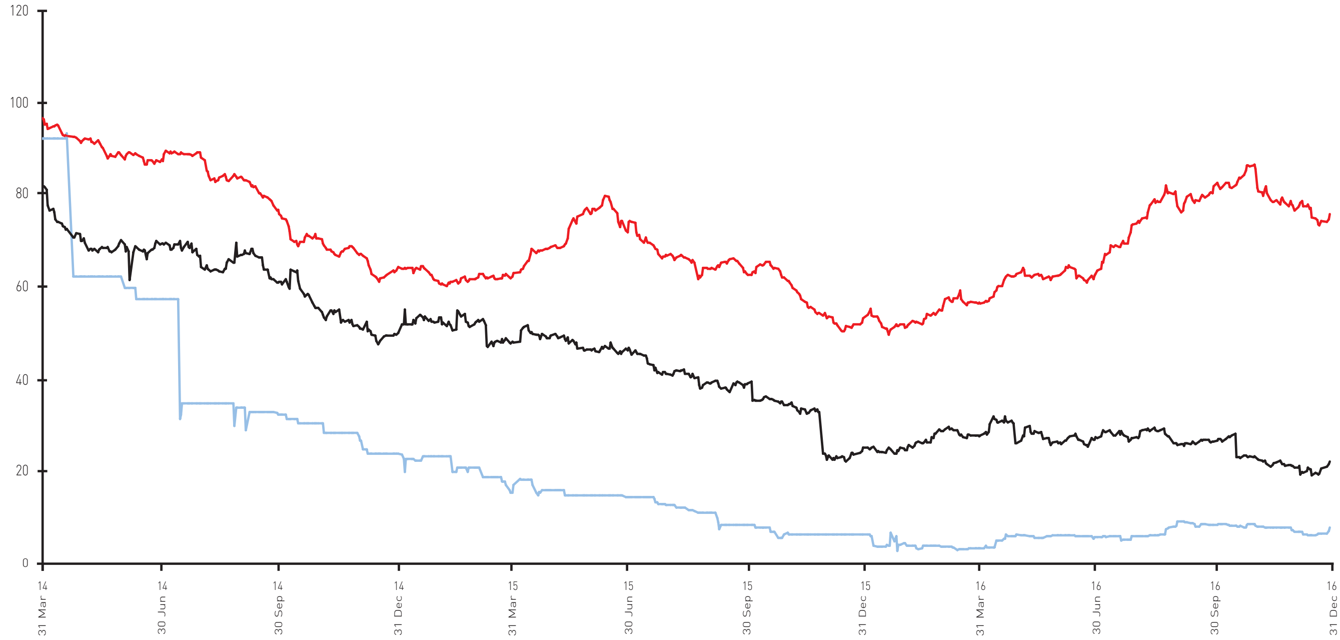
Global Resources Investment Trust plc

Annual Report & Financial Statements

31 December 2016

Net Asset Value, Share Price and FTSE AiM Basic Resources Index



FTSE AiM Basic Resources Index
Global Resources Investment Trust plc share price
Global Resources Investment Trust plc net asset value

Sources: R&H Fund Services Limited and Bloomberg

Note: Graph rebased to 100

Investment Objective

GRIT's investment objective is to generate medium and long-term capital growth through investing in a diverse portfolio of primarily small and mid-capitalisation natural resources and mining companies, which are listed/quoted on a relevant exchange.

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Important information

Past performance is not necessarily a guide to future performance. The value of investments and income from them may go down as well as up and are not guaranteed. Changes in rates of exchange may cause the value of investments to fluctuate. Net asset value performance is not linked to share price performance, and shareholders may realise returns that are lower or higher in performance.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take or about the contents of this document, you should immediately consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 (or in the case of recipients outside the United Kingdom, a stockbroker, bank manager, solicitor, accountant or other independent financial adviser).

If you have sold or otherwise transferred all of your holdings in Global Resources Investment Trust plc, please forward this document as soon as possible to the purchaser or transferee, or to the stockholder, bank or other agent through whom the sale or transfer was, or is being, effected, for delivery to the purchaser or transferee.

Financial Highlights

Total Return*	Year to 31 December 2016	Sixteen months to 31 December 2015	Period 7 March 2014 to 31 December 2016
Net asset value	**10.2%**	(69.8)%	(77.6)%
Ordinary share price	**25.0%**	(81.3)%	(92.0)%

Capital Values	31 December 2016	31 December 2015	% change period
Net asset value per share	**22.38p**	20.30p	10.2%
Ordinary share price (mid market)	**8.0p**	6.4p	25.0%
Discount*	**64.3%**	68.5%	

Revenue and Dividends	31 December 2016	31 December 2015
Loss per ordinary share	**(2.28)p**	(4.67)p
Ongoing charges*	**7.8%**	5.7%
Gearing*		
Gearing provided by CULS	**15.4%**	41.0%

Period Highs/Lows	2016 High	2016 Low
Net asset value	**32.1p**	**19.2p**
Ordinary share price (mid market)	**9.3p**	**2.8p**
Discount	**(89.4)%**	**(62.6)%**

* A glossary of the terms used can be found on page 43.

Chairman's Statement

Introduction

I am pleased to report that your Company has achieved a solid performance after change and consolidation during the past year. This was in part due to the recovery in the commodity cycle and more focus in the investment strategy from a diversified portfolio to a more concentrated portfolio of core investments in companies with a strong resource backing.

Investment and Share Price Performance

On the 31st December 2016, your Company's NAV was 22.4 pence, an increase of 10.2% from the preceding year. The Company's ordinary share price rose 25.0% from 6.4p to 8.0p over the same period. This was a welcome recovery after the collapse in the sector in January 2016. Your Company's performance had to a large degree been constrained by the 9% Cumulative Unsecured Loan Stock ('CULS'), which contributed to the share price trading at a deep discount to net asset value. A more comprehensive overview of the investment portfolio is contained in the Investment Manager's Review.

9% Cumulative Unsecured Loan Stock 2017 ('CULS')

The Company issued £5 million nominal of CULS in 2014 to provide working capital, of which £4.7 million remained in issue at 1 January 2016.

£2.0m of CULS was repaid during the year, and the balance of £2.7m has been repaid since the year end, leaving the Company ungeared.

Change to Future Investment Strategy and Outlook

The change in the Company's investment policy reflected our desire to reduce the portfolio's exposure from exploration and early stage development companies, to focus more on companies with potentially large scale assets that are likely to be brought into production in the foreseeable future. We will continue to maintain a diversified portfolio, both geographically and by commodity.

Our more focused portfolio, with a significant asset base, will expedite your Company's transition from holding development companies to production companies.

Whilst there has been a marked recovery both in sentiment and in commodity prices, we forecast a more sustained recovery following the reduction of supply excesses and, in many cases, improved balance sheet discipline, which is now underpinning the sector.

Optimism clearly needs to be tempered with an element of caution in the face of increased global political risk and the current uncertainty of a potential trade war between East and West.

Your Company is now far better positioned to take advantage of opportunities as they occur.

Lord St John

Chairman

28 April 2017

Investment Manager's Review

After arguably the worst slump in commodity markets for several decades, 2016 proved to be a watershed, heralding a recovery across virtually all commodities. Bulk commodities, such as iron ore, coal and oil, which had fallen below the marginal cost of production, recovered dramatically, more than doubling in price from their lows. Base metals showed a more mixed picture but nevertheless useful price increases were recorded in copper and zinc, with more muted gains in other metals. Gold rose by almost 30% to $1390 by the third quarter, only to drift back to $1150 by the year end, a rise of only 8%. The prime cause of the weakness was the "demonetisation" of cash in India, whereby higher denomination notes of R500 and R1000 were removed from the system, causing a slump in physical demand, in a market primarily based on cash transactions. The election of President Trump resulted in further strengthening of the Dollar, causing a substantial outflow of ETF gold holdings.

The commodity recovery naturally had a positive effect on resource stocks which resulted in a 10.2% increase in the fund's NAV for the year ended 31st December 2016. Individually, there were some better performances, but the overall benefit was reduced by write-downs of two non-performing positions.

The mining industry responded rapidly to weak metal prices with aggressive cost-cutting measures and production cutbacks. Capital expenditure and exploration programmes were sharply curtailed, enabling debt levels to be reduced and balance sheets rebuilt. For most metals supply and demand are in better balance allowing inventory levels to decline. The extraordinary rise in coal prices has been largely as a result of a reduction in working days in China, from 330 to 276 days per annum. The oil market appears to have stabilised in a broad range between $40-60/bbl with Brent averaging around $50/bbl. Attempts by OPEC countries to reduce production have had little effect – any increases in price only helping to sustain shale production in the US.

The gold mining sector continues to experience the most corporate activity, with acquisitions, mergers and joint ventures helping consolidate the industry. A healthy profit was realised in NuLegacy Gold, while Merrex Gold performed strongly on positive drilling results from its Diakha project in Mali and, towards the end of the year, IAMGOLD announced an agreed bid for the company at a 30% premium to the weighted average price before the announcement. Mineral Mountain performed well and has attracted market interest ahead of the drilling programme on its properties in the Homestake region in South Dakota. Additionally, it is anticipated that Siberian Goldfields will seek an AIM Listing in the third quarter of 2017.

Elsewhere, Anglo African Minerals has made excellent progress in making the transition from explorer to producer, having agreed the first stage of a joint venture with a major Chinese State Owned enterprise, which will provide full project funding, mining services and an "off take" agreement and lead to production by Q2 2018. The Company is also working towards a listing on an appropriate Stock Exchange during the second half of 2017.

While in the oil sector, Zenith Energy achieved a milestone deal in acquiring an 80% interest in a producing oil field in Azerbaijan, for no upfront cost, but a commitment to increase production in line with specified targets. A number of other non-core holdings were sold during the year.

The difficulties of doing mining business in South Africa have been highlighted by the plight of Waterberg Coal, which has been unable to attract capital to develop its large coal project in the Limpopo province. This position has been written down to zero, pending a restructuring and refinancing of the company.

