogue with companies to understand their ESG approach, their ambition and disclosure, and to table questions or concerns;
- to specifically question Human Rights including Indigenous Peoples;
- to use internal and third party data and ratings providers;
- to vote at shareholder meetings; and
- only as a last resort, exclude companies from our investment universe.

At the time of writing 16.6% of the Company’s portfolio is covered by MSCI for their ESG rating service. MSCI have a minimum 65% threshold before we are able to provide a meaningful MSCI ESG rating for the portfolio. We monitor this closely and engage to try and increase the percentage of the portfolio covered.

# Golden Prospect Precious Metals Limited

## Director's Report (continued)

For the year-ended 31 December 2021

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### Going Concern

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

- the assets of the Company consist mainly of securities which are readily realisable; and
- the Company has an agreed overdraft facility provided by its Custodian for which margin requirements are monitored and reported on a monthly basis. There were no breaches of these requirements during the year or the prior year.

In their assessment the Directors noted the ongoing impact of COVID-19 on the markets. The Directors believe that the company has adequate liquidity to meet its on-going expenses for the next 12 months due to the liquid nature of the portfolio and available credit. They have also reviewed the Company's collateral position. The Company holds an excess of £25,288,187 over the margin requirement as at the date of signing these financial statements and therefore the Directors consider that the Company will be able to meet its liabilities as they fall due, refer Note 7.

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

### Shareholders' Significant Interests

The following shareholders had a substantial interest of 5% or more of the Company's issued share capital as at 31 December 2021, and as at the date of signing these Financial Statements:

<b>Shareholder</b>	<b>% of issued share capital</b>
Clients of Hargreaves Lansdown (Nominees) Limited	24%
Clients of Interactive Investor (Nominees) Limited	16%
Clients of HSBC Global	8%

### Material Contracts

The Company's material contracts are with CQS (UK) LLP ("CQS"), (the Company has appointed CQS as its investment manager, however, CQS has, with the agreement of the Board, delegated that function to New City Investment Managers (a trading name of CQS (UK) LLP)), to provide investment management services; Maitland Administration (Guernsey) Limited, which acts as Secretary and Administrator for the Company; Credit Suisse AG Dublin Branch, which acts as Custodian; INDOS Financial Limited, which acts as Depositary; and Computershare Investor Services (Guernsey) Limited, which acts as Registrar for the Company.

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

# Golden Prospect Precious Metals Limited

## Director's Report (continued)

For the year-ended 31 December 2021

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### Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. The Annual Report and Financial Statements are also distributed to other parties who have an interest in the Company's performance. Additional information on the Company can be obtained through the Investment Manager's website [www.ncim.co.uk](http://www.ncim.co.uk).


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

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

### Disclosure of Information to the Auditor

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

Approved by the Board of Directors on 23 March 2022 and signed on behalf of the Board by:



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Robert King



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Toby Birch



# Golden Prospect Precious Metals Limited

## Investment Manager's Report

For the year-ended 31 December 2021

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The final six months of 2021 were undramatic for gold, holding a tight range, rarely breaking more than \$50/oz away from the \$1800/oz level that it has maintained over the period reflecting the opposing influence of rising inflation and more hawkish central bank monetary policy response. The performance of gold mining equities was more lacklustre as they traded lower on declining sentiment, illustrated by the GDXJ Junior precious metal mining index which fell 21% over the period in sterling terms.

2022 has unsurprisingly seen a very different and more supportive backdrop for precious metals and their respective miners. Mining equity investors could be forgiven for losing faith, looking elsewhere for a bit more excitement, or simply giving up. As a result, gold and silver miners are trading at some of the lowest multiples vs spot gold they ever have, showing the general apathy to the space.

That six months of low volatility really doesn't tell the story of what would normally be viewed as powerful forces for this precious metal. A tug of war between a number of factors appears to have neutralised each other, with what has always been a sentiment metal, leaving many commentators confounded.

The key one has been whether the emergence of inflation is good for precious metals, or whether a resultant rate hiking cycle would be bad. We believe inflationary pressures are likely to remain, whilst central banks are limited in their ability to raise rates, given the knock on to the broader economy. This should be a positive backdrop for precious metals, as they provide a store of value when cash is offering negative real returns.

Inflation concerns have been supportive for precious metals, seeing inflows from those looking for protection from inflation pressures. Inflation picked up materially late in 2021, driven by energy and commodity costs, supply disruptions and latterly wage inflation. The US Federal Reserve repeatedly used the term transitory, but now along with other central banks look to be behind the curve as inflationary pressures run away from them. Central Banks globally seemed convinced that inflation was only driven by supply disruptions, but it is clear that this school of economics has missed some clear signal from the commodities world.

Inflation remains pressured by a continued tight energy market. Oil is seeing no new supply additions as a result of ESG constraints on non-OPEC producers, whilst OPEC is running out of excess capacity and demand is recovering as countries reopen post lockdowns. Gas is seeing similar dynamics, whilst both are exacerbated by the war in Ukraine and the impacts of sanctions on the purchase of commodities. Energy-driven inflation pressures look likely to continue in the near term.

Soft commodities are increasingly becoming a driver, as the energy crisis has reduced fertiliser production, with Russia/Ukraine further exacerbating the issue, as Russia and Ukraine account for 25% of global wheat exports. This is likely to make inflation pressures stickier through 2022 and in to 2023.

After 14 months of declining physical gold ETF holdings, it shifted to increasing in January. Initially that was driven by inflation concerns, but latterly driven by the war in the Ukraine. ETF holdings can have an outsized impact on gold flows, given the proportionately large shift when it transitions from selling to buying or visa-versa.

# **Golden Prospect Precious Metals Limited**

## **Investment Manager's Report (continued)**

For the year-ended 31 December 2021

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Physical demand has remained strong, driven by jewellery, bar and coin purchases. COVID lock downs had led to a drop-off in jewellery sales, but since economies are reopening this has recovered strongly. India is a key demand centre, where gold is often purchased for weddings as gifts, so an increase in weddings post lock downs is supportive here.

Central banks are now left with a difficult task of trying to tame inflation without overly harming the general economy. This makes the potential for policy error much greater, as the market is weaned off 14 years of cheap financing. While it is clear rates are going up, realistically how high can they go before serious pain is felt. Especially amongst an already strained consumer given the inflationary backdrop. Arguably inflation may run much hotter than rates can offset, leaving real rates, net of inflation, negative. Commodities perform well in inflationary environments, but gold especially excels in stagflationary environments, making it a good hedge against policy error on the global rate hike cycle, should global growth slow as a result.

Crypto currency has been cited as digital gold, with some claiming that it will cannibalise gold demand. Clearly cryptocurrencies such as Bitcoin offer something very different, both by being highly volatile and a tool for capital creation rather than capital protection. This has been made very clear by recent volatility around Russia/ Ukraine, where Bitcoin fell and gold strengthened, with Bitcoin trading in-line with risk assets. Gold has a six-thousand-year history of being a store of value and remains a primary diversifier from the US dollar for Central Banks. This is especially relevant for emerging markets since America has weaponised the US dollar via sanctions. This is notably significant for the likes of China, Russia, Turkey, Iran etc.

