

# **Golden Prospect Precious Metals Limited**

Annual Report and Audited Financial Statements

For the year-ended 31 December 2022

# Golden Prospect Precious Metals Limited

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# Golden Prospect Precious Metals Limited

## Chairman's Statement

For the year-ended 31 December 2022

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Not much has changed in the fundamental case for precious metals since my last statement a few months ago, though the latest spurt in the gold price has reignited conviction investors as safe haven demand amid renewed shaky banking and financial markets stimulated buyers trying to hedge Wall Street's instability.

Most of the big props for the gold price remain intact particularly debt explosion, currency debasement, geopolitics and de-dollarisation as Central Banks diversify out of the greenback. It is now clear that a much more challenging environment is forming which is highly supportive of gold as increasing disruption reflects the major economic and political problems that need to be overcome. However, without a magic pill it is increasingly likely that most of the World's largest economies are entering the much anticipated prolonged period of recession. Historically this tends to increase the appeal of the yellow metal.

It is clear that the big guns in the investment banking sector are stoking the flames. The list of renewed bulls is getting longer and now Credit Suisse, Bank of America, Goldman Sachs, Citi Bank, Standard Chartered and Commerzbank are all forecasting increases. Technicals are supported by the influential analytical platform Kitco and others such as Pierre Lassonde and Frank Holmes, both highly respected industry gurus, are actively promoting much higher levels. In fact, overall sector punditry is far less divided than it was six months ago.

The lack of counter party risk that gold offers is increasing the uptake of physical gold by the Central Banks which according to the World Gold Council hit 4741 tonnes last year, the highest level since 2011.

There has also been a sharp change in the sentiment among retail buyers, particularly the young that seem to be more willing to consider buying physical bars and coins as alternative assets than they have been in the past. Some Mints put the rise as over 200 p.c. in recent past, a nine year high. Further, the World Gold Council are expecting a revival in gold demand from institutional investors, which may include family offices, wealth managers and even some pension funds.

The case is not difficult to argue. Gold has recorded positive returns in five out of the last seven recessions, it has outperformed in most inflationary periods and also after stock market crashes. Although a smooth exit from the current high inflation into a more solid economic recovery would dampen interest somewhat, ultimately a weaker dollar and the end of the bond yield spike should drive renewed interest in a precious metals reset. It is worth noting that the gold price would need to be an inflation adjusted \$2700 to get back to its former high.

Turning to precious metals shares, mining equities are still suffering from a disconnect to the bullion price. Headwinds for companies remain high energy costs, rising labour bills and ESG compliance. It does not help their cause that the industry has a huge negative environmental footprint.

The use of energy to mine the metal and refine it only to dump most of it back into vaults (with the exception of usage in jewellery and electrical conduction) promotes the extremists view that gold really doesn't have any real use so why try and find more. Such a view if played out would recategorize gold as a finite resource and therefore an eventual peak gold situation would lead to greater demand over supply.

# **Golden Prospect Precious Metals Limited**

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

For the year-ended 31 December 2022

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I recommend as always reading our Investment Managers Report where they discuss among other things the outlook for rates against a background of strong employment readings in the US, wage increases and their impact on inflation, the pick-up in physically backed ETF demand, Central Bank buying, FED policy and more.

Sadly, this will be my last statement as I will not be seeking re-election at next AGM. Although fit and well I turn eighty next year and there comes a time when respect for my co-directors and shareholders are more important than their loyalty. For optics this is a prudent decision.

I founded Golden Prospect Precious Metals Ltd seventeen years ago since when gold has risen severalfold. As a conviction investor myself I am confident gold will continue to be the best medium for the protection of wealth while remaining the finest insurance policy against bad times. I have been a continued buyer of GPPM shares over many years and will continue to add to my holding going forward. I will also continue to promote the fund whenever the opportunity arises.

In closing, I would like to thank my fellow directors for their professionalism and diligence but Rob King in particular, as he joined the company at the very beginning.

Ladies and gentlemen, it's been a pleasure!

Malcolm Burne  
Chairman

29 March 2023

# Golden Prospect Precious Metals Limited

## Board Members

For the year-ended 31 December 2022

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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 on a number of company boards, which includes an London Stock Exchange listed fund, Tufton Oceanic Assets Limited. Before becoming an independent non-executive director in 2011 he was a director of Cannon Asset Management Limited and its associated companies. Prior to this he was a director of Northern Trust International Fund Administration Services (Guernsey) Limited (formerly Guernsey International Fund Managers Limited) where he had worked from 1990 to 2007. He has been in the offshore finance industry since 1986 specialising in administration and oversight of both public and private investment funds. Rob is British and resident in Guernsey.

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

**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 2022

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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 2022.

### **The Company**

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

### **Subscription Rights**

On 8 December 2022, the shareholders approved the adoption of the Company's Subscription Rights programme. The first such Subscription opportunity will be on 30 November 2023 and annually thereafter. The first Subscription Rights Exercise Price will be the NAV per share as at 30 November 2022 which was 38.31 pence per share.

### **Shareholder Information**

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

### **Results and Dividends**

The Company's performance during the year is discussed in the Investment Manager's Report on page 16. The results for the year are set out in the Statement of Comprehensive Income on page 27. The Directors do not recommend the payment of a dividend for the year-ended 31 December 2022 (2021: £nil).

### **Directors' Responsibilities Statement**

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

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

# Golden Prospect Precious Metals Limited

## Director's Report (continued)

For the year-ended 31 December 2022

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### Directors' Responsibilities Statement (continued)

In preparing those Financial Statements the Directors are required to:

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

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

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

### Directors

The Directors of the Company 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 2022, and as at the date of signing these Financial Statements:

Director	2022 Ordinary shares	2021 Ordinary shares
M Burne	1,156,250	1,056,250
R King	50,000	30,000
T Birch	125,000	125,000
G Ross	-	-

# Golden Prospect Precious Metals Limited

## Director's Report (continued)

For the year-ended 31 December 2022

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### Directors' Interests (continued)

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

Director	2022 £	2021 £
M Burne*	20,000	20,000
R King	20,000	20,000
T Birch	20,000	20,000
G Ross	20,000	20,000
	<b>80,000</b>	<b>80,000</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 29 June 2022, 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 27 June 2023 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 (2021: 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 2022

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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 2022 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 2022

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### Audit Committee

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

### Role of the Audit Committee

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

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

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

- the external auditor's 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 2022 audit.