While the commodity recovery has got off to a sound start, a challenging year politically lies ahead. A pre-Brexit UK, elections in Europe, and the new Trump administration in the US, will hopefully not prove obstacles to the moderate economic recovery currently in progress. The Trump infrastructure programme, once underway, should enhance demand for many basic raw materials, but the macro picture remains reliant on sound growth from Asia, where over half the world's population are still on a stronger consumption growth trend. This bodes well for the fund which is now specifically focussed on a few core positions where it has meaningful exposure and therefore the potential for delivering high returns is better.

David Hutchins and Kjeld Thygesen

RDP Fund Management LLP

28 April 2017

Top Ten Review

Merrex Gold (28.3%*)

Merrex Gold is a Canadian listed company, with a substantial exploration land package in southern Mali where recent exploration work on the Diakha deposit, within the Sirabaya Project, has confirmed an indicated and inferred resource of over 1 million ounces. The Sirabaya Project is the subject of a 50:50 Joint Venture with IAMGOLD Corporation. IAMGOLD is the operator and also holds a 23% equity stake in Merrex. On 22 December 2016, IAMGOLD announced a Definitive Agreement to acquire Merrex Gold in an all-share transaction. The share consideration represented a value of C$0.20 per share which was a 30% premium to the 20-day volume weighted average price before the announcement. The takeover is unanimously supported by the board of Merrex.

Siberian Goldfields (24.0%*)

Siberian Goldfields is a private company developing the Zhelezny Kryazh gold and iron ore deposit in the Chita region of Russia, with current resources of around 1.1 million ounces of gold, of which 829,000 ounces grading around 2.8g/t gold are JORC compliant. Wardell Armstrong International have recently completed a comprehensive technical report and pre-production stripping of the orebody is underway and plant and mill design has been completed and the main ore crushing plant was delivered in late 2015. The company anticipates iron ore concentrate sales in Q3 2017 and first gold production in Q2 2018. The Company is looking to list on the AIM Market in the third quarter of 2017.

Anglo-African Minerals plc (14.6%*)

Anglo-African Minerals plc (AAM) is an advanced mineral exploration company focused on the progression of its bauxite mining projects located in the Republic of Guinea, which hosts two-thirds of the world's bauxite. Bauxite is the composite mineral that contains alumina, which is the feedstock from which aluminium metal is smelted. AAM, via its subsidiary, Forward Africa Resources (FAR), has entered into the first stage of a joint venture with a major Chinese State Owned enterprise, which will provide full project funding, mining services and "off take" agreement. This will ensure that FAR enters into production by Q2 2018. In addition, AAM has embarked on two drilling programmes in Somalu and Toubal. AAM is predicting to maintain reserves of upwards of 2 billion tonnes of export grade bauxite; these drilling programmes are overseen and verified by our independent resource geology consultants SRK Consulting (UK) Limited. The Company is also working towards a listing on an appropriate Stock Exchange during the second half of 2017.

* % of Total Investments

Mineral Mountain Resources (7.1%*)

Mineral Mountain Resources is a publicly traded mining company located in Vancouver, British Columbia. Mineral Mountain is an advanced explorer with its focus on the development of gold projects with "large scale" potential, within cost effective, politically friendly, mining friendly regions of Canada and the United States. The company's main project is the Rochford Gold Project in South Dakota, USA, which is on trend with the 40 million ounce Homestake District, home of the world famous Homestake Mine. Mineral Mountain controls a large land position, with multiple targets that will be explored during 2017.

Wishbone Gold (2.8%*)

Wishbone Gold Plc is an AIM-listed company operating in the precious metals market. It has a wholly-owned precious metals trading business based in Dubai, together with exploration licenses in Australia, in an area known for significant precious metal mineralisation.

Zenith Energy (2.0%*)

Zenith Energy Ltd. is a Canadian oil and gas production company, listed on the London Stock Exchange (ZEN) and the TSX Venture Exchange (ZEE). The main focus of the company is the acquisition of large onshore oil and gas fields in countries that offer strong asset protection and a business atmosphere conducive to stable and profitable production activities. Zenith operates the largest onshore oilfield in Azerbaijan through its fully-owned subsidiary and has gas producing assets in Italy.

IMC Exploration Group plc (1.7%*)

IMC Exploration Group plc was incorporated in Ireland in June 2011 with a view to identify precious and base metal deposits in Ireland and now holds 15 mineral prospecting licences. IMC has concluded a Joint Venture agreement with Koza Limited, a subsidiary of Turkish-based company, Oza Altin Isletmeleri A.S. ("Koza Gold") on IMC's precious metals licences in Wicklow and Wexford. Koza Gold currently has a technical team based in Ireland working in conjunction with IMC and a detailed works programme has been agreed and commenced. IMC is also at an advanced stage of seeking a standard listing on the Main Market of the London Stock Exchange.

Azarga Metals (1.3%*)

Azarga Metals Corp. is a mineral exploration and development company that owns 60% of the Unkur Copper-Silver Project in the Zabaikalsky province in eastern Russia. Azarga Metals acquired 60% of the Unkur Copper-Silver Project in late May 2016, with a 'put and call' arrangement over the remaining 40%. Historical exploration (including drilling and various non-NI 43-101 'resource' estimates) suggest potential for a globally significant silver and copper deposit. A maiden NI 43-101 compliant Resource estimate is expected in Q2 2017 followed by a Preliminary Economic Assessment.

Blue River Resources (1.0%*)

Blue River Resources Ltd. is a Canadian-based mineral exploration company, focused on developing the Banlung Gold Project in Cambodia as a JV with Angkor Gold Corp. as well as the Mazama Copper Deposit in North America. The company is excited about operating in Cambodia, which it views as one of the last countries in the world that has not been subject to intensive modern exploration of its mineral resources.

Tirex Resources (0.6%*)

Tirex Resources is a Canadian-listed company whose main business is the acquisition and exploration of natural resource properties in Albania with a focus on copper at Rehova. In 2015, the company received the Final Environment Permit required to exercise its exclusive rights to its 25 year mining licenses. The primary focus of the company is the development of Rehova, which is planned in conjunction with Sinomine Resource Exploration Co. Ltd, a Chinese mining and consultancy company, with whom it signed a MOU in 2015. The company continues to have the support and financial backing of the European Bank for Reconstruction and Development.

Classification of Investment Portfolio by Sector

	31 December 2016 Total Investments (%)	31 December 2015 Total Investments (%)
Gold	73.8	52.5
Bauxite	17.3	25.2
Oil	2.7	4.1
Copper	2.6	11.1
Lead / Nickel / Zinc	2.0	4.5
Uranium	1.6	0.3
Coal	–	2.3
Total Investments	100.0	100.0

Classification of Investments by Stockmarket Quotation

	31 December 2016 Total Investments (%)	31 December 2015 Total Investments (%)
Canada	47.6	47.9
UK	6.4	0.6
Australia	0.2	2.4
Europe	–	3.3
Unquoted	45.8	45.8
Total Investments	100.0	100.0

Classification of Investments by Principal Area of Operation

	31 December 2016 Total Investments (%)	31 December 2015 Total Investments (%)
Africa	53.3	46.6
Russia	28.5	20.1
North America	10.4	14.4
Europe	4.3	13.9
Australia	3.3	0.5
South America	0.2	4.5
Total Investments	100.0	100.0

Investment Portfolio

as at 31 December

Company	Sector	Valuation £'000	2016 Total Investments %	2015 Total Investments %
Merrex Gold †	Gold	3,463	28.3	18.6
Siberian Goldfields 15% CLN *	Gold	2,946	24.0	20.1
Anglo African Minerals *	Bauxite	1,787	14.6	25.2
Mineral Mountain Resources	Gold	866	7.1	1.7
Wishbone Gold	Gold	343	2.8	0.5
Zenith Energy	Oil	249	2.0	0.5
IMC Exploration Group	Lead/nickel/zinc	210	1.7	3.3
Azarga Metals	Uranium	158	1.3	0.3
Blue River Resources	Copper	121	1.0	1.4
Tirex Resources	Copper	72	0.6	9.7
Top ten investments		**10,215**	**83.4**	**81.3**
Other investments		**2,041**	**16.6**	**18.7**
Total investments		**12,256**	**100**	**100**

* - Denotes an unquoted security.
† - During January and February 2017, 24,100,000 shares in Merrex Gold were sold for £3.5m, leaving a remaining investment of 2,000,000 shares

Strategic Review

Introduction

This review is part of the Strategic Report being presented by the Company under updated guidelines for UK-listed companies' Annual Reports in accordance with the Companies Act 2006, and is designed to provide information primarily about the Company's business and results for the twelve months to 31 December 2016. It should be read in conjunction with the Chairman's Statement on page 3 and the Investment Manager's Review on page 4, which provide a detailed review of the investment activities for the year and outlook for the future.

Global Resources Investment Trust plc ('GRIT' or the 'Company') is an investment trust established to seek to exploit investment opportunities in the junior mining and natural resource sectors. On 7 March 2014, GRIT conducted a share exchange issue through which it acquired an initial portfolio in return for the issue of ordinary shares. The initial portfolio comprised 41 companies and had an aggregate value of £39,520,012 based on the share exchange valuation and, pursuant to the share exchange issue, 39,520,012 ordinary shares were issued (credited as fully paid up) and were admitted to trading on the London Stock Exchange's main market.

On 15 October and 29 October 2015 the Company issued 333,333 shares and 66,667 shares respectively. This was a result of the conversion of CULS into equity. As at 31 December 2016, the Company had 39,970,012 shares in issue. On 16 January 2017, the Company issued a further 1,994,500 shares to RDP Fund Management LLP (RDP). This was a result of the Termination Agreement between the Company and RDP.

At launch, GRIT raised £4,850,000 through the issue of 9% Convertible Unsecured Loan Stocks ('CULS'). The CULS were listed on the Channel Islands Securities Exchange Authority Limited on 30 October 2014. On 28 November 2014, the Company issued a further £150,000 nominal of CULS. On 15 October 2015 and 29 October 2015 the Company converted £250,000 and £50,000 of CULS respectively into equity. On 23 August 2016 and 1 November 2016 the Company made two repayments each of £1,000,000 nominal of CULS. On 19 January 2017, a further £1,500,000 nominal of CULS was repaid and on 28 February 2017, the Company repaid the outstanding £1,200,000 of 9% Convertible Unsecured Loan Stock.