The miners are attractively valued, trading at or near record low earnings multiples. This is a good gold price, generating strong returns for most producers, so valuations are more suggestive of expectations of a fall in the gold price. Mining equities have drifted lower in the malaise and offer good returns relative to the general mining sector and market overall. Balance sheets are very strong, supporting M&A, as larger producers look to offset declining reserves and may even look to growth. Gold miners are exposed to inflationary pressures on input costs such as energy, labour and ever tighter environmental regulation, but this only adds value to existing mines versus new construction

# Golden Prospect Precious Metals Limited

## Investment Manager's Report (continued)

For the year-ended 31 December 2021

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### Outlook

Anything we write now on Russia/Ukraine will be out of date by the time anyone reads it. Albeit, clearly it is a major source of geopolitical instability and tragic for the poor people of Ukraine.

One outcome that looks almost certain in how it relates to gold is that with Russia and Ukraine being major suppliers of global commodities, roughly 10% in general, it is likely to add to inflationary pressures. This may be driven as much by sanctions as actual direct supply disruption. It is already having significant impacts on global currencies, not just with the Ruble. The implications of even tighter soft commodity markets, given the large grain exports, will likely see further instability in emerging markets and the Middle East, noting it was the cost of wheat that triggered the Arab Spring. We have already seen riots in Kazakhstan when they tried to increase LPG pricing. Currency instability, especially in these regions, has historically seen strong gold support as a way of diversifying cash.

Global central banks are increasingly trying to tame inflation, but this is a difficult task as rates address demand, whilst much of this inflation is driven by supply. This increases the probability of policy error, with possible fall out from applying a higher discount rate on growth-orientated technology equities. Their valuations are highly sensitive to the discount rate of future cash flows back to present value.

New City Investment Managers  
Investment Manager  
23 March 2022

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

For the year-ended 31 December 2021

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## **Opinion on the financial statements**

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs"), as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of the Company for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies.

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

## **Basis for opinion**

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

## *Independence*

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

## **Conclusions relating to going concern**

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

- Obtaining those charged with governance and the Directors' paper in respect of going concern and challenging this with both those charged with governance and the Directors during discussions held with them;

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

For the year-ended 31 December 2021

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- Consideration of the cash available, the liquidity of the portfolio held, together with the expected annual running expenses of the Company and determining whether these assumptions were reasonable and these factors were appropriately considered in the forecast based on our knowledge of the Company.
- Performing our own sensitivity analysis of the headroom of the investment portfolio over the annual running expenses. We have reviewed the margin requirements for the loan to ensure that there were no breaches during the year.
- Reviewing the minutes of the directors meetings, the RNS announcements and the compliance reports for any events or conditions in respect of going concern.

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

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

## Overview

<b>Key audit matters (2021 and 2020)</b>	<i>Investment valuation and ownership</i>
<b>Materiality</b>	£885,000 (2020: £1,014,400) based on 1.75% (2020: 1.75%) of total assets.

## An overview of the scope of our audit

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

We carried out a full scope audit of the Company which was tailored to take into account the nature of the Company's investments, involvement of the Investment Manager, the Company's administrator and the custodian, the accounting and reporting environment and the industry in which the Company operates.

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

This assessment took into account the likelihood, nature and potential magnitude of any misstatement. As part of this risk assessment we considered the Company's interaction with the Manager and the company administrator.

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

For the year-ended 31 December 2021

We obtained an understanding of the control environment in place at the Manager and the company administrator to the extent that it was relevant to our audit. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

## *Key audit matters*

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

Key audit matter	How the scope of our audit addressed the key audit matter
<p><b>Investment Valuation and ownership (note 2 &amp; 7)</b></p> <p>The investment portfolio as at 31 December 2021 comprised listed investments whose price is readily available, along with unlisted warrants. Unlisted warrants are valued using valuation models.</p> <p>This is a key accounting estimate where there is an inherent risk of management override arising from the investment valuations. The valuations include significant judgement and assumptions, and as they are prepared by the Investment Manager who is remunerated based on the net asset value of the funds, we consider this to be a key audit matter.</p> <p>We focused on the valuation and ownership of investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements.</p>	<p>For all investments, we agreed the ownership of the investment portfolio holdings to the respective independently obtained Custodian confirmations.</p> <p>We tested the valuation of all listed investments and warrants held by agreeing the prices used in the valuation to independent third-party sources.</p> <p>For unlisted warrants we obtained management's valuation and models and challenged these by agreeing the inputs into the models to independent third party sources and comparing management's valuations to our own valuations using the black scholes model.</p> <p><b>Key Observations</b> Based on the procedures performed we did not identify any matters to indicate that the ownership and valuation of investments are inappropriate.</p>

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

For the year-ended 31 December 2021

## Our application of materiality

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

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

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

	Company financial statements	
	2021 £	2020 £
<b>Materiality</b>	877,000	1,014,000
<b>Basis for determining materiality</b>	1.75% of total assets	
<b>Rationale for the benchmark applied</b>	Due to it being an investment fund with the objective of long-term capital growth with investment values being a key focus of users of the financial statements.	
<b>Performance materiality</b>	619,500	710,000
<b>Basis for determining performance materiality</b>	70% of materiality  This was determined using our professional judgement and took into account the control environment in place, the Directors' assessment of risk, and our past experience of adjustments	

## Specific materiality

We also determined that for dividend income and sensitive expenses including investment management fees, administration fees, director's fees, legal fees, financial advisors fees, depositary fees and custodian fees, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items based on 10% £87,700 (2020: 10% £101,400) of overall materiality. We further applied a performance materiality level of 70% £61,390 (2020: 70% £70,980) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

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

For the year-ended 31 December 2021

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## *Reporting threshold*

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £35,000 (2020: £40,560). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

## **Other information**

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

We have nothing to report in this regard.

## **Other Companies (Guernsey) Law, 2008 reporting**

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

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

## **Responsibilities of Directors**

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

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



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

For the year-ended 31 December 2021

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## **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

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

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

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

- Discussion with and enquiry of management and those charged with governance concerning known or suspected instances of non-compliance with laws and regulations and fraud;

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

For the year-ended 31 December 2021

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- Obtaining an understanding of the internal control environment in place to prevent and detect irregularities;
- Reading minutes of meetings of those charged with governance, correspondence with the Guernsey Financial Services Commission, internal compliance reports, complaint registers and breach registers to identify and consider any known or suspected instances of non-compliance with laws and regulations and fraud;
- Recalculating investment income and realised and unrealised gains and losses in full for listed investments based on external source information;
- For unquoted investments, recalculating realised and unrealised gains and losses in full; and
- Performing analytics on the daily NAV's with a focus on reviewing movements over a set threshold.