# **Golden Prospect Precious Metals Limited**

## **Director's Report (continued)**

For the year-ended 31 December 2022

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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 60 and 61. 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 2022

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

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

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

The Board 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 2022

### 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:

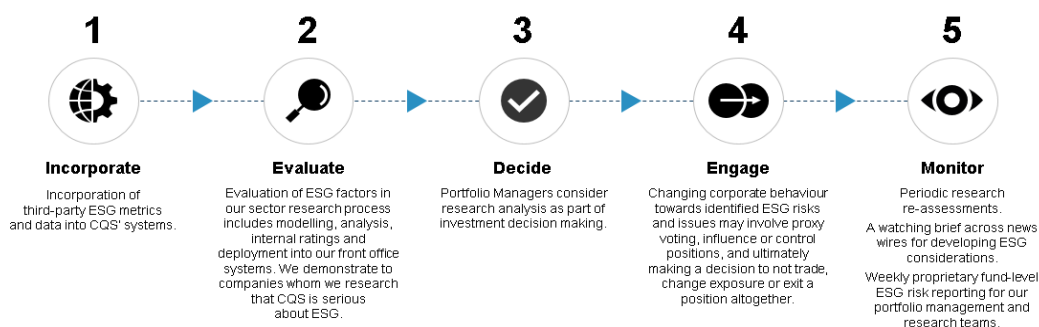
- Environmental: Climate Change, Water Stress, Biodiversity and Land Use, Toxic Emissions and Waste and Environment Opportunities;
- Social: Labour management, Health and Safety, Privacy and Data Security, Stakeholder Opposition and Social Opportunities, Mobility and Diversity; and
- Governance: Corporate 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 2022

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### Standards and Codes

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

- The Principles for Responsible Investment ("PRI")
- Net Zero Asset Managers' initiative
- UK Stewardship Code
- CDP ("CDP", formerly Carbon Disclosure Project)
- Institutional Investors Group for Climate Change ("IIGCC")
- Climate Action 100+

### 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 58.0% 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 2022

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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 was one instance in June 2022 where the Company breached its NAV limit decline control with the Custodian which was waived as not being critical as it was incurred in the transition period. There were no other breaches of these requirements during the year or the prior year.

In their assessment the Directors noted the ongoing impact of COVID-19 and the Russian invasion of Ukraine. The Directors believe that the Company has adequate liquidity to meet its on-going expenses for the next 12 months due to the liquid nature of the portfolio and available credit. They have also reviewed the Company's collateral position. The Company holds an excess of £8,390,477 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 2022, and as at the date of signing these Financial Statements:

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

### 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, BNP Paribas, London Branch, which acts as Custodians; 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 2022

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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/wp/golden-prospect-precious-metals-ltd/](http://www.ncim.co.uk/wp/golden-prospect-precious-metals-ltd/).

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

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

### Disclosure of Information to the Auditor

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

Approved by the Board of Directors on 29 March 2023 and signed on behalf of the Board by:

  
**Graeme Ross**  
**Toby Birch**



# Golden Prospect Precious Metals Limited

## Investment Manager's Report

For the year-ended 31 December 2022

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### **Perceived risks receding but Goldilocks landing not guaranteed**

Following the strong rise in the gold price to over \$2,050/oz as Russia invaded Ukraine it subsequently trended down as markets switched focus towards an impending cycle of central bank interest rate tightening to quell inflationary pressures, exacerbated by the accompanying energy crises. Expectations of a more aggressive pick-up in the pace of monetary policy tightening weighed on gold prices which dipped below \$1,650/oz in September, in advance of two 75bp consecutive rate increases by the US FED in October and November and a rise in the anticipated peak rate to around 5.4% in H2 2023. The lurch down in gold prices over the summer also pre-empted an acceleration in the pace of US FED quantitative tightening which acted to drain covid-era stimulus liquidity from markets adding pressure to lift longer term rates contributing to metal price weakness during the period.

Subsequently the outlook for a potential slowing in rates helped ease hawkish sentiment which has turned more constructive for the sector allowing gold to recover. Having closed 2022 up 1% at \$1,824/oz gold briefly exceeded \$1900/oz in late January as market expectations flipped. However, a strong employment reading reported in early February provided ammunition for rates to remain higher and as a result the precious metal prices have settled back and at the time of writing the gold price stands at the level seen at the beginning of 2023. Typical of its higher volatility silver traded in a wide range. Having peaked at \$26/oz in March 2022 it subsequently fell to \$18/oz in Q3 before rebounding to close the year at \$24, up 3%. Since end-December it has subsequently slipped back to \$20.8/oz at the time of writing.

As the energy crisis has abated broader markets have become more sanguine on the inflation outlook and consumer prices are expected to reduce back towards a broader 2% target rate by year-end 2024 in most G8 regions, allowing interest rates to ease back over the same timeframe. Nevertheless, despite narrowly avoiding recession employment markets remain surprisingly tight and therefore still presents a dilemma for central banks as they balance the potential impact of healthy wage increases which may prolong inflation pressures against the risk of economic recession. This predicament is similarly if not more pronounced for regions that do not have access to relatively cheap energy, notably the UK and wider EU, where rates remain well below current inflation.

Against this backdrop the precious metals sector remains extremely sensitive to central bank policy guidance, especially the FED's and the correlation with the US dollar remains the dominant driver of precious metal prices. The US Federal Reserve has led a synchronised rate tightening cycle globally, in order to quell inflation, which has supported a stronger dollar versus other global currencies. Latterly other central banks such as the ECB have begun to play catch up, which had led to a softer dollar from October through January, supporting gold. As a result, gold in other currencies, especially sterling, has performed far better than in US dollar terms. Gold ended the year up over 11% at £1,508/oz, just off its February all-time high of £1,577/oz and at the time of writing has risen another 2%.

From a physical flow perspective demand remains strong, driven by high Central Bank demand and Bar & Coin purchasing. Jewellery demand continues to recover from Covid lows, whilst China's abandonment of its zero-Covid policy should add further support going forward. Physically backed ETF's remain a dominant swing factor to prices whose behaviour has mirrored changes in FED rate expectations. Importantly, the steady ETF selling which weighed on prices in Q2 and Q3 has latterly tailed off considerably lately and stickier demand from the former sectors may now better support precious metal prices.

# **Golden Prospect Precious Metals Limited**

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

For the year-ended 31 December 2022

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Notably, collectively central banks posted a record quarterly addition to gold reserves in 2H22, as lessons from Russia/Ukraine showed global central banks that dollar reserves are only of use if the US allows you transfer them. As the largest holder of US treasuries deteriorating Sino-US relations suggests the PBOC will remain motivated to add gold and continue diversifying its reserves.

The US debt ceiling is likely to be reached later in 2023, although the timing is uncertain, at which point the US will be in technical default and unable to issue more Treasuries. However, markets remain sanguine about the repeated need to vote through yet another increase in the funding ceiling through the House. The House Freedom Caucus, a more extreme version of the Tea Party, are likely to push for heavy concessions to vote this through, which could heighten investor concerns and increases the possibility of a miss-step, if they do ultimately reach agreement.