Business Model

The business model of the Company is described below.

Investment objective

GRIT's investment objective is to generate medium and long-term capital growth through investing in a diverse portfolio of primarily small and mid-capitalisation natural resources and mining companies, which are listed/quoted on a relevant exchange.

Investment Policy

GRIT will seek to diversify its investments across a number of companies, with a range of natural resource assets, in jurisdictions globally. There are no restrictions as to the commodity classes and geographical regions into which GRIT may invest, however, GRIT will invest and manage its assets in a way which is consistent with its object of spreading risk. GRIT will adhere to the following investment restrictions:

- GRIT may only invest up to 10% of its gross asset value (measured at the time of investment) in non-quoted, seed capital or pre-IPO companies;
- GRIT will not invest more than 15% of its gross asset value in any one company, (measured at the time of investment);
- GRIT will not take legal or management control over investments in its portfolio;
- GRIT will not invest more than 10% in aggregate, of its gross asset value in other listed closed-ended investment funds;
- distributable income (if any) will be principally derived from investments. GRIT will not conduct a trading activity which is significant in the context of the activities of GRIT as a whole;
- GRIT will not enter into derivative transactions for speculative purposes. GRIT does not expect to enter into any hedging transactions, although it may do so for the purposes of efficient portfolio management and to hedge against exposure to changes in currency rates to the full extent of any such exposure.

GRIT will hold any uninvested funds in cash, cash equivalents or other liquid instruments with a view to maximising the returns on any such funds.

As a result of the General Meeting (detailed in note 18, Post Balance Sheet Events), the Company has adopted a new Investment Policy which will enable the Company to focus on specific opportunities that may arise, which the Directors believe demonstrate the potential to become major mining projects.

Going Concern

The Company's Financial Statements are prepared in accordance with applicable law and regulations and the Directors are satisfied that it is appropriate to apply the going concern basis in preparing the Financial Statements. In reaching this conclusion the Board has considered the investment realisations during the year and since the year-end, projected cash-flow including the repayment of the CULS, the reduction in cost base for the future period as the Company moved to a self-managed model and the risks that could impact the Company's liquidity over the next twelve months.

Further information relating to the going concern is detailed in note 1 to the accounts on pages 30 to 31.

Strategic Review

Viability Statement

In accordance with provision c.2.2 of the 2014 Corporate Governance Code, the Directors have assessed the prospects of the Company for a period of two years from the balance sheet date. The Board considers two years to be an appropriate time horizon, given the uncertainty that remains in the minerals sector.

In its assessment of the viability of the Company the Directors have noted that:

- The Company invests in a sector which has suffered a prolonged and severe downturn; however the commodity markets started to recover in 2016;
- The Company has no gearing;
- The Directors have reviewed the cash flow forecast for the next 24 months which looks positive unless there is significant economic change.

The Directors have also reviewed:

- The Company's principal risks and uncertainties, as previously set out;
- The potential impact of perilous market conditions in the mineral sector;
- The Company's new investment policy.

The Directors have concluded that the Company would be able to meets its ongoing operating costs as they fall due as a consequence of:

- The sale of Merrex Gold and Mineral Mountains over the next 12 months; and
- A reduction in expenses as a result of the change to a self-managed fund.
- The Company has repaid the remaining £2.7m of CULS, leaving the Company ungeared.

Based on the results of their analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

Principal Risks and Uncertainties and Risk Mitigation

Risks are inherent in the investment process, but it is important that their nature and magnitude are understood so that risks, particularly those which the Company does not wish to take, can be identified and either avoided or controlled. The Board has established a detailed framework of the key risks that the business is exposed to, with associated policies and processes devised to mitigate or manage those risks. The principal risks faced by the Company are set out below.

Investment and Strategy Risk – The Board is responsible for deciding the investment strategy to fulfil the Company's objectives and monitoring the performance of the Investment Manager. Inappropriate strategy, including country and sector allocation, stock selection and the use of gearing, could lead to poor returns for shareholders. To manage this risk the Board requires the Investment Manager to provide an explanation of significant stock selection decisions and the rationale for the composition of the investment portfolio at each Board meeting, when gearing levels are also reviewed. The Board monitors the spread of investments to ensure that it is adequate to minimise the risk associated with particular countries or factors specific to particular sectors. The Investment Manager also provides the Board and shareholders with monthly factsheets which include an investment commentary.

Market Risk – In addition to ordinary movements in the prices of the Company's investments and the loss that the Company might suffer through holding investments in the face of negative market movements, the Company's investment strategy necessarily amplifies this risk (see Sector Risk below). The Board seeks to mitigate this risk through the processes described in the paragraph above, monitoring the implementation and results of the investment process with the Investment Manager.

Sector Risk – The largest part of the Company's assets consist of equity-related investments in natural resource and mining companies, usually mid and small-cap companies, with a wide range of commodity exposures. The prices of the underlying commodities are often volatile and the companies can be located in countries at risk of political instability and vulnerable to natural disasters. The liquidity in the shares of the companies is often restricted, meaning that it can be difficult to buy or sell volumes of shares at the quoted price. The Board seeks to mitigate this risk through the processes described in the paragraph above on Investment and Strategy Risk. In addition, the closed-ended structure of the Company is an essential part of the Board's management of this risk, ensuring that parts of the portfolio do not have to be sold to raise liquidity to fund redemptions at short notice.

Financial Risk – The Company's investment activities expose it to a variety of financial risks that include market price risk, foreign currency risk, interest rate risk and liquidity and credit risk. Further details of these risks and the ways in which they are managed are disclosed in note 16 to the financial statements.

Earnings Risk – Fluctuations in earnings resulting from changes to the underlying portfolio, currency movements, or changes in the tax treatment of the dividends or interest received by the Company could reduce the level of income earned by the Company. The Board monitors and manages this risk by considering detailed income and cash flow forecasts prepared by the Company Secretary at each Board meeting.

Operational Risk – The Company relies upon the services provided by third parties and is reliant on the control systems of the Company's service providers. The security and/or maintenance of, inter alia, the Company's assets, dealing and settlement procedures, and accounting records depend on the effective operation of these systems. These are regularly tested and monitored and are reported on at each Board meeting. An internal control report, which includes an assessment of risks, together with the procedures to mitigate such risks, is prepared by the Investment Manager and the Company Secretary and reviewed by the Audit Committee at least once a year. The Custodian, BNP Paribas Securities Services, produces an internal control report each year which is reviewed by its auditors and gives assurance regarding the effective operation of controls. This is reviewed by the Audit Committee.

Regulatory Risk – A breach of regulatory rules could lead to the suspension of the Company's stock exchange listing or financial penalties. Breach of Sections 1158 to 1159 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on chargeable gains. The Company Secretary monitors the Company's compliance with the Listing Rules of the UK Listing Authority and the relevant regulations regarding maintenance of Investment Trust status. Compliance with the principal rules is reviewed by the Directors at each Board meeting.

Performance Measurement and Key Performance Indicators

The Board uses a number of performance measures to assess the Company's success in meeting its objectives. The key performance indicators are as follows:

- **Performance measured against relevant indices and peers**
  The Board reviews and compares, at each meeting, the performance of the portfolio as well as the net asset value and share price for the Company, relevant indices (see inside front cover);
- **Discount/premium to net asset value ('NAV')**
  At each Board meeting, the Board monitors the level of the Company's discount/premium to NAV. The Company publishes a NAV per share figure through the official newswire of the London Stock Exchange (see inside front cover;
- **Ongoing charges**
  The ongoing charges are a measure of the total expenses incurred by the Company expressed as a percentage of the average shareholders' funds over the period. The Board regularly reviews the ongoing charges and monitors all Company expenses.

Social, Community, Employee Responsibilities and Environmental Policy

The Directors recognise that their first duty is to act in the best financial interests of the Company's shareholders and to achieve good financial returns against acceptable levels of risk, in accordance with the objectives of the Company.

In asking the Company's Investment Manager to deliver against these objectives, they have also requested that the Investment Manager take into account the broader social, ethical and environmental issues of companies within the Company's portfolio, acknowledging that companies failing to manage these issues adequately run a long term risk to the sustainability of their businesses.

More specifically, they expect companies to demonstrate ethical conduct, effective management of their stakeholder relationships, responsible management and mitigation of social and environmental impacts, as well as due regard for wider societal issues.

As an investment trust with its current structure the Company has no direct social, community, employee or environmental responsibilities of its own.

The Company has no greenhouse gas emissions to report from its operations for the twelve months ended 31 December 2016, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 (including those within the underlying investment portfolio).

At 31 December 2016 there were one female and two male Directors. Subsequent to the year-end, Sam Hutchins was appointed a Director of the Company. The Company has no employees so does not require to report further on gender diversity.

By order of the Board
R&H Fund Services Limited
Company Secretary

28 April 2017

Board of Directors and Investment Manager

All of the Directors, except Mr Hutchins, are non-executive and are considered by the Board to be independent. The non-executive Directors fulfil the function of the Audit and Nomination Committees.

Lord St John 21st Baron St John of Bletso

Independent Non-Executive Chairman

Date of appointment: 17 September 2013

Experience:

Lord St. John is an independent Crossbench member of the House of Lords specialising in African affairs. He was educated at the University of Cape Town, where he graduated with a Bachelor of Arts and Bachelor of Science, and at the University of South Africa, where he graduated with a Bachelor of Law. He was further educated at the London University and received a Master of Law.

Having previously worked with Shell in South Africa, Lord St. John joined County NetWest Securities as an oil analyst in 1986. He then worked for Smith New Court Plc and WMRC Plc until 2002 and thereafter served as a consultant to Merrill Lynch until 2008. He built up the Internet Datacentre business of Globix Corporation in the UK and served as a non-executive director for the International Group. Between 2004 and 2010, he was non-executive chairman of Spiritel Plc, a telecommunications service provider and served as a non-executive director at Regal Petroleum, Sharp Interpak, and Pecaso. He is currently chairman of Strand Hanson, chairman of IDH plc as well as being a non-executive director of Albion Enterprise VCT Plc and chairman of the Governing Board of Certification International. Lord St. John is a member of the Advisory Board of Silicon Valley Board and a strategic advisor on Africa to Milio International.