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

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

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

## Use of our report

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

*BDO Limited*

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

23 March 2022

**Golden Prospect Precious Metals Limited**  
**Statement of Comprehensive Income**  
For the year-ended 31 December 2021

	Notes	Revenue £	Capital £	2021 Total £	2020 Total £
<b>Income</b>					
Income from investments held at fair value through profit or loss	7	110,411	-	110,411	32,318
Net capital gains/(losses) on investments held at fair value through profit or loss	7	-	(10,324,072)	(10,324,072)	20,517,213
Net gains/(losses) on foreign exchange		-	16,055	16,055	(39,047)
<b>Net (loss)/income</b>		<b>110,411</b>	<b>(10,308,017)</b>	<b>(10,197,606)</b>	<b>20,510,484</b>
<b>Expenses</b>					
Investment management fees	5	(526,039)	-	(526,039)	(384,369)
Administration fees	5	(81,420)	-	(81,420)	(80,000)
Directors' fees	5	(80,000)	-	(80,000)	(64,000)
Legal and professional fees		(6,838)	-	(6,838)	(15,381)
Brokerage and custody fees		(898)	-	(898)	-
Promotion and marketing fees		(1,500)	-	(1,500)	(1,462)
Audit fees		(24,380)	-	(24,380)	(23,001)
Research fees	5	(27,047)	-	(27,047)	(18,035)
Financial advisers fees	5	(48,587)	-	(48,587)	(24,875)
Listing fees		(25,494)	-	(25,494)	(14,127)
Depositary fees	5	(16,800)	-	(16,800)	(16,800)
Registrar's fees	5	(25,512)	-	(25,512)	(20,974)
Custodian fees	5	(26,320)	-	(26,320)	(16,932)
Other fees		(11,630)	-	(11,630)	(6,749)
<b>Total operating expenses</b>		<b>(902,465)</b>	<b>-</b>	<b>(902,465)</b>	<b>(686,705)</b>
<b>Net (loss)/gain on ordinary activities before financing and taxation</b>		<b>(792,054)</b>	<b>(10,308,017)</b>	<b>(11,100,071)</b>	<b>19,823,779</b>
<b>Financing</b>					
Interest income		-	-	-	63
Overdraft interest	7	(85,602)	-	(85,602)	(42,758)
<b>Net (loss)/gain on ordinary activities before taxation</b>		<b>(877,656)</b>	<b>(10,308,017)</b>	<b>(11,185,673)</b>	<b>19,781,084</b>
Taxation	3	(27,653)	-	(27,653)	(8,162)
<b>Total comprehensive (loss)/gain for the year</b>		<b>(905,309)</b>	<b>(10,308,017)</b>	<b>(11,213,326)</b>	<b>19,772,922</b>
<b>Per share ordinary shares:</b>					
<b>Basic (loss)/earnings (pence)</b>	6			<b>(13.11)</b>	<b>33.63</b>

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 30 to 52 form an integral part of these Financial Statements.

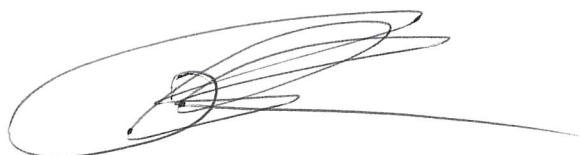
**Golden Prospect Precious Metals Limited**  
**Statement of Changes in Equity**  
For the year-ended 31 December 2021

	Notes	Share capital £	Revenue reserve £	Distributable reserve £	Realised capital reserve £	Unrealised capital reserve £	Total equity £
<b>Balance as at 1 January 2020</b>		<b>57,029</b>	<b>(6,257,818)</b>	<b>43,914,233</b>	<b>(13,648,424)</b>	<b>(1,044,518)</b>	<b>23,020,502</b>
Total comprehensive (loss)/income for the year		-	(705,244)	-	4,320,088	16,158,078	19,772,922
<i>Transactions with owners</i>							
Subscription share issue	10	28,474	-	13,109,298	-	-	13,137,772
Expenses of share issue		-	-	(32,515)	-	-	(32,515)
<b>Total transactions with owners</b>		<b>28,474</b>	<b>-</b>	<b>13,076,783</b>	<b>-</b>	<b>-</b>	<b>13,105,257</b>
<b>Balance as at 31 December 2020</b>		<b>85,503</b>	<b>(6,963,062)</b>	<b>56,991,016</b>	<b>(9,328,336)</b>	<b>15,113,560</b>	<b>55,898,681</b>
Total comprehensive (loss)/income for the year		-	(905,309)	-	653,574	(10,961,591)	(11,213,326)
<b>Balance as at 31 December 2021</b>		<b>85,503</b>	<b>(7,868,371)</b>	<b>56,991,016</b>	<b>(8,674,762)</b>	<b>4,151,969</b>	<b>44,685,355</b>

The Notes on pages 30 to 52 form an integral part of these Financial Statements.

**Golden Prospect Precious Metals Limited**  
**Statement of Financial Position**  
For the year-ended 31 December 2021

	Notes	2021 £	2020 £
<b>Non-current assets</b>			
Investments at fair value through profit or loss	7	50,112,467	57,947,979
<b>Current assets</b>			
Receivables and prepayments	9	8,611	11,303
Cash and cash equivalents	8	9,609	7,918
<b>Total assets</b>		<b>50,130,687</b>	<b>57,967,200</b>
<b>Current liabilities</b>			
Derivative financial liability	7	-	(510)
Payables and accruals	10	(158,924)	(106,203)
Bank overdraft	8	(5,286,408)	(1,961,806)
<b>Total liabilities</b>		<b>(5,445,332)</b>	<b>(2,068,519)</b>
<b>Net assets</b>		<b>44,685,355</b>	<b>55,898,681</b>
<b>Equity</b>			
Share capital	11	85,503	85,503
Revenue reserve	12	(7,868,371)	(6,963,062)
Distributable reserve	12	56,991,016	56,991,016
Realised capital reserve	12	(8,674,762)	(9,328,336)
Unrealised capital reserve	12	4,151,969	15,113,560
<b>Total equity</b>		<b>44,685,355</b>	<b>55,898,681</b>
<b>Number of ordinary shares in issue</b>	11	<b>85,503,021</b>	<b>85,503,021</b>
<b>Net Asset Value per ordinary share (pence)</b>	15	<b>52.26</b>	<b>65.38</b>



Robert King



Toby Birch

The Notes on pages 30 to 52 form an integral part of these Financial Statements.

# Golden Prospect Precious Metals Limited

## Statement of Cash Flow

For the year-ended 31 December 2021

	Notes	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Total comprehensive (loss)/gain for the year		(11,213,326)	19,772,922
Adjustments for:			
Net capital losses/(gains) on investments held at fair value through profit or loss		10,324,072	(20,517,213)
Decrease in receivables and prepayments		2,692	253,662
Increase in payables and accruals		52,721	17,811
Purchase of investments	7	(13,964,787)	(26,075,685)
Proceeds from settlement of investments	7	11,475,717	12,018,205
<b>Net cash used in operating activities</b>		<b>(3,322,911)</b>	<b>(14,530,298)</b>
<b>Cash flows from financing activities</b>			
Proceeds from conversion of subscription shares		-	13,137,772
Expenses of ordinary shares issue		-	(32,515)
<b>Net cash generated from financing activities</b>		<b>-</b>	<b>13,105,257</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(3,322,911)</b>	<b>(1,425,041)</b>
Cash and cash equivalents at the beginning of the year		(1,953,888)	(528,847)
<b>Cash and cash equivalents at end of year</b>	8	<b>(5,276,799)</b>	<b>(1,953,888)</b>
<b>Cash and cash equivalents at the end of the period:</b>			
Cash and cash equivalents		9,609	7,918
Bank overdraft		(5,286,408)	(1,961,806)
		<b>(5,276,799)</b>	<b>(1,953,888)</b>

### Supplementary cash flow information

*Net cash used in operating activities include:*

Interest received on cash balances	-	63
Interest paid on cash balances	(85,602)	(42,758)
Income received from investments	110,411	32,318

The Notes on pages 30 to 52 form an integral part of these Financial Statements.