### **Portfolio**

The Fund NAV declined 28% over the year. Of note holdings in some West Australian operators acted as a drag to performance as they were belatedly affected by Covid knock-on effects on labour market shortages, a result of extended travel restriction across the state's borders which limited labour availability. In this vein Calidus, who had successfully built their new mine on time and budget suffered Covid related labour issues together with excessive grade dilution during the ramp-up. The excess dilution was partially a result of over blasting in soft upper ore as well as the use of oversized equipment to maintain production rates from a more restricted workforce. Importantly additional drilling confirms the ore grade is as planned and adjustment to blasting together with the use of smaller mining equipment is helping resolve this. Nevertheless, despite successfully commissioning the mill the operation is yet to fully recover the expected initial grade mismatch. Westgold Resources was similarly affected by post Covid labour related issues which impacted operational costs and underground mine sequencing from mid-year and also acted as a drag on performance.

Having previously profited from an investment in Pure Gold the Fund entered a distressed financing by the group as a new board stepped in to revive operations that had been mismanaged by the outgoing team. This speculative investment unfortunately did not pay off. The stretched balance sheet was insufficient to provide enough headroom to achieve consistent positive site-level cash flow, notwithstanding recent reductions in operating costs and sequential quarter over quarter increases in production. As a result the mine was suspended and the group is in negotiations with its major lender, Sprott Resources Lending Corp.

Elsewhere, Calibre, with their mine in Nicaragua, has executed very well operationally. However, the US reported it would apply sanctions to Nicaraguan state owned gold mines, due to concerns on the legitimacy of President Ortega's election success. This is further complicated by their ownership of the Pan mine in Nevada, which when acquired via Fiore brought in US shareholders who were forced to exit their positions on this news. Calibre has not seen any direct impact from these sanctions and the stock has since regained all of the prior share price and now trades above pre-sanction levels. The Fund added to its Calibre position on that initial sell off.

Occurring concurrently after summer Fund performance lost ground against the likes of the GDXJ ending H2 flat in versus a 15% rise sterling terms registered by the GDXJ. As flagged, however, operational performances are beginning to show improvement. The investment in PureGold, whose Canadian operation remains suspended, remains the exception.

# Golden Prospect Precious Metals Limited

## Investment Manager's Report (continued)

For the year-ended 31 December 2022

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The next couple of quarters should see positive catalysts for many of our names beyond metal pricing.

- Calidus – Evidence the grade issue was a blasting dilution problem not a geological issue
- West African – Close financing on Kiaka, for which they have seen strong bank interest, then evidence to the market that it can be funded without any dilution.
- MAG silver – Ramp up of the mine, adding cash to the balance sheet and a return to drilling to expand the resource
- Silvercrest – Ramp up of production after successful reaching commercial production in November 22.
- Calibre – continued strong cash additions and expansion of existing mines in Nicaragua.
- Emerald Resources – continue with strong execution and look to take out the remaining share of the Bullseye mine in Australia, currently 60% WI.

Sterling has also gained 10.7% since the end of September which has been a material headwind to absolute performance over this period.

As the market has turned more constructive larger cap precious metal mining stocks have led the equity rebound as generalist funds have used more liquid stocks to cover under weight positions in the sector. This is especially the case on the TSX where gold miners represent ~16% of their benchmark. ETF inflows into the likes of the GDXJ have been more muted, but could become a further supporting factor for the Fund to augment the operational performance improvements which have weighed on H2 performance.

The Fund has lagged the recovery into year end driven by strong performance of larger caps over small and mid caps, Silver and few specific names underperforming such as Calidus and Calibre.

### GPM vs GDXJ normalised to 100 in GBP



# **Golden Prospect Precious Metals Limited**

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

For the year-ended 31 December 2022

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In addition, over recent months there has been a noticeable pick-up in consolidation across the sector. As with many other resource extraction companies managements remain reluctant to commit investment to major greenfield projects but have instead taken the opportunity to acquire attractively valued listed assets. ASX-listed Newcrest, which acquired Pretium Resource, which was held by the Fund, early in 2022 has more recently become the target for Newmont Mining. The Fund's subsequent sale of Newcrest equity in Q2 2022 proved timely as the shares of both groups closed the year down between 15-25% in local currency terms. This was followed by a joint bid to acquire Yamana Gold by Agneco Eagle and Pan American Silver which superseded an initial approach by South African operator Gold Fields. Consolidation has more recently crept into the mid-tier project developer market with Sabina Mining receiving a takeover approach from B2Mining. Further consolidation opportunity in the smaller cap end of the sector remains possible given the even more attractive valuations for assets that can be folded into a portfolio with the benefit of removing duplicated SGA costs, as illustrated by the recent merger announcement between Integra with Millennial, both of whom have exploration assets located in the US.

New City Investment Managers  
Investment Manager  
29 March 2023

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

For the year-ended 31 December 2022

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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 2022 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 2022 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flow, 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

## *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;
- Consideration of the cash available, the liquidity of the portfolio held, together with the expected annual running expenses of the Company based on contractual agreements and determining whether these assumptions were reasonable and these factors were appropriately considered in the forecast based on our knowledge of the Company.

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

For the year-ended 31 December 2022

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- Performing our own sensitivity analysis of the headroom of the investment portfolio over the annual running expenses.
- Reviewing the minutes of the directors meetings, the RNS announcements and the Company's 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 Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

## Overview

<b>Key audit matters (2022 and 2021)</b>	<i>Investment valuation and ownership</i>
<b>Materiality</b>	£620,000 (2021: £877,000) based on 1.75% (2021: 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 risks 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.

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 these assessments, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

# Independent Auditor's Report to the Members of Golden Prospect Precious Metals Limited (continued) For the year-ended 31 December 2022

## 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 2022 comprised listed investments whose price is readily available, along with unlisted warrants. Unlisted warrants are valued using the Black-Scholes model.</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 fund, 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 independently obtained 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></p> <p>Based on the procedures performed we did not identify any matters to indicate that the ownership and valuation of investments are inappropriate.</p>

## Our application of materiality

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

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

**Independent Auditor's Report to the Members of  
Golden Prospect Precious Metals Limited (continued)**  
For the year-ended 31 December 2022

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

	<b>Company financial statements</b>	
	2022 £	2021 £
<b>Materiality</b>	620,000	877,000
<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 and investment values being a key focus of users of the financial statements.	
<b>Performance materiality</b>	434,000	619,500
<b>Basis for determining performance materiality</b>	70% of materiality  This was determined using our professional judgement and took into account factors including the control environment in place, our review of the Directors' assessment of risk, our assessment of risk, and the expected total value of known and likely misstatement based on our past experience.	

*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% £62,000 (2021: 10% £87,700) of overall materiality. We further applied a performance materiality level of 70% £43,400 (2021: 70% £61,390) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

*Reporting threshold*

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £30,000 (2021: £35,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.



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

For the year-ended 31 December 2022

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## **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.

## **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.

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

For the year-ended 31 December 2022

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

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

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

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

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

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements 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) and management override of controls.