Remuneration: £25,000 per annum

Shared Directorships with any other Trust Directors: None

Shareholding in Company: None

Haruko Fukuda

Independent Non-Executive Director

Date of appointment: 17 September 2013

Experience:

Miss Fukuda is a non-executive director of Investec Bank PLC and Aberdeen Asian Smaller Companies Investment Trust PLC. She is an adviser to Braj Binani Group of India. She was the CEO and board director of the World Gold Council, having previously been vice chairman and board member of Nikko Europe PLC, a partner of James Capel & Co, and senior adviser at Lazard. She has held many non-executive directorships of major public companies including AB Volvo of Sweden and the Foreign & Colonial Investment Trust PLC. She has published books on international trade policy, and has been a member of the Council of the Institute for Fiscal Studies.

Remuneration: £20,000 per annum

Shared Directorships with any other Trust Directors: None

Shareholding in Company: None

Simon James Farrell

Independent Non-Executive Director and Chairman of the Audit Committee

Date of appointment: 31 January 2014

Experience:

Mr Farrell has a Bachelor of Commerce degree from the University of Western Australia and an MBA from the Wharton School of the University of Pennsylvania. He has held a number of senior management and board positions, principally in the natural resource sector over the past 30 years to include Bougainville Copper, Kalgoorlie Super Pit, Hamersley Iron, Woodie Woodie Manganese and Valiant Consolidated. He was chairman of AIM and ASX listed Vmoto Limited and a non-executive director of Kenmare Resources plc, listed on the main market of the London Stock Exchange until 2013, and was also the founding director and chief executive officer of Coal of Africa Ltd.

Remuneration: £22,000 per annum

Shared Directorships with any other Trust Directors: None

Shareholding in Company: None

David ('Sam') Hutchins

Executive Director

Date of appointment: 16 January 2017

Experience:

Mr Hutchins' experience is described under 'Investment Manager' on page 13.

Remuneration: £20,000 per annum

Shared Directorships with any other Trust Directors: None

Shareholding in Company: RDP own 1,994,500 shares

Nicholas Paris

Independent Non-Executive Director

Date of appointment: 21 October 2014

Date of resignation: 14 March 2016

Investment Manager

The Company appointed RDP Fund Management LLP ('RDP') as its Investment Manager on 27 February 2014. RDP is a limited liability partnership incorporated and registered in England and Wales which is authorised and regulated by the FCA. The designated members of the Investment Manager, David Hutchins and Kjeld Thygesen, have worked together for over 10 years and both have extensive fund management experience in the natural resource sector.

On 16 January 2017, at the Company's General Meeting, following shareholder approval of Resolutions 1 to 3, the Company became a self-managed trust and David Hutchins became an Executive Director of the Company.

David ('Sam') Hutchins - Mr Hutchins has 30 years' experience as a resources analyst and fund manager. His career began with the Melbourne Stock Exchange in 1979 and he subsequently became an executive director of M&G Investment Management in London. He headed the International Desk at M&G Investment Management from 1995, where he was concurrently responsible for M&G's investments in the precious metals and commodities sector globally. He later became involved in fund management with Yorkton and AWI Administration Services. He was a founding director of Resources Investment Trust plc ('RIT') at its launch in January 2002, and chief executive of Ocean Resource Capital Holdings plc which was admitted to the AIM Market of the London Stock Exchange from 2003 to 2007. In 2008, he became a director and fund manager of Grafton Resource Investments Limited, a Cayman Island exempt company investing in the resource sector. Sam was also a founding partner of www.minesite.com, a resource industry specific news related website and conference business, and is a member of the FTSE gold mines index committee

Kjeld Thygesen - Mr Thygesen is a graduate of the University of Natal in South Africa and has 30 years' experience as a natural resource analyst and fund manager. He joined African Selection Trust in 1970, researching and managing a portfolio of South African mining companies. In 1972 he joined James Capel and Co. in London as part of their highly rated gold and mining research team, and subsequently became manager of N M Rothschild & Sons' Commodities and Natural Resources Department in 1979. In 1987 he became an executive director of N M Rothschild International Asset Management Limited, before co-founding Lion Resource Management Limited, a specialist investment manager in the mining and natural resource sector, in 1989. Kjeld was director of Ivanhoe Mines Ltd, a Canadian mining company with investments in Asia from 2001 to 2011, and served as investment director for RIT from 2002 to 2006. From 2005 he has been a resource advisor to a European based family office.

Directors' Report

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2016.

Results

Details of the Company's results are shown on page 2 of this Report.

Principal Activity and Status

The Company is registered as a public limited company in terms of the Companies Act 2006 (number: 8256031). It is an investment company as defined by Section 833 of the Companies Act 2006. It carries on the business of an investment trust and has been approved as such by HM Revenue & Customs.

The Company's shares are eligible for inclusion in a New Individual Savings Account ('NISA').

Capital Structure

As at 31 December 2016 there were 39,970,012 ordinary shares of 1 pence each in issue. The ordinary shares give shareholders the entitlement to all of the capital growth in the Company's net assets and to all the Company's income that is resolved to be distributed after providing for payment of interest to holders of the 9% Convertible Unsecured Loan Stock 2017. A further 1,994,500 shares were issued on 16 January 2017, there are now 41,964,512 ordinary shares of 1 pence each in issue.

Convertible Unsecured Loan Stock 2017

On 7 March 2014, the Company issued £4,850,000 nominal of 9% Convertible Unsecured Loan Stock 2017 ('CULS') and 4,850,000 warrants (for nil consideration on the basis of one warrant for every £1 of Loan Notes subscribed). Each warrant entitles its holder to subscribe for one ordinary share at a subscription price of £1.00 (subject to adjustment) from admission until the fifth anniversary of admission.

During the 16 months to 31 December 2015, the Company issued a further £150,000 CULS and 150,000 warrants and converted £200,000 of CULS into equity. During the twelve months to 31 December 2016, £2,000,000 nominal of CULS were redeemed.

On 19 January 2017, a further £1,500,000 nominal of CULS were redeemed and on 28 February 2017, the Company repaid the outstanding £1,200,000 of 9% Convertible Unsecured Loan Stock.

Substantial Interests in Share Capital

As at 31 December 2016, the Company had received notification of the following holdings of voting rights (under the Financial Conduct Authority's Disclosure Guidance Transparency Rules):

	31 December 2016 Number held	31 December 2016 % held
SASO Investments Pty Ltd	6,858,896	17.16
Philip J Milton	6,827,144	17.08
Armstrong Investments Ltd	3,000,000	7.51
RS and CA Jennings	2,400,000	6.00

Since the year end, the Company has been notified that Philip J Milton increased its holding to 8,408,980 Ordinary Shares and that RS and CA Jennings increased its holding to 2,790,000 Ordinary Shares. In addition, RDP were issued 1,994,500 Ordinary Shares on 16 January 2017 (see note 18).

	28 April 2017 Number held	28 April 2017 % held*
Philip J Milton	8,408,980	20.04
SASO Investments Pty Ltd	6,858,896	16.34
Armstrong Investments Ltd	3,000,000	7.15
RS and CA Jennings	2,790,000	6.65
RDP	1,994,500	4.75

* Percentage of enlarged ordinary share capital following the issue of 1,994,500 Ordinary Shares on 16 January 2017.

Management and Management Fees

Investment management services to the Company have been delegated to RDP Fund Management LLP with David (Sam) Hutchins as the lead fund manager.

The Board keeps under review the appropriateness of the Investment Manager's appointment. In doing so the Management Engagement Committee considers the investment performance of the Company and the capability and resources of the Investment Manager to deliver satisfactory investment performance. It also considers the length of the notice period of the investment management contract and the fees payable to the Investment Manager, together with the standard of the other services provided. The Directors are satisfied with the Investment Manager's ability to deliver satisfactory investment performance, and the quality of other services provided.

On 16 January 2017, the Investment Management Agreement was terminated and the Company became a self-managed investment trust run by its Board. Further information in note 18, Post Balance Sheet Events.

During the year to 31 December 2016, the management fee payable was 1.5 per cent per annum on the preceding monthly average net assets up to £100 million and 0.75 per cent per annum of the amount by which the preceding monthly average net assets exceeds £100 million.

The administration of the Company has been delegated to R&H Fund Services Limited ('R&H'). A summary of the contract between the Company and R&H is given in note 4 to the financial statements.

Performance Fee

During the year to 31 December 2016, the Investment Manager was entitled to receive a performance fee equal to 15 per cent of the amount by which the adjusted NAV exceeds the Target NAV. No performance fee was paid during the year.

On 16 January 2017, the Company and its portfolio become self-managed.There is no longer a performance fee.

Financial Statements

The Directors' responsibilities regarding the financial statements and safeguarding of assets are set out on page 16.

Annual General Meeting

The Notice of the Annual General Meeting is contained on pages 44 to 46.

Directors' Remuneration Policy and Report

Among the resolutions put to the Annual General Meeting as ordinary business, will be one approving the Directors' Remuneration Policy. This vote is binding. It is also mandatory for listed companies to put their Directors' Remuneration Report to an advisory shareholder vote. The Directors' Remuneration Report (incorporating the Directors' Remuneration Policy) is included in this document.

Induction and Training

New Directors appointed to the Board are provided with an induction programme which is tailored to the particular circumstances of the appointee. Directors receive other relevant training as necessary. Biographies of the Directors, including those proposed to be elected at the Annual General Meeting, are set out in the section headed "Board of Directors and Investment Manager" in this document.

Statement Regarding Annual Report and Accounts

Following a detailed review of the Annual Report and Accounts by the Audit Committee, the Directors consider that taken as a whole they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. In reaching this conclusion, the Directors have assumed that the reader of the Annual Report and Accounts would have a reasonable level of knowledge of the investment industry in general and investment trusts in particular.

Disclosure of Information to the Auditor

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

Independent Auditor

KPMG LLP were appointed as the Company's auditors shortly after its launch and have indicated their willingness to continue in office. The Directors will place a Resolution before the Annual General Meeting for the reappointment of KPMG LLP as independent auditors of the Company for the ensuing year, and to authorise the Directors to determine their remuneration.