# Golden Prospect Precious Metals Limited

## Notes to the Financial Statements

For the year-ended 31 December 2021

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### 1. COMPANY INFORMATION

Golden Prospect Precious Metals Limited (the “Company”) was incorporated in Guernsey on 16 October 2006 as an authorised closed-ended investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law, 2020, as amended. The Company’s registered office is shown on page 56.

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

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

During the year no subscription shares were converted to ordinary shares as these were all exercised in the prior year (2020: 28,473,716 shares were exercised and converted). For further details see Note 11.

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 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 International Financial Reporting Standard Interpretations (“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 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 certain financial assets at fair value through profit or loss.

# Golden Prospect Precious Metals Limited

## Notes to the Financial Statements (continued)

For the year-ended 31 December 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Going Concern

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

- the assets of the Company consist mainly of securities which are readily realisable; and
- the Company has an agreed overdraft facility provided by its Custodian for which margin requirements are monitored and reported on a monthly basis. There were no breaches of these requirements during the year or the prior year.

In their assessment the Directors noted the ongoing impact of COVID-19 on the markets. The Directors believe that the Company has adequate liquidity to meet its on-going expenses for the next 12 months due to the liquid nature of the portfolio and available credit. They have also reviewed the Company's collateral position. The Company holds an excess of £25,288,187 over the margin requirement as at the date of signing these financial statements and therefore the Directors consider that the Company will be able to meet its liabilities as they fall due.

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

#### Accounting Judgements and Estimates

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

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

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

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

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



# Golden Prospect Precious Metals Limited

## Notes to the Financial Statements (continued)

For the year-ended 31 December 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Adoption of new and revised standards**

The accounting policies adopted in the period are consistent with those of the previous financial period. No standards, amendments to standards or interpretations that are effective for periods beginning on 1 January 2021 had a material effect on the financial statements of the Company.

#### **Standards and interpretations in issue**

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

The Company has not early adopted any standard, interpretation or amendment that has been issued but are not yet effective. The Company is of the opinion that that these standards will have no significant impact on the Company's Financial Statements.

#### **Financial Instruments**

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

#### **Financial Assets**

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

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

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

#### ***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.

# Golden Prospect Precious Metals Limited

## Notes to the Financial Statements (continued)

For the year-ended 31 December 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial Assets (continued)

##### *Financial Assets at Fair Value (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 taken to the Statement of Comprehensive Income as appropriate.

##### *Fair value estimation*

The fair value of financial assets traded in active markets is based on quoted market prices at the 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. Warrants are carried at fair value using standard Black Scholes valuation models. 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).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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

# Golden Prospect Precious Metals Limited

## Notes to the Financial Statements (continued)

For the year-ended 31 December 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial Assets (continued)

##### *Financial Assets at Fair Value (continued)*

##### *Fair value measurement hierarchy (continued)*

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

##### *Financial Assets at Amortised Cost*

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

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

They principally comprise of other receivables and cash balances held with financial institutions. These are subsequently measured at amortised cost using the effective interest rate method, less provisions for impairment. The effect of discounting is immaterial.

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

#### Financial Liabilities

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

# Golden Prospect Precious Metals Limited

## Notes to the Financial Statements (continued)

For the year-ended 31 December 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial Liabilities (continued)

##### *Financial Liabilities Measured at Amortised Cost*

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

##### *Derecognition of financial liabilities*

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

#### Cash and Cash Equivalents

Cash and cash equivalents comprise current accounts and demand deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts 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 Statement of Cash Flows.

#### Interest Income and Expense

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

#### Income

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

#### Expenses

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

# Golden Prospect Precious Metals Limited

## Notes to the Financial Statements (continued)

For the year-ended 31 December 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Capital Reserves

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

#### Revenue Reserves

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

#### Distributable Reserves

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

#### Translation of Foreign Currency

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

#### Segmental Reporting

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

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

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

The Company does not hold any non-current assets which require disclosure under IFRS 8. The Company also does not have any external customers and therefore the disclosure of customers geographically required under IFRS 8 is not applicable. However, for additional information, the fair value of each geographical base and the respective percentages of the total value of the Company can be found in the Portfolio Statement beginning on page 53.

# Golden Prospect Precious Metals Limited

## Notes to the Financial Statements (continued)

For the year-ended 31 December 2021

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### 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 withholding tax in the year under review of £27,653 (2020: £8,162).

### 4. DISTRIBUTIONS

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

### 5. RELATED PARTY TRANSACTIONS AND OTHER SIGNIFICANT AGREEMENTS

#### Related Party Transactions

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

#### Directors' Interests

The Directors held the following interests in the share capital of the Company either directly or beneficially as at 31 December 2021 and the date of signing:

Director	2021 Ordinary shares	2020 Ordinary shares	2021 Subscription shares	2020 Subscription shares
M Burne	1,056,250	956,250	-	-
R King	30,000	30,000	-	-
T Birch	125,000	100,000	-	25,000
G Ross	-	-	-	-

#### 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 £80,000 were charged to the Company (2020: £64,000) and £nil was payable at the year end (31 December 2020: £nil). All Directors are non-executive.

**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2021

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

**Other significant agreements**

*Investment Manager*

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

During the period investment management fees of £526,039 were charged to the Company (2020: £384,369) and £85,902 was payable at the year end (2020: £49,224).

The Investment Manager has also received £27,047 (2020: £18,035) 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 £81,840 per annum, if the NAV is under £100,000,000, payable quarterly in arrears. During the period administration fees of £81,420 were charged to the Company (2020: £80,000) and £20,460 was payable at the year end (2020: £20,000).

*Custodian Fees*

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 year custodian fees of £26,320 were charged to the Company (2020: £16,932) and £2,277 was payable at the year-end (2020: £1,701).

*Depositary Fees*

The Company's Depositary is INDOS Financial Limited. In consideration for the services provided by the Depositary under the Depositary Agreement, the Depositary is entitled to receive from the Company an annual fee of 0.25% of the Company's Net Asset Value up to £150 million; 0.015% up to £300 million; 0.0125% up to £450 million and 0.015% thereafter, subject to a minimum fee of £1,400 per month. During the period depositary fees of £16,800 were charged to the Company (2020: £16,800) and £1,400 was payable at the year end (2020: £1,400).