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

- Discussion with and enquiry of management and those charged with governance concerning known or suspected instances of non-compliance with laws and regulations and fraud;
- Obtaining an understanding of the internal control environment in place to prevent and detect irregularities;
- 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 sources of information;
- For unquoted investments, recalculating realised and unrealised gains and losses in full; and
- Performing analytical review on the daily NAV's with a focus on identifying movements over a set threshold and investigating the movements to source documentation.

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

For the year-ended 31 December 2022

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

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

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

The engagement director on the audit resulting in this independent auditor's opinion is 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  
Chartered Accountants  
Place du Pré  
Rue du Pré  
St Peter Port  
Guernsey

29 March 2023

**Golden Prospect Precious Metals Limited**  
**Statement of Comprehensive Income**  
For the year-ended 31 December 2022

		Revenue £	Capital £	2022 Total £	2021 Total £
	Notes				
<b>Income</b>					
Income from investments held at fair value through profit or loss	7	82,018	-	82,018	110,411
Net capital losses on investments held at fair value through profit or loss	7	-	(11,785,359)	(11,785,359)	(10,324,072)
Net gains on foreign exchange		-	29,159	29,159	16,055
<b>Net loss</b>		<b>82,018</b>	<b>(11,756,200)</b>	<b>(11,674,182)</b>	<b>(10,197,606)</b>
<b>Expenses</b>					
Investment management fees	5	(447,328)	-	(447,328)	(526,039)
Administration fees	5	(85,961)	-	(85,961)	(81,420)
Directors' fees	5	(80,000)	-	(80,000)	(80,000)
Corporate fees	5	(50,000)	-	(50,000)	-
Financial advisers fees	5	(40,000)	-	(40,000)	(48,587)
Listing fees		(30,682)	-	(30,682)	(25,494)
Registrar's fees	5	(30,158)	-	(30,158)	(25,512)
Audit fees		(26,060)	-	(26,060)	(24,380)
Depositary fees	5	(16,800)	-	(16,800)	(16,800)
Research fees	5	(16,669)	-	(16,669)	(27,047)
Brokerage and custody fees		-	-	-	(898)
Custodian fees	5	(10,127)	-	(10,127)	(26,320)
Directors' insurance		(6,449)	-	(6,449)	(5,691)
Legal and professional fees		(4,143)	-	(4,143)	(6,838)
Promotion and marketing fees		-	-	-	(1,500)
Other fees		(28,346)	-	(28,346)	(5,939)
<b>Total operating expenses</b>		<b>(872,723)</b>	<b>-</b>	<b>(872,723)</b>	<b>(902,465)</b>
<b>Net loss on ordinary activities before financing and taxation</b>		<b>(790,705)</b>	<b>(11,756,200)</b>	<b>(12,546,905)</b>	<b>(11,100,071)</b>
<b>Financing</b>					
Overdraft interest	8	(113,259)	-	(113,259)	(85,602)
<b>Net loss on ordinary activities before taxation</b>		<b>(903,964)</b>	<b>(11,756,200)</b>	<b>(12,660,164)</b>	<b>(11,185,673)</b>
Taxation	3	(17,114)	-	(17,114)	(27,653)
<b>Total comprehensive loss for the year</b>		<b>(921,078)</b>	<b>(11,756,200)</b>	<b>(12,677,278)</b>	<b>(11,213,326)</b>
<b>Per share ordinary shares:</b>					
Basic loss (pence)	6			(14.83)	(13.11)
Diluted earnings (pence)	6			(14.83)	(13.11)

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 31 to 54 form an integral part of these Financial Statements.

**Golden Prospect Precious Metals Limited**  
**Statement of Changes in Equity**  
For the year-ended 31 December 2022

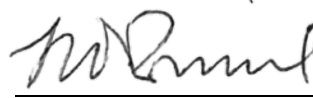
	Notes	Share capital £	Revenue reserve £	Distributable reserve £	Realised capital reserve £	Unrealised capital reserve £	Total equity £
<b>Balance as at 1 January 2021</b>		<b>85,503</b>	<b>(6,963,062)</b>	<b>56,991,016</b>	<b>(9,328,336)</b>	<b>15,113,560</b>	<b>55,898,681</b>
Total comprehensive (loss)/income 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>
Total comprehensive (loss)/income for the year		-	(921,078)	-	195,130	(11,951,330)	(12,677,278)
<b>Balance as at 31 December 2022</b>		<b>85,503</b>	<b>(8,789,449)</b>	<b>56,991,016</b>	<b>(8,479,632)</b>	<b>(7,799,361)</b>	<b>32,008,077</b>

The Notes on pages 31 to 54 form an integral part of these Financial Statements.

**Golden Prospect Precious Metals Limited**  
**Statement of Financial Position**  
For the year-ended 31 December 2022

	Notes	2022 £	2021 £
<b>Non-current assets</b>			
Investments at fair value through profit or loss	7	35,275,370	50,112,467
<b>Current assets</b>			
Receivables and prepayments	9	10,445	8,611
Cash and cash equivalents		232,576	9,609
<b>Total assets</b>		<b>35,518,391</b>	<b>50,130,687</b>
<b>Current liabilities</b>			
Investments at fair value through profit or loss	7	(524)	-
Payables and accruals	10	(163,491)	(158,924)
Bank overdraft	8	(3,346,299)	(5,286,408)
<b>Total liabilities</b>		<b>(3,510,314)</b>	<b>(5,445,332)</b>
<b>Net assets</b>		<b>32,008,077</b>	<b>44,685,355</b>
<b>Equity</b>			
Share capital	11	85,503	85,503
Revenue reserve	12	(8,789,449)	(7,868,371)
Distributable reserve	12	56,991,016	56,991,016
Realised capital reserve	12	(8,479,632)	(8,674,762)
Unrealised capital reserve	12	(7,799,361)	4,151,969
<b>Total equity</b>		<b>32,008,077</b>	<b>44,685,355</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>37.44</b>	<b>52.26</b>

  
**Graeme Ross**

  
**Toby Birch**

The Notes on pages 31 to 54 form an integral part of these Financial Statements.