Directors' Authority to Allot Shares

The Directors are seeking authority to allot shares. Resolution 7 will, if passed, authorise the Directors to allot (and grant subscription and conversion rights over) new shares up to an aggregate nominal amount of £41,922, being 9.99 per cent of the total issued shares as at 28 April 2017.

Resolution 8, which is a special resolution, will, if passed, renew the Directors' existing power to make limited allotments of shares for cash other than according to the statutory pre-emption rights which require all shares issued for cash to be offered first to all existing shareholders. This power applies to the allotment of (and grant of subscription and conversion rights over) shares up to a maximum nominal amount of £20,940 (being 4.99 per cent of the total of issued shares as at 28 April 2017), and otherwise in connection with an offer to holders of ordinary shares in proportion to their existing shareholdings, but subject to exclusions and other arrangements the Directors may consider necessary.

Resolution 8 also allows the sale of treasury shares for cash, on the same basis, without offering such shares first to all existing shareholders. These authorities will continue in effect until the earlier of 15 months from the date the resolutions are passed and the conclusion of the Annual General Meeting in 2018. The Directors do not have any immediate plans to issue further ordinary shares in the Company.

Directors' Authority to Buy Back Shares

The Company did not purchase any shares for cancellation or to hold in treasury during the year.

Resolution 9, as set out in the notice of the Annual General Meeting, seeks renewal of the Company's buy-back authority. The renewed authority to make market purchases will be in respect of a maximum of 14.99 per cent of the issued ordinary shares of the Company on the date of the passing of the resolution (6,290,000 ordinary shares). The price paid for the shares will not be less than the nominal value of 1p per share nor more than the higher of (i) 5 per cent above the average middle market value of those shares for the five business days before the shares are purchased and (ii) the higher of the last independent trade and of the highest current independent bid for any number of the Company's ordinary shares on the trading venue where the purchase is carried out. This power will only be exercised if, in the opinion of the Directors, a purchase would result in an increase in net asset value per share and be in the interests of the shareholders as a whole. Any shares purchased under this authority will be cancelled or held in treasury. The Directors have no current intention of utilising this authority. This authority will expire at the earlier of 15 months from the date the resolutions were passed and the conclusion of the Annual General Meeting of the Company in 2018.

As at 28 April 2017, the latest practicable date prior to the publication of this document, the total number of shares that could be issued on the exercise of warrants to subscribe for ordinary shares of 1p each in the Company was 5,000,000, representing approximately 11.91 per cent. of the issued share capital of the Company (excluding treasury shares) at that date. If the proposed market purchase authority were to be used in full and all of the repurchased ordinary shares were cancelled (but the Company's issued share capital otherwise remained unaltered), the total number of warrants to subscribe ordinary shares at that date would represent approximately 14.02 per cent. of the Company's issued share capital (excluding treasury shares).

The Company currently holds no treasury shares.

Recommendation

The Directors consider the passing of the resolutions to be proposed at the Annual General Meeting to be in the best interests of the Company and its shareholders as a whole and likely to promote the success of the Company for the benefit of its shareholders as a whole. Accordingly, the Directors unanimously recommend that shareholders should vote in favour of the resolutions.

By Order of the Board

R&H Fund Services Limited
Secretaries

28 April 2017

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare company financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing the company 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Lord St. John
Chairman

28 April 2017

Statement of Corporate Governance

Introduction

The UK Listing Authority requires all listed companies to describe how they have complied with the principles of the UK Corporate Governance Code published in September 2012 (the 'UK Governance Code'), which is available on the Financial Reporting Council's website: www.frc.org.uk. The UK Governance Code covers in particular the annual re-appointment of Directors, Board diversity, external evaluation, the Board's responsibilities in relation to risk, and a clear explanation of business model and strategy.

The Association of Investment Companies has also published a Code of Corporate Governance ('AIC Code') and a Corporate Governance Guide for Investment Companies ('AIC Guide') which are available on the AIC's website: www.theaic.co.uk. The AIC Code, as explained by the AIC Guide, addresses all of the principles set out in Section 1 of the Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Governance Code), will provide better information to shareholders.

Application of the Principles of the Codes

The Company has complied with the provisions of the AIC Code and the Governance Code, except for the Governance Code provisions relating to:

- The role of the chief executive
- Executive directors' remuneration
- The need for an internal audit function

As indicated by the AIC Code the above exceptions are not believed to be applicable to an externally managed investment company.

The Board

The Board consists solely of non-executive Directors. Lord St John is Chairman and is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role. Given the size and composition of the Board it is not felt necessary to appoint a Senior Independent Director. All Directors are considered by the Board to be independent of the Investment Manager. Each of these Directors is independent in character and judgement and there are no relationships, or circumstances which the Board considers likely to affect the judgement of the independent Directors.

The Board takes the view that independence is not compromised by length of tenure and that experience and continuity can add significantly to the Board's strength.

During the year ended 31 December 2016 the Board met three times. In addition, there were two Audit Committee meetings.

Directors have attended Board and Committee meetings during the year ended 31 December 2016 as follows (with their eligibility to attend the relevant meeting in brackets):

	Board meetings	Audit Committee meetings
Lord St John (Chairman)	3 (3)	2 (2)
H Fukuda	3 (3)	2 (2)
S Farrell	3 (3)	2 (2)
N Paris†	– (–)	– (–)

† Retired on 14 March 2016

The Board has a schedule of matters reserved to it for decision and the requirement for Board approval on these matters is communicated directly to the senior staff of the Investment Manager. Such matters include strategy, borrowings, treasury and dividend policy. Full and timely information is provided to the Board to enable the Directors to function effectively and to discharge their responsibilities. The Board also reviews the financial statements, performance and revenue budgets.

The Board has put in place necessary procedures to conduct, on an annual basis, an appraisal of the Chairman of the Board as well as a performance evaluation of the Board as a whole, the individual Directors and the Board Committees. This was conducted through a forum based assessment process. The Chairman regularly reviews and agrees with each Director their training and development needs.

The Board has reviewed the Chairman's and Directors' other commitments and is satisfied that the Chairman and other Directors are capable of devoting sufficient time to the Company.

The Directors have reviewed the proposed re-election of Mr Farrell and are of the opinion that Mr Farrell brings a significant range of business, financial and management skills and experience to the Company and the Board supports his re-election. The annual evaluation of the Board and the Directors has been completed and the Directors have concluded that the Board continues to function effectively and individually.

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense.

This is in addition to the access which every Director has to the advice and services of the Company Secretary, R & H Fund Services Limited, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Statement of Corporate Governance

Nomination Committee

Appointments to the Board of Directors are considered by the Nominations Committee which is chaired by Lord St John and comprises the full Board. Possible new Directors are identified against the requirements of the Company's business and the need to have a balanced Board. The Terms of Reference of the Nomination Committee are available on request. External search consultants may be used to assist in the appointment of new Directors should it be considered expedient. Every Director is entitled to receive appropriate training as deemed necessary. A Director appointed during the year is required, under the provisions of the Company's Articles of Association, to retire and seek election by shareholders at the next Annual General Meeting. Sam Hutchins was appointed as an Executive Director on 16 January 2017, therefore, he will seek election at this years' AGM.

Stewardship Code

The Financial Reporting Council ('FRC') published 'The UK Stewardship Code' ('Code') for institutional shareholders on 2 July 2010. The purpose of the Code is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

The FRC is encouraging institutional investors to make a statement of their commitment to the Code.

The Board has delegated responsibility for actively monitoring the activities of investee companies to the Investment Manager. The Investment Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the investee company, and for attending company meetings.

The Investment Manager's policy is to assess each voting opportunity individually and to vote only in cases where it is believed that the Company's best interests need to be protected. The Board has reviewed, and endorses, the Company's Statement of Compliance with the Code, which appears on the Investment Manager's website, at www.grit.london.

The Board will also receive from the Investment Manager regular reports on the exercise by the Investment Manager of the Company's voting rights.

Exercise of Voting Powers

The Investment Manager, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights in respect of investee companies. The underlying aim of exercising such voting rights is to protect the return from an investment.

Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. The Annual Report and Accounts are widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the Investment Manager's website. The Company responds to letters from shareholders on a wide range of issues.

A regular dialogue is maintained with the Company's institutional shareholders and with private client asset managers. Reference to significant holdings in the Company's ordinary shares can be found under 'Substantial Interests' on page 14.

The Notice of the Annual General Meeting is on pages 44 to 46. All shareholders have the opportunity to put questions to the Board at the Company's Annual General Meeting. The Company Secretary is available to answer general shareholder queries at any time throughout the year.

By Order of the Board

R&H Fund Services Limited
Secretaries

28 April 2017

Report of the Audit Committee

Composition of the Audit Committee

An Audit Committee has been established with written terms of reference and comprises all the non-executive Directors. The Audit Committee members have recent and relevant financial experience. The terms of reference of the Audit Committee are reviewed and re-assessed for their adequacy on an annual basis and are disclosed on the Company's website. Further copies are available on request.

Role of the Audit Committee

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

- to review and monitor the internal control systems and risk management systems on which the Company is reliant;
- to consider annually whether there is a need for the Company to have its own internal audit function;
- 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 Investment Manager and Administrators;
- to meet with the external Auditor, KPMG LLP ('KPMG') to review their proposed audit programme of work and their findings. The Board shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the external Auditor to supply non-audit services;
- to review an annual statement from the Investment Manager and Administrator detailing the arrangements in place whereby the staff of the Investment Manager and of the Administrator may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- to make recommendations in relation to the appointment of the external Auditor and to approve the remuneration and terms of engagement of the external Auditor; and,
- to monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualification.

Annual Report and Financial Statements

The Board of Directors are 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.

Review of Auditor

As part of its review of the scope and results of the audit, during the year the Audit Committee considered and approved KPMG's plan for the audit of the financial statements for the year to 31 December 2016. KPMG issued an unqualified audit report which is included on pages 23 to 25.

In relation to the provision of non-audit services the Board has reviewed compliance with the new rules and has concluded that KPMG should not provide tax services to the Company. The Board has embarked on a tender process to select a new tax adviser which it expects to conclude by May 2017.