**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2021

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

*Financial Adviser and Corporate Broker*

The Company appointed finnCap Ltd as Financial Adviser and Corporate Broker (“Financial Adviser”). Under this agreement, the Financial Adviser is entitled to receive from the Company an annual fee of £40,000 per annum payable quarterly in advance as well as all reasonable out-of-pocket expenses incurred. During the period financial adviser fees of £48,587 (2020: £24,875) were charged to the Company. At year end £1,000 (2020: £ 1,000) was payable for adviser fees and a receivable of £2,934 was outstanding for brokerage fees (2020: receivable of £1,467).

*Registrar Fees*

The Company’s Registrar is Computershare Investor Services (Guernsey) Limited. In consideration for the services provided by the Registrar under the Registrars Agreement, the Registrar is entitled to receive from the Company an annual fee of £8,300 per annum plus transaction and CRS fees and once off items payable monthly in arrears as well as all reasonable out-of-pocket expenses incurred. During the year registrar fees of £25,512 were charged to the Company (2020: £20,974) and £916 was payable at year end (2020: £1,693).

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

Basic loss per ordinary share of 13.11p (2020: gain of 33.63p) is calculated by dividing the comprehensive loss for the year of £11,213,326 (2020: gain of £19,772,922) by the weighted average number of Ordinary Shares outstanding during the year. The weighted average number of Ordinary Shares for the year is 85,503,021 (2020: 58,790,394). There are nil (2020: nil) Subscription Shares which are dilutive as at 31 December 2021 as the subscription shares have all 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.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Opening fair value at 1				
January 2021	57,398,433	549,036	-	57,947,469
Purchases	13,964,787	-	-	13,964,787
Sales	(11,475,717)	-	-	(11,475,717)
Gain/(loss)				
- realised	631,110	-	-	631,110
- unrealised	(10,451,819)	(503,363)	-	(10,955,182)
<b>Closing fair value at 31</b>				
<b>December 2021</b>	<b>50,066,794</b>	<b>45,673</b>	<b>-</b>	<b>50,112,467</b>



**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2021

**7. INVESTMENTS AT FAIR VALUE (CONTINUED)**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<i>Split by:</i>				
Listed equities	50,066,794	-	-	50,066,794
Warrants	-	45,673	-	45,673
	<b>50,066,794</b>	<b>45,673</b>	<b>-</b>	<b>50,112,467</b>

During the year-ended 31 December 2021 there were no transfers of fair value measurements between the levels. There are three investments held at Level 3 with a £ nil value. Please refer to pages 53 to 55 for an analysis of financial assets at fair value through profit or loss which are disclosed above.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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/(loss)				
- realised	4,349,929	15,458	-	4,365,387
- unrealised	15,696,794	455,032	-	16,151,826
<b>Closing fair value at 31</b>				
<b>December 2020</b>	<b>57,398,433</b>	<b>549,036</b>	<b>-</b>	<b>57,947,469</b>

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<i>Split by:</i>				
Listed equities	57,398,433	-	-	57,398,433
Warrants	-	549,546	-	549,546
	<b>57,398,433</b>	<b>549,546</b>	<b>-</b>	<b>57,947,979</b>

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Forward currency contracts	-	(510)	-	(510)
	<b>-</b>	<b>(510)</b>	<b>-</b>	<b>(510)</b>

During the year ended 31 December 2020 there were no transfers of fair value measurements between the levels. There were three investments held at Level 3 with a total value of £ nil.

**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2021

**7. INVESTMENTS AT FAIR VALUE (CONTINUED)**

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

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Net realised gain on investments held at fair value through profit or loss	631,110	4,365,387
Net unrealised (loss)/gain on investments held at fair value through profit or loss	<u>(10,955,182)</u>	<u>16,151,826</u>
<b>Net capital (loss)/gain on investments held at fair value through profit or loss</b>	<b>(10,324,072)</b>	<b>20,517,213</b>
Dividend income	<u>110,411</u>	<u>32,318</u>
<b>Net (loss)/gain on investments held at fair value through profit or loss</b>	<b><u>(10,213,661)</u></b>	<b><u>20,549,531</u></b>

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

<b>Item</b>	<b>Fair value hierarchy level</b>	<b>Valuation techniques</b>
Financial assets at fair value through profit or loss – Listed equity securities	Level 1	Fair value is the quoted bid price.
Financial assets at fair value through profit or loss – Warrants	Level 2	The fair value of Warrants has been calculated using the underlying listed prices, expiry dates and observable future volatility using the Black-Scholes method.
Financial assets at fair value through profit or loss – Forward currency contracts.	Level 2	The fair value of forward currency contracts have been calculated using the underlying exchange rates.

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

**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2021

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**8. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise the following:

	2021	2020
	£	£
Cash at bank	9,609	7,918
Bank overdraft	(5,286,408)	(1,961,806)
<b>Total assets with credit risk</b>	<b><u>(5,276,799)</u></b>	<b><u>(1,953,888)</u></b>

Credit Suisse AG Dublin Branch (“CSAGDB”) 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 Sterling Overnight Index Average 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 year did the Company fall into deficit and at the year end the Company held an excess over the margin requirement of £23,032,296 (2020: £30,128,367).

In addition to the above there is a provision for an event of default where the NAV changes from the previous highest NAV of the previous calendar year by more than 50%, 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 year.

**9. RECEIVABLES**

	2021	2020
	£	£
Prepayments	10,175	11,303
<b>Total Receivables</b>	<b><u>10,175</u></b>	<b><u>11,303</u></b>

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

**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2021

**10. PAYABLES AND ACCRUALS**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Investment management fees (Note 5)	85,902	49,224
Audit fee	23,690	23,000
Administration fees (Note 5)	20,460	20,000
Custodian fees (Note 5)	2,277	1,701
Depositary fees (Note 5)	1,400	1,400
Registrar fee payable (Note 5)	916	1,693
Financial advisers fees (Note 5)	1,000	1,000
Legal and professional fees	2,428	2,157
Listing fees	22,415	6,028
<b>Total Payables and Accruals</b>	<b><u>160,488</u></b>	<b><u>106,203</u></b>

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**

	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>Number of shares</b>	<b>Number of shares</b>	<b>£</b>	<b>£</b>
Ordinary shares of £0.001 par value	200,000,000	200,000,000	200,000	200,000

**Issued and Fully Paid Share Capital**

	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Ordinary shares of £0.001 each</b>	<b>Number of shares</b>	<b>Number of shares</b>	<b>£</b>	<b>£</b>
As at 1 January	85,503,021	57,029,305	85,503	57,029
Issued during the year	-	28,473,716	-	28,474
<b>As at 31 December</b>	<b><u>85,503,021</u></b>	<b><u>85,503,021</u></b>	<b><u>85,503</u></b>	<b><u>85,503</u></b>

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.

# Golden Prospect Precious Metals Limited

## Notes to the Financial Statements (continued)

For the year-ended 31 December 2021

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### 11. SHARE CAPITAL (CONTINUED)

Each subscription share conferred the right, but not the obligation, to subscribe for one ordinary share. During the year no subscription shares (2020: 28,473,716) were converted to ordinary shares (2020: 46.14p). There is no Net consideration received for the year (2020: £13,137,772).

### 12. RESERVES

#### Revenue Reserve

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

#### Distributable Reserve

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

#### Realised Capital Reserve

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

#### Unrealised Capital Reserve

The Unrealised Capital Reserve contains unrealised increases and decreases in the fair value of the Company's investment portfolio together with unrealised foreign exchange gains and losses.