# Golden Prospect Precious Metals Limited

## Statement of Cash Flow

For the year-ended 31 December 2022

	Notes	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Total comprehensive loss for the year		(12,677,278)	(11,213,326)
Adjustments for:			
Net capital losses on investments held at fair value through profit or loss		11,785,359	10,324,072
Interest expense <sup>1</sup>		113,259	-
(Increase)/decrease in receivables and prepayments		(1,834)	2,692
Increase in payables and accruals		4,567	52,721
Purchase of investments	7	(16,489,340)	(13,964,787)
Proceeds from settlement of investments	7	19,541,602	11,475,717
<b>Net cash generated from/(used in) operating activities</b>		<b>2,276,335</b>	<b>(3,322,911)</b>
<b>Cash flows from financing activities</b>			
Repayment of overdraft <sup>1</sup>		(18,181,115)	-
Borrowings from overdraft <sup>1</sup>		16,241,006	-
Interest paid on overdraft <sup>1</sup>		(113,259)	-
<b>Net cash used in financing activities</b>		<b>(2,053,368)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>222,967</b>	<b>(3,322,911)</b>
Cash and cash equivalents at the beginning of the year		9,609	(1,953,888)
<b>Cash and cash equivalents at end of year</b>		<b>232,576</b>	<b>(5,276,799)</b>
<b>Cash and cash equivalents at the end of the period:</b>			
Cash in bank		232,576	9,609
Bank overdraft <sup>2</sup>		-	(5,286,408)
		<b>232,576</b>	<b>(5,276,799)</b>

### Supplementary cash flow information

*Net cash generated from/(used in) operating activities include:*

Interest paid on cash balances <sup>1</sup>	-	(85,602)
Income received from investments	82,018	110,411

<sup>1</sup> During the year, bank overdraft has been excluded from cash and cash equivalents due to the insufficient fluctuation from positive to negative balance of the overdraft account, and as a result does not qualify as an integral part of the entity's cash management. As such the overdraft is not included within cash and cash equivalents and is instead included as a liability at year end within the Statement of Financial Position with the associated cashflows categorised as financing activity. There were no changes made on prior year classification of cash flow activities as the reclassification is only applicable in the current year.

<sup>2</sup> The balance of bank overdraft is recognised separately in the Statement of Financial Position as a current liability (2021: £5,286,408).

The Notes on pages 31 to 54 form an integral part of these Financial Statements.

# Golden Prospect Precious Metals Limited

## Notes to the Financial Statements

For the year-ended 31 December 2022

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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.

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

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

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 2022

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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 was one instance in June 2022 where the Company breached its NAV limit decline control with the Custodian which was waived as not being critical as it was incurred in the transition period. There were no other breaches of these requirements during the year or the prior year.

In their assessment the Directors noted the ongoing impact of COVID-19 and the Russian invasion of Ukraine. The Directors believe that the Company has adequate liquidity to meet its on-going expenses for the next 12 months due to the liquid nature of the portfolio and available credit. They have also reviewed the Company's collateral position. The Company holds an excess of £8,390,477 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 2022

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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 2022 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 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 2022

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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 2022

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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 2022

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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. In 2021, 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. During the year, bank overdraft has been reclassified from operating activities to financing activities due to the insufficient fluctuation from positive to negative balance of the overdraft account, and as such it does not qualify as an integral part of the entity's cash management. There were no changes made on prior year classification of cash flow activities as the reclassification is only applicable in the current year.

#### **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 2022

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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 2022

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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 (2021: £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 £17,114 (2021: £27,653).

### 4. DISTRIBUTIONS

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

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

#### Related Party Transactions

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

#### Directors' Interests

The Directors held the following interests in the share capital of the Company either directly or beneficially as at 31 December 2022 and the date of signing:

Director	2022 Ordinary shares	2021 Ordinary shares
M Burne	1,156,250	1,056,250
R King	50,000	30,000
T Birch	125,000	125,000
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 2021: £20,000 per annum per Director). During the period Directors' fees of £80,000 were charged to the Company (2021: £80,000) and £40,000 was payable at the year end (31 December 2021: £nil). All Directors are non-executive.

**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2022

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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 £447,328 were charged to the Company (2021: £526,039) and £31,432 was payable at the year end (2021: £85,902).

The Investment Manager has also received £16,669 (2021: £27,047) in relation to the reimbursement of third party research fees incurred on behalf of the Company in this financial accounting period.

***Administrator***

The Company's Administrator is Maitland Administration (Guernsey) Limited, an Apex Group Company. In consideration for the services provided by the Administrator under the Administration Agreement, the Administrator is entitled to receive from the Company a minimum annual fee of £80,000 per annum, which will increase annually in line with the inflation in Guernsey, if the NAV is under £100,000,000 at 8bps, NAV between £100m to £200m at 6bps, NAV between £200m to £350m at 4bps, NAV over £350m at 2bps, payable quarterly in arrears. During the period administration fees of £85,961 were charged to the Company (2021: £81,420) and £21,667 was payable at the year end (2021: £20,460).

***Custodian Fees***

The Company's Custodians are Credit Suisse AG Dublin Branch ("CSAGDB") and BNP Paribas, London Branch. CSAGDB custodian fees are charged monthly at 5 basis points and based on the Company's assets under management. During the year custodian fees of £10,127 were charged to the Company (2021: £26,320) and £nil was payable at the year-end (2021: £2,277). BNP Paribas, London Branch does not charge a basis point fee on assets under management.

***Depositary Fees***

The Company's Depositary is INDOS Financial Limited. In consideration for the services provided by the Depositary under the Depositary Agreement, the Depositary is entitled to receive from the Company an annual fee of 0.02% of the Company's Net Asset Value up to £150 million; 0.015% up to £300 million; 0.0125% up to £450 million and 0.01% thereafter, subject to a minimum fee of £1,400 per month. During the period depositary fees of £16,800 were charged to the Company (2021: £16,800) and £1,400 was payable at the year end (2021: £1,400).



**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2022

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**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 £40,000 (2021: £48,587) were charged to the Company and Corporate fees of £50,000 (2021: £nil) were incurred for the Subscription Rights Issue. The costs incurred for Subscription Rights Issue is expensed through the Statement of Comprehensive Income. A prepayment of £2,935 was outstanding for brokerage fees (2021: prepayment of £2,934).

***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 £30,158 were charged to the Company (2021: £25,512) and £8,833 was payable at year end (2021: £916).

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

Basic loss per ordinary share of 14.83p (2021: loss of 13.11p) is calculated by dividing the comprehensive loss for the year of £12,677,278 (2021: loss of £11,213,326) 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 (2021: 85,503,021).

**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2022

**7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

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

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

**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2022

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

	<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 December 2021</b>	<b>50,066,794</b>	<b>45,673</b>	<b>-</b>	<b>50,112,467</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	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 2022 (2021: nil) there was one investment transfer from Level 1 to Level 3. There are three investments held at Level 3 with a £ nil value (2021: three investments held at Level 3 with a £ nil value). Please refer to pages 55 to 57 for an analysis of financial assets at fair value through profit or loss which are disclosed above.

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Net realised gain on investments held at fair value through profit or loss	165,587	631,110
Net unrealised loss on investments held at fair value through profit or loss	(11,950,946)	(10,955,182)
<b>Net capital loss on investments held at fair value through profit or loss</b>	<b>(11,785,359)</b>	<b>(10,324,072)</b>
Dividend income	82,018	110,411
<b>Net loss on investments held at fair value through profit or loss</b>	<b>(11,703,341)</b>	<b>(10,213,661)</b>

**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2022

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

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.