As part of the review of auditor independence and effectiveness, KPMG has confirmed that it is independent of the Company and has complied with relevant auditing standards. In evaluating KPMG, the Audit Committee has taken into consideration the standing, skills and experience of the firm and the audit team. The Audit Committee, from direct observation and enquiry of the Administrator, remains satisfied that KPMG continues to provide effective independent challenge in carrying out its responsibilities.

Significant Accounting Issues

The Audit Committee considers the main audit risks in the current period to be the valuation and ownership of quoted and unquoted investments held by the Company.

In order to address this, the Company has appointed an Investment Manager and Custodian with clearly defined contracts and any breaches of these, or any law or regulation that the Company is required to comply with, are reported to the Board. The Board receives regular updates from the Investment Manager on the valuation of unquoted investments and assess the information provided in establishing the valuations used within the net asset value. The Company also receives regular reporting on internal controls (as set out on page 20).

The Investment Manager prepared the investment valuations for unquoted investments and confirmed that these were prepared in accordance with published industry guidelines and taking into account the latest available information about investee companies and current market data. The Directors met quarterly to assess the estimates and judgments used by the Investment Manager for appropriateness and the year end valuations were reviewed by the Audit Committee.

Audit Tenure

Following professional guidelines, the audit partner rotates after five years. The current audit partner is in the third year of her appointment. On the basis of this assessment, the Audit Committee has recommended the continuing appointment of KPMG to the Board. KPMG's performance will continue to be reviewed annually taking into account all relevant guidance and best practice.

Report of the Audit Committee

Internal Controls

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. Following publication of the Financial Reporting Council's 'Internal Control: Revised Guidance for Directors on the Combined Code' (the 'FRC guidance') the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report and is regularly reviewed by the Board and accords with the FRC Guidance.

The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed. The significant risks faced by the Company are as follows:

- financial;
- operational; and
- compliance.

The key components designed to provide effective internal control are outlined below:

- R&H Fund Services Limited ('R&H') as Company Secretary and Administrator and R&H together with the Investment Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance;
- the Board and Investment Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Investment Manager as appropriate;
- as a matter of course the Investment Manager's compliance department continually reviews the Investment Manager's operations and reports to the Board semi-annually;
- written agreements are in place which specifically define the roles and responsibilities of the Investment Manager, Administrator and other third party service providers;
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place at the Investment Manager and the Administrator, has decided to place reliance on the Investment Manager's and the Administrator's systems and internal audit procedures.

At its March meeting, the Audit Committee carried out an annual assessment of internal controls for the twelve months to 31 December 2016 by considering documentation from the Investment Manager and the Administrator, including the internal audit and compliance functions and taking account of events since 31 December 2016 as detailed in note 18. The results of the assessment will be reported to the Board at the next Board meeting.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against mis-statement and loss.

The principal risks and uncertainties affecting the Company are disclosed on pages 9 to 11.

Simon Farrell

Chairman of Audit Committee

28 April 2017

Directors' Remuneration Report

Remuneration Committee

Under the UK Listing Rules, where an investment company has only non-executive directors, the Governance Code principles relating to directors' remuneration do not apply. The full Board acts as the Remuneration Committee whose Chairman is the Chairman of the Company.

The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is shown below.

The Board has prepared this report in accordance with the requirements of Section 421 of the Companies Act 2006. An ordinary resolution for the approval of this Report will be put to the members at the forthcoming Annual General Meeting. As the Board of Directors is comprised solely of non-executive Directors, it is exempt under the Listing Rules from appointing a Remuneration Committee. The determination of the Directors' fees is a matter dealt with by the whole Board. This Report has been divided into separate sections for unaudited and audited information.

Directors' Remuneration Policy

The Board's policy is that the remuneration of Directors should reflect the experience of the Board as a whole, be fair and comparable to that of other relevant investment trusts that are similar in size and have similar investment objectives and structures. Furthermore, the level of remuneration should be sufficient to attract and retain the Directors needed to oversee properly the Company and to reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs. It is intended that this policy will continue for the year to 31 December 2017 and subsequent years.

The fees for the non-executive Directors are determined within the limits set out in the Company's Articles of Association. The present limit is £200,000 per annum in aggregate and the approval of shareholders in a general meeting would be required to change this limit. At the prevailing level of Directors' fees the aggregate amount paid to the Company's Directors during the period to 31 December 2016 was £81,000. Non-executive Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors. It is the Board's policy that Directors do not have service contracts, but new Directors are provided with a letter of appointment.

The terms of Directors' appointments provide that Directors are obliged to retire by rotation, and to offer themselves for re-election by shareholders at least every three years after that. Any Director who has served on the Board for more than nine years will offer himself for re-election annually. The requirements for the retirement of Directors are also contained in the Company's Articles of Association. There is no notice period and no provision for compensation upon early termination of appointment.

Director	Date of Appointment	Due date for Election
A St John	17 September 2013	AGM 2019
S Farrell	31 January 2014	AGM 2017
H Fukuda	17 September 2013	AGM 2018

Annual Report on Directors' Remuneration

Directors' Emoluments (audited)

The Directors who served in the twelve months to 31 December 2016 received the following fees:

	Year to 31 December 2016 £'000	Period from 1 September 2014 to 31 December 2015 £'000
A St John*	35	33
S Farrell**†	22	29
H Fukuda	20	27
N Paris ≠	4	24
Totals	81	116

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

Directors' remuneration for the year to 31 December 2017 will be as follows:

	2017 £'000
A St John*	25
S Farrell**†	22
H Fukuda	20
D Hutchins***	20
Totals	87

* Chairman.
** Chairman of the Audit Committee.
***Sam Hutchins was appointed as an Executive Director on 16 January 2017.
† Fees paid to Newcove International Inc.
≠ Resigned on 14 March 2016.

Relative Importance of Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distributions to shareholders.

Directors' Remuneration Report

Directors' Interests

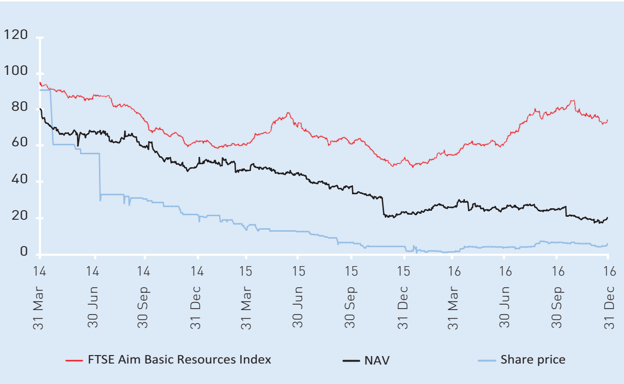
Biographies of the Directors are shown on page 12.

No Directors who held office during the year held ordinary shares or CULS in the Company as at 31 December 2016 or 31 December 2015.

There has been no change in the ordinary share or CULS holdings of the Directors for the year ended 31 December 2016.

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Investment Manager through the investment management agreement, as referred to in the Directors' Report on page 14. The graph below compares the NAV and Share Price to the FTSE AiM Basic Resources Index.



Voting at Annual General Meeting

An ordinary resolution for the approval of this Directors' Remuneration Report will be put to an advisory shareholder vote at the forthcoming Annual General Meeting.

An ordinary resolution for the approval of the Directors' Remuneration Policy will be put to a binding shareholder vote at the forthcoming Annual General Meeting.

Approval

The Directors' Remuneration Report on pages 21 and 22 was approved by the Board of Directors and signed on its behalf on 28 April 2017.

Lord St. John
Chairman

Independent Auditor's Report to the Members of Global Resources Investment Trust plc Only

Opinions and Opinions and Conclusions Arising From Our Audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Global Resources Investment Trust Plc for the year ended 31 December 2016 set out on pages 26 to 42. In our opinion the financial statements:

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit, in decreasing order of audit significance, were as follows.

Valuation of unquoted investments (£5.4m) (2015: £5.4m)
Risk vs 2015: ◄►*

Refer to pages 19 and 20 (Audit Committee Report), page 30 (accounting policy) and pages 35 to 36 (financial disclosures)

The risk: 45.7% (2015: 43.2%) of the company's total assets (by value) is held in investments where no quoted market price is available. The investments incorporate both equity and fixed interest financial instruments. Unquoted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as prices of recent orderly transactions, earnings multiples, net assets. Given the subjective nature of the valuations, an error in the valuation of one such investment could result in a material misstatement. As a result, this is one of the key judgemental areas that our audit focused on.

Our response: Our procedures included, among others:

- documenting and assessing the design and implementation of the investment valuation processes and controls in place;
- assessment of investment realisations in the period, comparing actual sales proceeds to prior year end valuations to understand the reasons for significant variances and determine whether they are indicative of bias or error in the company's approach to valuations;
- challenging the investment manager on key judgements affecting company valuations in the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines. In particular, we challenged the appropriateness of the valuation basis selected. We compared key underlying financial data inputs to external sources, company audited accounts and management information as applicable. We challenged the assumptions around sustainability of earnings based on the plans of the Company and whether these are achievable, and we obtained an understanding of existing and prospective company cashflows to understand whether borrowings can be serviced or whether refinancing may be required. Where a recent transaction had been used to value a holding, we obtained an understanding of the circumstances surrounding the transaction and whether it was considered to be on an arms-length basis and suitable as an input into a valuation. Our work included consideration of events which occurred subsequent to the year end up until the date of this audit report;
- challenge the investment manager on key assumptions affecting investee company valuations;
- attending the year-end Audit Committee meeting where we assessed the effectiveness of the Audit Committee's challenge and approval of unlisted investment valuations; and
- consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unquoted investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions.

Carrying amount of quoted investments (£5.6m) (2015: £6.6m)
Risk vs 2015: ◄►*

Refer to pages 19 and 20 (Audit Committee Report), page 30 (accounting policy) and pages 35 to 36 (financial disclosures)

The risk: The Company's portfolio of quoted investments makes up 47.7% (2015: 51.1%) of the company's total assets (by value) and is considered to be one of the key drivers of results. We do not consider these investments to be at high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.

Our response: Our procedures over the completeness, valuation and existence of the Company's quoted investment portfolio included, but were not limited to:

- documenting and assessing the processes in place to record investment transactions and to value the portfolio;
- agreeing the valuation of 100 per cent of investments in the portfolio to externally quoted prices; and
- agreeing 100 per cent of investment holdings in the portfolio to independently received third party confirmations.