### 13. FINANCIAL RISK MANAGEMENT

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

#### Credit Risk

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

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

**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2021

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**13. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Credit Risk (continued)**

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

The Board of Directors is 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+ (2020: A-1/A+). The following table illustrates the credit concentration by category:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Cash at bank	9,609	7,918
Bank overdraft	(5,286,408)	(1,961,806)
<b>Total cash and cash equivalents</b>	<b><u>(5,276,799)</u></b>	<b><u>(1,953,888)</u></b>

**Liquidity Risk**

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

Whilst most of the Company's financial assets are listed securities which are considered readily realisable as they are listed on major recognised stock exchanges, some of the financial assets held by the Company may not be listed on recognised stock exchanges and so will not be readily realisable and their marketability may be restricted. The Company might only be able to liquidate these positions at disadvantageous prices, should the Investment Manager determine, or when it becomes necessary to do so. The fair value of these financial assets as at 31 December 2021 amounts to £45,673 (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.

**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2021

**13. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Liquidity Risk (continued)**

<b>31 December 2021</b>	<b>Less than 1 month £</b>	<b>1-3 months £</b>	<b>3 months to 1 year £</b>	<b>1 - 5 years £</b>	<b>Total £</b>
Bank overdraft	5,286,408	-	-	-	5,286,408
Investment management fees	85,902	-	-	-	85,902
Registrar fees	916	-	-	-	916
Administration fees	20,460	-	-	-	20,460
Audit fees	-	-	23,690	-	23,690
Depositary fees	1,400	-	-	-	1,400
Custodian fees	2,277	-	-	-	2,277
Financial advisers fees	1,000	-	-	-	1,000
Legal and professional fees	2,428	-	-	-	2,428
Listing fees	22,415	-	-	-	22,415
	<b>5,423,206</b>	<b>-</b>	<b>23,690</b>	<b>-</b>	<b>5,446,896</b>

<b>31 December 2020</b>	<b>Less than 1 month £</b>	<b>1-3 months £</b>	<b>3 months to 1 year £</b>	<b>1 - 5 years £</b>	<b>Total £</b>
Forward Currency Contract	510	-	-	-	510
Bank overdraft	1,961,806	-	-	-	1,961,806
Investment management fees	49,224	-	-	-	49,224
Registrar fees	1,693	-	-	-	1,693
Administration fees	20,000	-	-	-	20,000
Audit fees	-	-	23,000	-	23,000
Depositary fees	1,400	-	-	-	1,400
Custodian fees	1,701	-	-	-	1,701
Financial advisers fees (Note 5)	1,000	-	-	-	1,000
Legal and professional fees	2,157	-	-	-	2,157
Listing fees	6,028	-	-	-	6,028
	<b>2,045,519</b>	<b>-</b>	<b>23,000</b>	<b>-</b>	<b>2,068,519</b>

CSAGDB as Custodian has a fixed charge on all the Company's cash and investments held by Credit Suisse in return for services provided including execution of transactions, custody of investments and financing. As per Note 9 CSAGDB also calculates a margin requirement to establish a net cash and equity position that must be maintained as collateral.

# Golden Prospect Precious Metals Limited

## Notes to the Financial Statements (continued)

For the year-ended 31 December 2021

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### 13. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### **Liquidity Risk (continued)**

As at the year end the Company had a significant excess over this requirement. Should there be a deficit at any point CSAGDB is entitled to call in all outstanding funds.

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

#### **Market Risk**

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

#### ***Price risk***

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

The Company is exposed to market price risk arising from its financial assets designated as at fair value through profit or loss. The performance of these financial assets will be affected by the performance of the investee companies. The exploration, development and production of metal and mineral deposits involve significant uncertainties and the investee companies will be subject to all the hazards and risks normally encountered in such activities. Many of these are difficult to predict and are outside the control of the investee companies.

They include, amongst others, issues relating to the environment, the climate, the geographical environment, local and international regulatory requirements, licensing terms, planning permission, unexpected geological formations, rock falls, flooding, pollution, legal liabilities, the availability and reliability of plant and equipment, the scaling-up of operations, the reliance on key individuals, local finance and tax regimes, foreign currency repatriation, capital and budget constraints, contractors and suppliers, local employment regulations and practices, employment unions and the availability of suitable labour.

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

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



**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2021

**13. FINANCIAL RISK MANAGEMENT (CONTINUED)**

***Price risk (continued)***

*Price sensitivity*

The value of the Company's financial assets had a sensitivity of £15,033,740 (2020: £17,384,394) to a 30% (2020: 30%) increase or decrease in the market prices with other variables being held constant as at 31 December 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 debt securities, when held, which receive interest at a fixed rate and on the bank overdraft. The Investment Manager manages the Company's exposure to interest rate risk on a daily basis in accordance with the Company's investment objectives and policies. The Company's overall exposure to interest rate risk is monitored on a quarterly basis by the Board of Directors.

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.

<b>As at 31 December 2021</b>	<b>0-3 Months</b>	<b>Greater than 3-12 Months</b>	<b>1-5 Years</b>	<b>Total</b>
	£	£	£	£
<i>Variable rate assets</i>				
Cash and cash equivalents	9,609	-	-	9,609
	<b>9,609</b>		<b>-</b>	<b>9,609</b>
<i>Variable rate liabilities</i>				
Bank overdraft	(5,286,408)	-	-	(5,286,408)
	<b>(5,286,408)</b>		<b>-</b>	<b>(5,286,408)</b>

**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2021

**13. FINANCIAL RISK MANAGEMENT (CONTINUED)**

*Interest rate risk*

<b>As at 31 December 2020</b>	<b>0-3 Months</b> £	<b>1-5 Years</b> £	<b>Total</b> £
<i>Variable rate assets</i>			
Cash and cash equivalents	7,918	-	7,918
	<u>7,918</u>	<u>-</u>	<u>7,918</u>
<i>Variable rate liabilities</i>			
Bank overdraft	(1,961,806)	-	(1,961,806)
	<u>(1,961,806)</u>	<u>-</u>	<u>(1,961,806)</u>

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

*Interest rate sensitivity*

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

If interest rates had been 25 basis points (2020: 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 at the year-end would have been £214 (2020: £170) lower or higher due to the change in the interest payable on the bank overdraft and the interest receivable on cash and cash equivalents.

*Currency risk*

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

**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2021

**13. FINANCIAL RISK MANAGEMENT (CONTINUED)**

*Currency risk (continued)*

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 year-end 31 December 2021.

As at 31 December 2020 the Company held the following hedging instrument.

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

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

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

<b>Currency</b>	<b>31 December 2021</b>		<b>31 December 2020</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Australian Dollar (AUD)	22,057,908	-	16,919,302	-
Canadian Dollar (CAD)	22,846,678	(8,491)	33,486,231	(221,790)
Mexican Peso (MXN)	204,305	-	296,289	-
United States Dollar (USD)	4,567,483	-	6,257,781	-
	<b>49,676,374</b>	<b>(8,491)</b>	<b>56,959,603</b>	<b>(221,790)</b>

**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2021

**13. FINANCIAL RISK MANAGEMENT (CONTINUED)**

*Currency risk (continued)*

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.