**8. BANK OVERDRAFT**

Bank overdraft comprise the following:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Bank overdraft	<b><u>(3,346,299)</u></b>	<b><u>(5,286,408)</u></b>

Movement for bank overdraft for the year:

	<b>2022</b>
	<b>£</b>
Opening balance <sup>1</sup>	(5,286,408)
Repayment of overdraft	18,067,856
Borrowings from overdraft	(16,241,006)
Interest paid on overdraft	113,259
Closing balance	<b><u>(3,346,299)</u></b>

<sup>1</sup> There were no financing activities in 2021.

# Golden Prospect Precious Metals Limited

## Notes to the Financial Statements (continued)

For the year-ended 31 December 2022

### 8. BANK OVERDRAFT (CONTINUED)

CSAGDB and BNP Paribas may determine from time to time the overdraft limit they will provide to the Company and may provide reasonable notice in writing of such an amount.

BNP Paribas, London Branch, overdraft Interest is calculated on a daily basis using SONIA overnight rate plus 83 basis points. In order to satisfy BNP Paribas, London Branch of liquidity, a margin requirement is calculated to establish a net equity and cash position that must be maintained as collateral. If the Company falls into deficit then more funds are called. If the margin calls are not met then BNP Paribas, London Branch can call in all outstanding funds. At no point during the period did the Company fall into deficit and at the period end the Company held an excess over the margin requirement of £8,375,536 (2021: n/a).

CSAGDB overdraft interest is calculated on a daily basis using the one month Libor rate plus 175 basis points and is charged to the Company on a monthly basis. In order to satisfy CSAGDB of liquidity, a margin requirement is calculated to establish a net equity and cash position that must be maintained as collateral. If the Company falls into deficit then more funds are called. If the margin calls are not met then CSAGDB can call in all outstanding funds. At no point during the period did the Company fall into deficit and at the period end the Company held an excess over the margin requirement of £14,941 (2021: £23,032,296).

The overdraft interest during the period of £113,259 (2021: £85,602) represents the only gain or loss on financial liabilities measured at amortised cost.

In addition to the above there is a provision for an event of default, for CSAGDB is 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. For BNP Paribas, London Branch is where the NAV changes from the previous highest NAV of the previous calendar year by more than 45% over the year and no concept of highest NAV in the period, 30% for the previous 3 months and 15% for the previous month. The NAV floor is greater of (i) 50% of its NAV at the time of execution of the ISDA Master Agreement and (ii) 50% of its NAV as at the latest financial year end. These are monitored on a monthly basis. There was one instance in June 2022 where the Company breached its NAV limit decline control with the Custodian which was waived as not being critical as it was incurred in the transition period. The Directors confirm there were no other breaches of these requirements during the year.

### 9. RECEIVABLES AND PREPAYMENTS

	2022 £	2021 £
Prepayments	10,445	8,611
<b>Total Receivables and Prepayments</b>	<b>10,445</b>	<b>8,611</b>

The Directors consider that the carrying amount of prepayments 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 2022

**10. PAYABLES AND ACCRUALS**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Directors' fees (Note 5)	40,000	-
Investment management fees (Note 5)	31,432	85,902
Listing fees	30,919	20,851
Audit fee	24,875	23,690
Administration fees (Note 5)	21,667	20,460
Registrar fee payable (Note 5)	8,833	916
Legal and professional fees	3,365	2,428
Depositary fees (Note 5)	1,400	1,400
Financial advisers fees (Note 5)	-	1,000
Custodian fees (Note 5)	-	2,277
Other fees	1,000	-
<b>Total Payables and Accruals</b>	<b><u>163,491</u></b>	<b><u>158,924</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>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</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>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Ordinary shares of £0.001 each at inception</b>	<b>Number of shares</b>	<b>Number of shares</b>	<b>£</b>	<b>£</b>
As at 1 January	<u>85,503,021</u>	<u>85,503,021</u>	<u>85,503</u>	<u>85,503</u>
<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.

On 8 December 2022, the shareholders approved the adoption of the Company's Subscription Rights programme. The first such Subscription opportunity will be on 30 November 2023 and annually thereafter. The first Subscription Rights Exercise Price will be the NAV per share as at 30 November 2022 which was 38.31 pence per share.

# **Golden Prospect Precious Metals Limited**

## **Notes to the Financial Statements (continued)**

For the year-ended 31 December 2022

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### **12. RESERVES**

#### **Revenue Reserve**

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

#### **Distributable Reserve**

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

#### **Realised Capital Reserve**

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

#### **Unrealised Capital Reserve**

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

### **13. FINANCIAL RISK MANAGEMENT**

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

#### **Credit Risk**

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

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

As at 31 December 2022 there were no financial assets which were past due or impaired (31 December 2021: none).

# Golden Prospect Precious Metals Limited

## Notes to the Financial Statements (continued)

For the year-ended 31 December 2022

### 13. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Credit Risk (continued)

The Board of Directors is satisfied that the Company's transactions are concluded with a suitably approved counterparty with an appropriate credit quality, CSAGDB currently has a Standard and Poor's credit rating of A-2/A- (2021: A-1/A+) and BNP Paribas has a Standard and Poor's credit rating of A+. The Investment Manager carefully selects securities with counterparties displaying the necessary experience and financial stability. The Company's exposures to these counterparties, and their credit rating or financial results, are monitored by management. The following table illustrates the credit concentration by category:

	2022	2021
	£	£
<b>Cash and cash equivalents:</b>		
Credit Suisse AG Dublin Branch	64,941	9,609
BNP Paribas, London Branch	167,635	-
<b>Total assets with credit risk</b>	<b>232,576</b>	<b>9,609</b>

The Directors note the takeover of Credit Suisse Group by UBS Group. This has no material effect on the Company, as the Directors on the advice of the Investment Manager, had already transitioned the Custody and Prime Broker Contract to BNP Paribas, London Branch during the year.

#### 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 2022 amounts to £147,211 (2021: £45,673).

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 2022

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

**Liquidity Risk (continued)**

<b>31 December 2022</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	3,346,299	-	-	-	3,346,299
Directors' fees (Note 5)	40,000	-	-	-	40,000
Investment management fees	31,432	-	-	-	31,432
Listing fees	30,919	-	-	-	30,919
Audit fees	-	24,875	-	-	24,875
Administration fees	21,667	-	-	-	21,667
Registrar fees	8,833	-	-	-	8,833
Legal and professional fees	3,365	-	-	-	3,365
Depositary fees	1,400	-	-	-	1,400
Financial advisers fees	1,000	-	-	-	1,000
Forward currency contract	524	-	-	-	524
Custodian fees	-	-	-	-	-
	<b>3,485,439</b>	<b>24,875</b>	<b>-</b>	<b>-</b>	<b>3,510,314</b>

<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
Listing fees	20,851	-	-	-	20,851
Audit fees	-	-	23,690	-	23,690
Administration fees	20,460	-	-	-	20,460
Registrar fees	916	-	-	-	916
Legal and professional fees	2,428	-	-	-	2,428
Depositary fees	1,400	-	-	-	1,400
Financial advisers fees (Note 5)	1,000	-	-	-	1,000
Custodian fees	2,277	-	-	-	2,277
	<b>5,421,642</b>	<b>-</b>	<b>23,690</b>	<b>-</b>	<b>5,445,332</b>

**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2022

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

**Liquidity Risk (continued)**

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

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

**Market Risk**

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

***Price risk***

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

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

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

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

**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2022

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

*Price risk (continued)*

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

*Price sensitivity*

The value of the Company's financial assets had a sensitivity of £10,582,611 (2021: £15,033,740) to a 30% (2021: 30%) increase or decrease in the market prices with other variables being held constant as at 31 December 2022. 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.