We continue to perform procedures over going concern. However, following the payment of the Convertible Unsecured Loan Stock balance subsequent to the year end and reduction in cost base for future period as the Company moved to a self-managed model we have not assessed going concern as one of the risks that had the greatest effect on our audit and, therefore, it is not separately identified in our report this year.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £59,000 (2015: £75,000), determined with reference to a benchmark of total assets, of which it represents 0.5% (2015: 0.5%).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £3,000 (2015: £3,700), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the company was undertaken to the materiality level specified above and was performed at the offices of the administrator R&H Fund Services in Edinburgh.

4. Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on page 17 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures ("the specified Corporate Governance information") is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report, the Directors' Report and the Corporate Governance Statement:

- we have not identified material misstatements in the Strategic Report, the Directors' Report, or the specified Corporate Governance information;
- in our opinion, the Strategic Report and the Directors' Report have been prepared in accordance with the Companies Act 2006; and
- in our opinion, the Corporate Governance Statement has been prepared in accordance with rules 7.2.2, 7.2.3, 7.2.5, 7.2.6 and 7.2.7 of the Disclosure Rules and Transparency Rules of the Financial Conduct Authority.

5. We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' statement of the longer-term viability statement on page 10, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the company's continuing in operation over the 2 years to 31 December 2018; or
- the disclosures in note 1 of the financial statements concerning the use of the going concern basis of accounting.

6. We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy; or
- the Report of the audit committee does not appropriately address matters communicated by us to the audit committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the directors' statements, set out on pages 9 to 11, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on pages 17 and 18 relating to the company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions

Catherine Burnet
Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Edinburgh

28 April 2017

*No change in risk compared to prior year.

Statement of Comprehensive Income

	Notes	Year ended 31 December 2016 Revenue £'000	Capital £'000	Total £'000	Sixteen months ended 31 December 2015 Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	8	–	1,664	1,664	–	(16,929)	(16,929)
Exchange gains/(losses)		–	114	114	–	(5)	(5)
Foreign exchange forward contract loss		–	(38)	(38)	–	–	–
Income	2	258	–	258	(221)	–	(221)
Investment management fee	3	(155)	–	(155)	(368)	–	(368)
Other expenses	4	(638)	–	(638)	(670)	–	(670)
Net return before finance costs and taxation		**(535)**	**1,740**	**1,205**	**(1,259)**	**(16,934)**	**(18,193)**
Interest payable and similar charges	5	(374)	–	(374)	(591)	–	(591)
Net return on ordinary activities before taxation		**(909)**	**1,740**	**831**	**(1,850)**	**(16,934)**	**(18,784)**
Tax expense	6	–	–	–	–	–	–
Net return attributable to equity shareholders		(909)	1,740	831	(1,850)	(16,934)	(18,784)
(Loss)/earnings per ordinary share	7	**(2.28)p**	**4.35p**	**2.08p**	**(4.67)p**	**(42.73)p**	**(47.40)p**

The 'total' column of this statement represents the Company's profit and loss account, prepared in accordance with IFRS.
All revenue and capital items in this statement derive from continuing operations. All of the loss for the year is attributable to the owners of the Company.
No operations were acquired or discontinued in the year.
The Company does not have any income or expenses that is not included in profit for the year, and therefore the "Net return is attributable to equity shareholders" is also the "Total comprehensive income attributable to equity holders" as defined in IAS 1 (revised).
The accompanying notes are an integral part of the financial statements.

Statement of Changes in Equity

For the year ended 31 December 2016

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2015	400	36,800	(27,051)	(2,034)	8,115
Return on ordinary activities after taxation	–	–	1,740	(909)	831
Balance at 31 December 2016	**400**	**36,800**	**(25,311)**	**(2,943)**	**8,946**

For the sixteen months ended 31 December 2015

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 August 2014	396	36,504	(10,117)	(184)	26,599
CULS conversion	4	296	–	–	300
Return on ordinary activities after taxation	–	–	(16,934)	(1,850)	(18,784)
Balance at 31 December 2015	400	36,800	(27,051)	(2,034)	8,115

The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

The accompanying notes are an integral part of the financial statements.

Balance Sheet

	Notes	As at 31 December 2016 £'000	As at 31 December 2015 £'000
Fixed assets			
Investments	8	**10,325**	**12,256**
Current assets			
Debtors	9	663	399
Cash at bank and on deposit		3,142	331
		3,805	**730**
Creditors: amounts falling due within one year			
Other creditors	10	(2,484)	(171)
9% Convertible Unsecured Loan Stock 2017	11	(2,700)	(4,700)
Net current liabilities		**(5,184)**	**(4,141)**
Net Assets		**8,946**	**8,115**
Capital and reserves			
Called up share capital	12	400	400
Share premium	13	36,800	36,800
Capital reserve	13	(25,311)	(27,051)
Revenue reserve	13	(2,943)	(2,034)
Equity shareholders' funds		**8,946**	**8,115**
Net asset value per share	14	**22.38p**	**20.30p**

The financial statements on pages 26 to 42 were approved by the Board of Directors and authorised for issue on 28 April 2017 and were signed on its behalf by:

Lord St John
Chairman

The accompanying notes are an integral part of the financial statements.

Cash Flow Statement

	Notes	Year ended 31 December 2016 £'000	Sixteen months ended 31 December 2015 £'000
Operating activities			
Gain/(loss) before finance costs and taxation		1,205	(18,193)
(Gain)/loss on investments	8	(1,664)	16,929
Increase in forward exchange creditor		2,412	–
(Increase)/decrease in other receivables		(264)	392
(Decrease)/increase in other payables		(99)	41
Realised exchange gain on currency balances		(76)	–
Net cash inflow/(outflow) from operating activities before interest and taxation		**1,514**	**(831)**
Interest paid		(375)	(690)
Taxation paid		–	(27)
Net cash inflow/(outflow) from operating activities		**1,139**	**(1,548)**
Investing activities			
Purchases of investments		(1,664)	(665)
Sales of investments		5,259	1,944
Interest received		1	–
Net cash inflow from investing activities		**3,596**	**1,279**
Financing			
Redemption of CULS		(2,000)	–
Issue of CULS		–	150
Net cash (outflow)/inflow from financing		**(2,000)**	**150**
Increase/(decrease) in cash and cash equivalents	16	**2,735**	**(119)**
Exchange movements including forward contracts		76	–
Net cash at the start of the year/period		331	450
Net cash at the end of the year/period		**3,142**	**331**

Notes to the Financial Statements

for the year to 31 December 2016

1 Accounting Policies

(a) Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the International Accounting Standards Board ('IASB') and in accordance with the guidance set out in the Statement of Recommended Practice ('SORP') for investment trust companies and venture capital trusts issued by the Association of Investment Companies ('AIC') in January 2009.

The functional and reporting currency of the Company is pounds sterling because that is the primary economic environment in which the Company operates. The notes and financial statements are presented in pounds sterling and are rounded to the nearest thousand except where otherwise indicated.

The financial statements have been prepared on the historical cost basis, except that investments are stated at fair value and categorised as financial assets at fair value through profit or loss.

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income. Additionally, the net revenue of the Company is the measure the Directors believe appropriate in assessing its compliance with certain requirements set out in Sections 1158 – 1159 of the Corporation Tax Act 2010.

At the date of authorisation of these financial statements, the following Standards and Interpretations were effective for annual periods beginning on or after 1 January 2016:

–IFRS 14 – Regulatory Deferral Accounts

At the date of authorisation of these financial statements, the following Standards and Interpretations were effective for annual periods beginning on or after 1 January 2018:

–IFRS 9 – Financial Instruments (revised, early adoption permitted)

–IFRS 15 – Revenue from Contracts with Customers (early adoption permitted)

At the date of authorisation of these financial statements, the following Standards and Interpretations were effective for annual periods beginning on or after 1 January 2019:

–IFRS 16 – Leases (early adoption permitted)

The following amendments to Standards are all effective for annual periods beginning on or after 1 January 2016:

–IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

–IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception

–IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

–IAS 1 – Disclosure Initiative

–IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

–IAS 27 – Equity Method in Separate Financial Statements

In addition, under the Annual Improvements to IFRSs 2012 – 2014 cycle, a number of Standards are included for annual periods beginning on or after 1 January 2016.

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Company. The Company concludes however that certain additional disclosures may be necessary on their application.

Going Concern basis of accounting

The Company's operations have been cash flow negative since its inception, with the Company relying on the sale of investments to generate the cash needed to continue to operate. £5.3m was realised from the sale of investments during the year under review and a further £3.5m from the sale of shares in Merrex Gold in January and February 2017. On 28 February 2017, the remaining £1.2m nominal of Loan Notes was repaid, and the Board is pleased that the Company no longer has any gearing.

On 16 January 2017, at the General Meeting, the Shareholders approved a change in the arrangement with RDP for managing the Company and, as a result, the Company and its portfolio became self-managed. In addition, the shareholders approved the appointment of David Hutchins as an Executive Director.

During the year under review, the management fee was £155,000. Prior to the change in the structure of the Company, if the net asset base of the Company were to grow, then the fee could have risen without limit and this would have represented a large cash cost to the Company. The new arrangement eliminates this cash cost in return for David Hutchins' Executive Director's fee of £20,000, ongoing office support services to RDP of £40,000 and the issue of Ordinary Shares to RDP. In addition, it is considered more practical for the Company to take direct charge of the investment strategy and thus eliminate a layer of costly bureaucracy inherent in a formal investment management agreement. The impetus for the change came from certain major shareholders, who had expressed a concern about the cash cost of running what had become a relatively small investment trust.

David ('Sam') Hutchins has said that he expects to be able to realise sufficient proceeds from the sale of two quoted positions, Merrex Gold and Mineral Mountains, over a period of 12 months to cover the operating expenses of the Company. During January and February 2017, £3.5m was realised from the sale of Merrex Gold. The Directors have carefully reviewed the Company's cash flow forecast and, after close enquiry, the Directors have concluded that these sales are more likely than not to go ahead.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next twelve months. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further information on the going concern is detailed in the Strategic Review on page 9.