Currency	31 December 2021		31 December 2020	
	Appreciation £	Depreciation £	Appreciation £	Depreciation £
Australian Dollar (AUD)	3,892,572	(2,877,118)	2,985,759	(2,206,865)
Canadian Dollar (CAD)	4,030,268	(2,978,894)	5,870,195	(4,338,840)
Mexican Peso (MXN)	36,054	(26,648)	52,286	(38,646)
United States Dollar (USD)	806,026	(595,759)	1,104,314	(816,232)

**Summary of Financial Assets and Financial Liabilities by Category**

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

	2021 £	2020 £
<b>Financial assets</b>		
<i>Financial assets held at fair value through profit or loss</i>		
Investments at fair value through profit or loss	50,112,467	57,947,979
<i>Financial assets held at amortised cost</i>		
Cash and cash equivalents	9,609	7,918
<b>Total financial assets</b>	<b>50,122,076</b>	<b>57,955,897</b>
<b>Financial liabilities</b>		
<i>Financial liabilities held at fair value through profit or loss</i>		
Forward Currency Contract	-	(510)
<i>Financial liabilities held at amortised cost</i>		
Payables and accruals	(160,488)	(106,203)
Bank overdraft	(5,286,408)	(1,961,806)
<b>Total financial liabilities</b>	<b>(5,446,896)</b>	<b>(2,068,519)</b>

# Golden Prospect Precious Metals Limited

## Notes to the Financial Statements (continued)

For the year-ended 31 December 2021

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### 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 year.

The capital structure of the Company consists of net debt, as disclosed in Note 9 and equity as per Note 12.

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 Statement of Financial Position date.

### 14. CONTROLLING PARTY

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

### 15. NAV RECONCILIATION

	2021	2020
Net asset value per financial statements	£44,685,355	£55,898,681
Number of ordinary shares in issue at the year-end	85,503,021	85,503,021
IFRS NAV per ordinary share (pence)	52.26	65.38
Issued NAV per ordinary share (pence)	52.83	65.75

The major difference between the IFRS NAV per ordinary share and the Issued NAV per ordinary share relates to the pricing of the Investment Portfolio which is valued at a bid price for accounting purposes under IFRS and mid-price for the Issued NAV purposes.

### 16. EVENTS AFTER THE FINANCIAL REPORTING DATE

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

# Golden Prospect Precious Metals Limited

## Unaudited Portfolio Statement

For the year-ended 31 December 2021

Description	Holding no.	Fair value £	% of Total net assets
<i>Equities</i>			
<i>Australia</i>			
West African Resources	8,568,700	6,002,427	13.43
Calidus Resources	10,530,232	3,561,064	7.97
Firefinch Ltd	4,930,085	2,249,441	5.03
Emerald Resources	3,629,543	2,055,444	4.60
Westgold Resources	1,853,457	2,009,718	4.50
Red 5	6,917,918	1,076,898	2.41
Horizon Minerals	13,285,720	891,449	1.99
Cannon Resources	2,603,330	663,780	1.49
Silver Lake Resources	686,715	645,083	1.44
Metals X	1,865,988	570,933	1.28
Castile Resources	4,514,715	472,571	1.06
Oklo Resources	5,928,751	413,721	0.93
Antipa Minerals	15,714,286	413,325	0.92
Ora Banda Mining	10,686,027	378,583	0.85
Los Cerros	5,625,000	362,331	0.81
Rox Resources	1,527,778	291,132	0.65
Cannon Resource	750,000	-	-
		<b>22,057,900</b>	<b>49.36</b>
<i>Canada</i>			
Fortuna Silver Mines	1,291,959	3,730,420	8.35
Adventure Mining Corp	3,402,790	1,869,584	4.19
Silvercrest Metals	322,000	1,867,020	4.18
Mag Silver	155,700	1,801,921	4.03
Oceanagold	1,357,143	1,737,208	3.89
Calibre Mining	2,171,901	1,688,394	3.78
Pretium Resources	150,000	1,556,220	3.48
Palladium One Mining	11,620,218	1,222,556	2.74
B2Gold	335,000	975,116	2.18
Integra Resources	555,146	882,588	1.98
Bluestone Resources	696,215	878,980	1.97
Sabina Gold & Silver	991,177	834,249	1.87
Galiano Gold	1,542,343	766,270	1.71
Pan American Silver	32,546	598,655	1.34
Americas Silver	931,185	549,717	1.23
Pure Gold Mining	952,400	372,972	0.83
Gold Standard Ventures	1,000,000	327,318	0.73
Liberty Gold	551,000	312,396	0.70
Ascendant Resources	2,254,238	270,107	0.60
Aurcana Silver	714,286	158,649	0.36
Newcore Gold	500,000	149,047	0.33
Osisko Development	50,000	117,776	0.26
Trevali Mining	101,838	98,215	0.22
Orea Mining	717,000	35,622	0.08
Pan America Silver *	168,700	-	-
		<b>22,801,000</b>	<b>51.03</b>

**Golden Prospect Precious Metals Limited**  
**Unaudited Portfolio Statement (continued)**  
For the year-ended 31 December 2021

Description	Holding no.	Fair value £	% of Total net assets
<i>Mexico</i>			
Industrias Penoles Sab	24,000	203,913	0.46
		<b>203,913</b>	<b>0.46</b>
<i>United Kingdom</i>			
Tharisa Plc	195,000	228,150	0.51
Hummingbird Resources Plc	1,420,000	198,800	0.44
Keras Plc	37,500,000	18,750	0.04
Sovereign Bauxite of Guin *	100,000	-	-
		<b>445,700</b>	<b>0.99</b>
<i>United States of America</i>			
Golden Star Resources	522,329	1,469,285	3.29
Pretium Resources	106,926	1,110,745	2.49
Mag Silver Corp	79,000	912,806	2.04
Platinum Group Metals	449,795	521,380	1.17
Mag Silver Corp	25,000	288,866	0.65
First Majestic Silver Cor	31,140	255,199	0.57
Pan American Silver Corp *	50,000	-	-
		<b>4,558,281</b>	<b>10.21</b>
<b>Total equities</b>		<b>50,066,794</b>	<b>112.05</b>
<b>Warrants</b>			
<i>Canada</i>			
Pure Gold Mining July 2019 **	500,000	30,861	0.07
Palll Plcm Warr 230223 **	1,687,500	9,076	0.02
Osisko 12/01/2023**	25,000	3,308	0.01
Ascendant Resources 27/10/2023 **	202,827	71	-
Ascendant Resources 07/03/2022 **	514,043	1,502	-
Aurcana Silver Corp Wt 08	714,286	-	-
Pure Gold Mining 28/09 **	476,200	-	-
Trevali Mining 02/06/2022**	73,127	855	-
		<b>45,673</b>	<b>0.10</b>
<b>Total warrants</b>		<b>45,673</b>	<b>0.10</b>
<b>Total Investments at fair value through profit and loss</b>		<b>50,112,467</b>	<b>112.15</b>
Net receivables and payables		(150,313)	(0.34)
Net cash and cash equivalents and bank overdraft		(5,276,799)	(11.81)
<b>Total Net Assets</b>		<b>44,685,355</b>	<b>100</b>