	0-3 Months	Greater than 3-12 Months	1-5 Years	Total
As at 31 December 2022	£	£	£	£
<i>Variable rate assets</i>				
Cash and cash equivalents	232,576	-	-	232,576
	<u>232,576</u>	<u>-</u>	<u>-</u>	<u>232,576</u>
<i>Variable rate liabilities</i>				
Bank overdraft	(3,346,299)	-	-	(3,346,299)
	<u>(3,346,299)</u>	<u>-</u>	<u>-</u>	<u>(3,346,299)</u>

**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2022

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

*Interest rate risk (continued)*

	0-3 Months	Greater than 3-12 Months	1-5 Years	Total
As at 31 December 2021	£	£	£	£
<i>Variable rate assets</i>				
Cash and cash equivalents	9,609	-	-	9,609
	<u>9,609</u>	<u>-</u>	<u>-</u>	<u>9,609</u>
<i>Variable rate liabilities</i>				
Bank overdraft	(5,286,408)	-	-	(5,286,408)
	<u>(5,286,408)</u>	<u>-</u>	<u>-</u>	<u>(5,286,408)</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 100 basis points (2021: 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 £1,133 (2021: £214) higher or lower due to the change in the interest payable on the bank overdraft and the interest receivable on cash and cash equivalents.

*Currency risk*

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

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

**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2022

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

*Currency risk (continued)*

As at 31 December 2022 the Company held the following hedging instrument (2021: nil).

Currency Sold	Amount	Rate	Currency Bought	Amount	Unrealised Loss	Date
CAD	250,000	0.61	GBP	152,862	(524)	03 January 2023

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

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

Currency	31 December 2022		31 December 2021	
	Assets £	Liabilities £	Assets £	Liabilities £
Australian Dollar (AUD)	15,015,697	-	22,057,908	-
Canadian Dollar (CAD)	16,718,469	(153,387)	22,846,678	(8,491)
Mexican Peso (MXN)	-	(1)	204,305	-
United States Dollar (USD)	3,161,639	-	4,567,483	-
	<b>34,895,805</b>	<b>(153,388)</b>	<b>49,676,374</b>	<b>(8,491)</b>

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

The following table details the Company's sensitivity to a 15% (2021: 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 2022		31 December 2021	
	Appreciation £	Depreciation £	Appreciation £	Depreciation £
Australian Dollar (AUD)	2,649,829	(1,958,569)	3,892,572	(2,877,118)
Canadian Dollar (CAD)	2,923,250	(2,160,663)	4,030,268	(2,978,894)
Mexican Peso (MXN)	-	-	36,054	(26,648)
United States Dollar (USD)	557,936	(412,388)	806,026	(595,759)

**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2022

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

*Currency risk (continued)*

**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:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Financial assets</b>		
<i>Financial assets held at fair value through profit or loss</i>		
Investments at fair value through profit or loss	35,275,370	50,112,467
<i>Financial assets held at amortised cost</i>		
Cash and cash equivalents	232,576	9,609
<b>Total financial assets</b>	<b><u>35,507,946</u></b>	<b><u>50,122,076</u></b>
<b>Financial liabilities</b>		
<i>Financial liabilities held at fair value through profit or loss</i>		
Investments at fair value through profit or loss	(524)	-
<i>Financial liabilities held at amortised cost</i>		
Payables and accruals	(163,491)	(158,924)
Bank overdraft	(3,346,299)	(5,286,408)
<b>Total financial liabilities</b>	<b><u>(3,510,314)</u></b>	<b><u>(5,445,332)</u></b>

**Capital management**

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

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

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

**Golden Prospect Precious Metals Limited**  
**Notes to the Financial Statements (continued)**  
For the year-ended 31 December 2022

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**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**

	<b>2022</b>	<b>2021</b>
Net asset value per financial statements	£32,008,077	£44,685,355
Number of ordinary shares in issue at the year-end	85,503,021	85,503,021
IFRS NAV per ordinary share (pence)	37.44	52.26
Issued NAV per ordinary share (pence)	38.01	52.83

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.

The Directors note the takeover of Credit Suisse Group by UBS Group. This has no material effect on the Company, as the Directors on the advice of the Investment Manager, had already transitioned the Custody and Prime Broker Contract to BNP Paribas, London Branch during the year.

**Golden Prospect Precious Metals Limited**  
**Unaudited Portfolio Statement**  
For the year-ended 31 December 2022

<b>Description</b>	<b>Holding no.</b>	<b>Fair value £</b>	<b>% of Total net assets</b>
<i><b>Equities</b></i>			
<i><b>Australia</b></i>			
West African Resources	5,070,950	3,344,809	10.43
Emerald Resources	3,796,599	2,525,647	7.89
Calidus Resources	11,019,253	1,677,305	5.24
Red 5	9,196,887	1,062,896	3.32
Westgold Resources	2,061,162	1,010,945	3.16
Leo Lithium	3,406,447	931,407	2.91
Cannon Resource	3,353,330	841,263	2.63
Horizon Minerals	18,507,942	636,479	1.99
Firefinch Ltd *	9,920,002	559,252	1.75
Silver Lake Resources	686,715	452,959	1.42
Rox Resources	4,277,778	422,039	1.32
Antipa Minerals	36,455,027	411,039	1.28
Castile Resources	7,625,977	404,128	1.26
Los Cerros	7,625,000	236,428	0.74
Ora Banda Mining	4,952,522	228,948	0.72
Metals X	551,618	116,618	0.36
Richmond Vanadium	594,363	78,744	0.25
Nico Resources	51,422	17,829	0.06
		<b>14,958,735</b>	<b>46.73</b>
<i><b>Canada</b></i>			
Fortuna Silver Mines	1,098,357	3,396,418	10.61
Calibre Mining	4,153,280	2,216,958	6.93
Mag Silver	155,700	2,012,798	6.29
Silvercrest Metals	297,000	1,472,363	4.60
Sabina Gold & Silver	1,459,441	1,173,020	3.66
Adventure Mining Corp	3,402,790	1,043,884	3.26
B2Gold	272,000	799,377	2.50
Palladium One Mining	11,620,218	784,249	2.45
Ascendant Resources	3,297,345	475,422	1.49
Americas Silver	931,185	439,920	1.37
Pan American Silver	32,546	439,905	1.37
Orla Mining	119,300	395,259	1.23
Integra Resources	757,744	395,173	1.23
Galiano Gold	919,496	383,624	1.20
Silver Mountain Resources	1,870,000	344,199	1.08
Liberty Gold	851,000	287,170	0.90
Bluestone Resources	696,215	181,543	0.57
Newcore Gold	500,000	70,558	0.22
Pure Gold Mining	6,519,250	59,998	0.19
Osisko Development	16,666	58,796	0.18
Orea Mining	717,000	37,393	0.12
Pan America Silver *	168,700	-	-
Trevali Mining *	101,838	-	-
		<b>16,468,027</b>	<b>51.45</b>