\* Level 3 unlisted equities

\*\* Level 2 warrants

**Golden Prospect Precious Metals Limited**  
**Unaudited Portfolio Statement (continued)**  
For the year-ended 31 December 2021

Summary:	Fair value £	% of Total net assets
<b>Equities</b>		
Canada	22,801,000	51.03
Australia	22,057,900	49.36
United States of America	4,558,281	10.21
United Kingdom	445,700	0.99
Mexico	203,913	0.46
<b>Total equities</b>	<b>50,066,794</b>	<b>112.05</b>
<b>Warrants</b>		
Canada	45,673	0.10
<b>Total warrants</b>	<b>45,673</b>	<b>0.10</b>
<b>Foreign currency contracts</b>	-	-
<b>Net receivables and payables</b>	<b>(150,313)</b>	<b>(0.34)</b>
<b>Net cash and cash equivalents and bank overdraft</b>	<b>(5,276,799)</b>	<b>(11.81)</b>
<b>Total Net Assets</b>	<b>44,685,355</b>	<b>100</b>



# Golden Prospect Precious Metals Limited

## Management and Administration

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### **Directors**

Malcolm Burne  
Toby Birch  
Robert King  
Graeme Ross

Details available at – [www.ncim.co.uk](http://www.ncim.co.uk)

### **Secretary and Administrator**

Maitland Administration (Guernsey) Limited  
3<sup>rd</sup> Floor, 1 Le Truchot  
St Peter Port  
Guernsey  
GY1 1WD

### **Registered office**

Maitland Administration (Guernsey) Limited  
3<sup>rd</sup> Floor, 1 Le Truchot  
St Peter Port  
Guernsey  
GY1 1WD

### **Investment Manager**

CQS (UK) LLP  
4<sup>th</sup> Floor  
1 Strand  
London  
WC2N 5HR

Note: the Company has appointed CQS as its investment manager. However, CQS has, with the agreement of the Board, delegated that function to New City Investment Managers.

New City Investment Managers

CQS (UK) LLP  
4<sup>th</sup> Floor  
1 Strand  
London  
WC2N 5HR

### **AIFM**

CQS (UK) LLP  
4<sup>th</sup> 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

# Golden Prospect Precious Metals Limited

## Management and Administration

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### **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**

Singer Capital Markets  
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

## **Golden Prospect Precious Metals Limited**

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

**For the year-ended 31 December 2021**

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### **Risk management systems**

The Company's Offering Memorandum sets out the risks to which the Company is exposed. The UK Investment Manager employs risk management disciplines which monitor the Company's portfolio and to quantify and manage the associated market and other risks. A permanent independent department has been established by the UK Investment Manager to perform the risk management function. The risk management and performance analysis team ("RMPA") is led by the Chief Risk Officer and is functionally and hierarchically separate from the operating units of the portfolio managers of the Company.

RMPA is a dedicated control function over the operating units of the Investment Manager and is not involved in the performance activities of the Company. RMPA has designed, documented and implemented effective risk management policies, processes and procedures in order to identify, quantify, analyse, monitor, report on and manage all material risks relevant to the Company's investment strategy. The systems include third party vendor applications such as Tradar, Sungard Front Arena and MSCI Risk Metrics, complemented with a number of proprietary applications.

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

No material changes.

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

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

### **Remuneration**

The AIFM has adopted a remuneration policy which meets the requirements of the Directive and has been in place for the current financial year of the Company. The variable remuneration period of the AIFM ended on 31 December 2021 and therefore coincides with the financial year of the Company.

The remuneration process is overseen by the remuneration committee (comprised predominately of independent non-executive parties). An internal working group encompassing senior management is responsible for gathering relevant information (both quantitative and qualitative) to evaluate the performance (both short and long term) of individuals, teams and the AIFM as a whole, against external market benchmarks and to utilise this to develop proposals for fixed and variable remuneration for all staff. The remuneration committee receives these proposals and the supporting information and is responsible for independently reviewing and scrutinising the proposals and evidence provided in line with the AIFM's stated objectives and developing its final recommendations for delivery to the governing body of the AIFM and other entities associated with the AIFM.

## **Golden Prospect Precious Metals Limited**

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

**For the year-ended 31 December 2021**

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### **Remuneration (continued)**

The variable remuneration of all staff in excess of a threshold, which includes those individuals categorised as remuneration code staff ("code staff"), is subject to the following:

- deferred payment of up to 50% of the variable remuneration for a period of 3 years,
- deferred remuneration is linked to funds managed by the AIFM,
- the breaching of certain covenants may lead to forfeiture of deferred remuneration, and
- a claw-back provision of deferred remuneration in certain circumstances including future performance issues by the individuals.

The below information provides the total remuneration paid by the AIFM (and any delegates) for the year ending, December 31, 2021. This has been presented in line with the information available to the Company. There is no allocation made by the AIFM to each AIF and as such the disclosure reflects the remuneration paid to individuals who are partly or fully involved in the AIF, as well as staff of any delegate to which the firm has delegated portfolio management and/or risk management responsibilities in relation to the AIF.

Of the total AIFM remuneration paid of \$92.9m for the year ending December 31, 2021 to 248 individuals (full time equivalent), \$34.5m has been paid as fixed remuneration determined based upon the FCA guidance with the remainder being paid as variable remuneration.

The AIFM has assessed the members of staff whom it determines to be code staff in line with AIFMD as reflected in SYSC 19b.3.4R. Senior management and staff engaged in the control functions are identified based upon their roles and responsibilities within the AIFM and the delegates. With respect to investment professionals, in determining whether such staff are code staff, due consideration is taken of the allocated capital and trading limits that apply to the funds managed and whether the individuals report into and seek consent for investment decisions from others who are themselves code staff. There are 16.6 individuals (full time equivalent) who meet this definition and these individuals have collectively been compensated \$45.1m.

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

**Golden Prospect Precious Metals Limited**

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

**For the year-ended 31 December 31 2021**

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

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

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

The regulation also covers transactions that are commonly referred to as total return swaps (“Swaps”). As at December 31, 2021, there were no SFT’s or Swaps held by the Company and as such there are no disclosure requirements in respect of these securities. The Company did however incur margin lending fees during the year and these have been disclosed below.

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

The following table reflects the return and cost for each type of SFT and Swap broken down between the Company, the Investment Manager and third parties for the year-ended December 31, 2021.

	<b>Collective Investment undertaking</b>	<b>Manager</b>	<b>Third partie s</b>
Repurchase transaction	-	-	-
Securities or commodities lending and securities or commodities	-	-	-
Buy-sell back transactions or sell-buy back transactions	-	-	-
Margin lending transactions	(58,396)	-	-
Total return swaps	-	-	-
<b>Total</b>	<b>(58,396)</b>	<b>-</b>	<b>-</b>

These disclosures have been prepared by the Investment Manager and reflect the Investment Managers data as at 31 December 2021.

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

**23 March 2022**