**Golden Prospect Precious Metals Limited**  
**Unaudited Portfolio Statement (continued)**  
For the year-ended 31 December 2022

<b>Description</b>	<b>Holding no.</b>	<b>Fair value £</b>	<b>% of Total net assets</b>
<i>United Kingdom</i>			
Thor Explorations	2,400,000	360,000	1.12
Tharisa Plc	195,000	187,199	0.59
		<b>547,199</b>	<b>1.71</b>
<i>United States of America</i>			
Mag Silver Corp	119,294	1,551,050	4.85
Wheaton Precious Metals	20,000	649,597	2.03
Platinum Group Metals	449,795	643,152	2.01
Sibanye-Stillwater	35,000	309,875	0.97
Pan American Silver Corp *	50,000	-	-
		<b>3,153,674</b>	<b>9.86</b>
<b>Total equities</b>		<b>35,127,635</b>	<b>109.75</b>
<b>Warrants</b>			
<i>Australia</i>			
Horizon Mineral **	5,222,222	37,102	0.12
Castile Resource **	1,037,087	19,768	0.06
Antipa **	10,370,370	6	-
		<b>56,876</b>	<b>0.18</b>
<i>Canada</i>			
Silver MTN-CW24 Equity **	935,000	71,751	0.22
Osiko Dev/C WT 10 2023 **	25,000	12,998	0.04
Aurcana Silver Corp WT 08 **	357,143	3,154	0.01
Ascendant Res WT 271023 **	202,826	2,852	0.01
Palll PLCM WARR 230223 **	1,687,500	104	-
Pure Gold Mining **	476,200	-	-
		<b>90,859</b>	<b>0.28</b>
<b>Total warrants</b>		<b>147,735</b>	<b>0.46</b>
<b>Foreign currency contracts</b>			
CAD:GBP 03/01/2023		(524)	-
<b>Total foreign currency contracts</b>		<b>(524)</b>	<b>-</b>
<b>Total Investments at fair value through profit and loss</b>		<b>35,274,846</b>	<b>110.21</b>
Net receivables and payables		(153,046)	(0.48)
Net cash and cash equivalents and bank overdraft		(3,113,723)	(9.73)
<b>Total Net Assets</b>		<b>32,008,077</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 2022

Summary:	Fair value £	% of Total net assets
<b>Equities</b>		
Canada	16,468,027	51.45
Australia	14,958,735	46.73
United States of America	3,153,674	9.86
United Kingdom	547,199	1.71
<b>Total equities</b>	<b>35,127,635</b>	<b>109.75</b>
<b>Warrants</b>		
Australia	56,876	0.18
Canada	90,859	0.28
<b>Total warrants</b>	<b>147,735</b>	<b>0.46</b>
<b>Foreign currency contracts</b>	<b>(524)</b>	<b>-</b>
<b>Net receivables and payables</b>	<b>(153,046)</b>	<b>(0.48)</b>
<b>Net cash and cash equivalents and bank overdraft</b>	<b>(3,113,723)</b>	<b>(9.73)</b>
<b>Total Net Assets</b>	<b>32,008,077</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/wp/golden-prospect-precious-metals-ltd/](http://www.ncim.co.uk/wp/golden-prospect-precious-metals-ltd/)

### **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 (“NCIM”)**

(a trading name of CQS (UK) LLP,  
previously CQS Asset Management Limited)  
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

### **Depository**

INDOS Financial Limited  
The Scalpel  
18<sup>th</sup> Floor  
52 Lime Street  
London, EC3M 7AF

### **Principal Bankers and Custodian**

Credit Suisse AG Dublin Branch\*  
Kilmore House  
Park Lane  
Spencer Dock  
Dublin 1  
Ireland

### **BNP Paribas, London Branch\***

10 Harewood Avenue  
London  
NW1 6AA

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

### **Financial Adviser and Broker to the Company**

finnCap Ltd.  
One Bartholomew Close  
London  
EC1A 7BL

# Golden Prospect Precious Metals Limited

## Management and Administration

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### **TISE Sponsor**

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

### **Registrar and CREST Agent**

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

### **Advocates to the Company as to Guernsey**

#### **Law**

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

### **Solicitors to the Company as to English**

#### **Law**

Gowling WLG (UK) LLP  
4 More London Riverside  
London  
SE1 2AU

### **Market Makers**

finnCap Capital Markets Limited  
One Bartholomew Close  
London  
EC1A 7BL

Peel Hunt LLP  
100 Liverpool Street  
London  
EC2M 2AT  
United Kingdom

Shore Capital Limited  
Cassini House  
57 St James's Street  
London  
SW1A 1LD

Singer Capital Markets Limited  
One Bartholomew Lane  
London  
EC2N 2AX

Winterflood Securities Limited  
The Atrium Building  
Cannon Bridge House  
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 2022**

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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 2022 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 2022**

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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, 2022. This has been presented in line with the information available to the Company. There is no allocation made by the AIFM to each AIF and as such the disclosure reflects the remuneration paid to individuals who are partly or fully involved in the AIF, as well as staff of any delegate to which the firm has delegated portfolio management and/or risk management responsibilities in relation to the AIF.

Of the total AIFM remuneration paid of \$43.8m for the year ending December 31, 2022 to 196 individuals (full time equivalent), \$28.8m 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 11.5 individuals (full time equivalent) who meet this definition and these individuals have collectively been compensated \$11.4m.

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 2022**

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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, 2022, 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, 2022.

	<b>Collective Investment undertaking</b>	<b>Manager</b>	<b>Third parties</b>
Repurchase transaction	-	-	-
Securities or commodities lending and securities or commodities borrowing	-	-	-
Buy-sell back transactions or sell-buy back transactions	-	-	-
Margin lending transactions	(155,081)	-	-
Total return swaps	-	-	-
<b>Total</b>	<b>(155,081)</b>	<b>-</b>	<b>-</b>

These disclosures have been prepared by the Investment Manager and reflect the Investment Managers data as at 31 December 2022.

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

**29 March 2023**