Critical accounting estimates and judgements

The preparation of the financial statements necessarily requires the exercise of judgement both in application of accounting policies which are set out below and in the selection of assumptions used in the calculation of estimates. These estimates and judgements are reviewed on an ongoing basis and are continually evaluated based on historical experience and other factors. However, actual results may differ from these estimates. The most significant judgements are the valuation of unlisted investments which is described in note 1(b) below and the adoption of the going concern basis of preparation which is discussed above.

A summary of the principal accounting policies which have been applied to all periods presented in these financial statements is set out below.

(b) Fixed asset investments

Purchases or sales of investments are recognised/derecognised on the date the Company commits to purchase/sell the investments. Investments are classified at fair value through profit and loss on initial recognition with any resultant gain or loss recognised in the Income Statement. Listed securities are valued at bid price or last traded price, depending on the convention of the exchange on which the investment is listed, adjusted for accrued income where it is reflected in the market price. Investments which are not listed or where trading in the securities of an investee company is suspended are valued at the Board's best estimate of fair value. Unlisted investments are valued by the Directors on the basis of all the information available to them at the time of valuation. This includes a review of: the financial and trading information of the Company, covenant compliance and ability to repay the interest and cash balances. Where no reliable fair value can be estimated, investments may be carried at cost less any provision for impairment.

Realised gains or losses on the disposal of investments and permanent impairments in the value of investments are taken to the capital reserve. Gains and losses arising from changes in the fair value of investments are included in the Income Statement as a capital item as per note (i).

(c) Income

Dividends receivable on equity shares are recognised as income on the date that the related investments are marked ex-dividend. Dividends receivable on equity shares where no ex-dividend date is quoted are recognised as income when the Company's right to receive payment is established.

Fixed returns on non-equity shares are recognised on a time apportioned basis so as, if material, to reflect the effective interest rate on those instruments. Other returns on non-equity shares are recognised when the right to the return is established. The fixed return on a debt security is recognised on a time apportioned basis so as to reflect the effective interest rate on each such security.

Income from deposit interest is recognised on an accruals basis.

Where the Company has elected to receive its dividends in the form of additional shares rather than cash, an amount equal to the cash dividend is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in the capital reserves.

(d) Taxation

The charge for taxation is based on net revenue for the period. The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue on the same basis as the particular item to which it relates.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of underlying timing differences can be deducted.

Because the Company intends each year to qualify as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010 (previously S842 of the Income and Corporation Taxes Act 1988), no provision is made for deferred taxation in respect of the capital gains that have been realised, or are expected in the future to be realised, on the sale of fixed asset investments.

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the Income Statement as a revenue item except as follows:

- expenses which are incidental to the acquisition of an investment are included within the cost of the investment;
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment;

(f) Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates at the date of the transaction. Overseas assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of a transaction is included as an exchange gain or loss in capital reserves. The financial currency of the Company, being its statutory reporting currency, is sterling.

(g) Finance costs

Finance costs are accounted for on an accruals basis. Finance costs of debt, insofar as they relate to the financing of the Company's investments or to financing activities aimed at maintaining or enhancing the value of the Company's investments, are allocated between revenue and capital in accordance with the Board's expected long-term split of returns, in the form of income and capital gains respectively, from the Company's investment portfolio. For further details refer to note 5.

(h) 9% Convertible Unsecured Loan Stock 2017 ('CULS')

The CULS are unquoted and at the year end are valued at fair value by the Directors based upon all information available to them at the time of valuation. This includes consideration of the discounted cash flows of the interest and principal and underlying equity value.

Direct expenses associated with the CULS issue are allocated to the share premium account.

The interest expense on the CULS is recognised on an accruals basis.

(i) Reserves

(a) Share premium – the surplus of net proceeds received from the issuance of new shares over their par value is credited to this account and the related issue costs are deducted from this account. This reserve is non-distributable.

(b) Capital reserve – the following are accounted for in this reserve:

- gains and losses on the realisation of investments;
- realised and unrealised exchange differences on transactions of a capital nature;
- capitalised expenses and finance costs, together with the related taxation effect; and
- increases and decreases in the valuation of investments held.

(c) Revenue reserve – the net profit/(loss) arising in the revenue column of the Income Statement is added to or deducted from this reserve. This reserve is available for paying dividends.

(j) Segmental information

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment.

2 Income

	Year ended 31 December 2016 £'000	Sixteen months ended 31 December 2015 £'000
Income from investments*		
Overseas interest	258	(221)
Total income	**258**	**(221)**
Total income comprises:		
Fixed interest securities	258	(221)
	258	**(221)**

*All investment income arises on investments valued at fair value through profit or loss on initial recognition.

Income of £258,000 was recognised for Siberian Gold with the total accrual of £627,000 deemed recoverable by the Directors of the Company.

3 Investment Management Fee

	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000
Investment management fee	155	–	155	368	–	368

During the year to 31 December 2016, the Company's Investment Manager was RDP. RDP received a monthly fee at the rate of 1.5% per annum on the preceding monthly average net assets up to £100 million and 0.75% per annum on the amount by which the preceding monthly average net assets exceeds £100 million.

No performance fee was payable for the year to 31 December 2016.

The balance due to RDP for management fees at the year end was £11,000 (2015: £28,000).

Investment management fees have been fully allocated to revenue.

4 Other Expenses (including irrecoverable VAT)

	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000
Secretarial and administration fees	122	–	122	142	–	142
Directors' fees	81	–	81	116	–	116
Auditor remuneration for:						
– statutory audit	32	–	32	41	–	41
– other services relating to taxation	8	–	8	41	–	41
Legal fees	155	–	155	115	–	115
Broker fees	120	–	120	86	–	86
Public relations	29	–	29	58	–	58
Regulatory fees	23	–	23	23	–	23
Other	68	–	68	48	–	48
	638	**–**	**638**	670	–	670

The Company has an agreement with R&H Fund Services Limited ('R&H') for the provision of secretarial and administration services. During the year the total fees paid and payable were £122,000. The balance due to R&H for secretarial services at the year end was £7,000. R&H receive a fee comprising 0.08% per annum of the total assets subject to a minimum fee of £81,633. The adminstration agreement has a six month notice period.

No pension contributions were payable in respect of any of the Directors.

The Company does not have any employees.

5 Interest Payable and Similar Charges

	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000
Interest on 9% Convertible Unsecured Loan Stock 2017 ('CULS')	374	–	374	591	–	591
	374	**–**	**374**	591	–	591

Interest payable on the CULS has been charged 100 per cent to revenue.

The interest has been paid gross to all CULS shareholders. The CULS contract contained an undertaking to pay the note-holders the full amount and not to deduct withholding tax from these payments.

6 Tax expense

	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000
Corporation tax	–	–	–	–	–	–
Overseas taxation	–	–	–	–	–	–
Total tax charge	–	–	–	–	–	–

Reconciliation of Tax Charge

A reconciliation of the current tax charge is set out below:

	2016 Total £'000	2015 Total £'000
Return on ordinary activities before taxation	**831**	(18,784)
Corporation tax at standard rate 20% (prior year: 21%)	**166**	(3,944)
Effects of:		
Non taxable (losses)/gains	**(333)**	3,555
Excess management expenses	**182**	388
Exchange (gains)/losses	**(15)**	1
Current year tax charge	**–**	–

Due to the Company's status as an Investment Trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided for deferred tax on capital gains and losses arising on the revaluation or disposal of investments.

At 31 December 2016 the Company had surplus management expenses of £754,000 (2015: £572,000) which have not been recognised as a deferred tax asset.

7 Return per ordinary share

Return per ordinary share attributable to shareholders reflects the overall performance of the Company in the year.

	Year ended 31 December 2016	Sixteen months ended 31 December 2015
Revenue return	(2.28)p	(4.67)p
Capital return	4.35p	(42.73)p
Total return	**2.08p**	(47.40)p
	Number	Number
Weighted average ordinary shares in issue	**39,970,012**	39,631,340

8 Investments

	2016 Total £'000	2015 Total £'000
Investments listed/quoted on a recognised investment exchange	5,592	6,642
Unquoted investments	4,733	5,614
	10,325	12,256
Equity shares	7,379	9,111
Convertible securities	2,946	3,145
	10,325	12,256

The Company does not intend to acquire securities that are unquoted or unlisted at the time of investment with the exception of securities which, at the time of acquisition, are intending to list on a stock exchange or securities which are convertible into quoted securities. However, the Company may continue to hold securities that cease to be quoted or listed or hold a convertible in which the underlying equity is not listed if the Investment Manager considers this to be appropriate.

All investments are designated fair value through profit or loss at initial recognition, therefore all gains and losses arise on investments designated at fair value through profit or loss.

International Financial Reporting Standard ('IFRS') 'Financial Instruments: Disclosures' requires an analysis of investments valued at fair value based on the reliability and significance of information used to measure their fair value. The level is determined by the lowest (that is the least reliable or independently observable) level of input that is significant to the fair value measurement for the individual investment in its entirety as follows:

- Level 1 – investments quoted in an active market;
- Level 2 – investments whose fair value is based directly on observable current market prices or indirectly being derived from market prices;
- Level 3 – investments whose fair value is determined using a valuation technique based on assumptions that are not supported by observable current market prices or based on observable market data.

	Level 1 Listed in UK £'000	Level 1 Listed overseas £'000	Level 3 £'000	2016 Total £'000	2015 Total £'000
Opening book cost	1,760	21,105	9,441	32,306	40,567
Opening fair value adjustment	(1,286)	(14,937)	(3,827)	(20,050)	(10,157)
Opening valuation	474	6,168	5,614	12,256	30,410
Purchases at cost	150	–	1,514	1,664	–
Transfers	320	(6,163)	5,843	–	665
Sales – proceeds	–	(3,736)	(1,523)	(5,259)	(1,890)
– realised losses	–	(1,933)	(5,417)	(7,350)	(7,036)
(Decrease)/increase in fair value adjustment	(286)	10,598	(1,298)	9,014	(9,893)
Closing valuation	**658**	**4,934**	**4,733**	**10,325**	**12,256**
Closing book cost	2,230	9,273	9,858	21,361	32,306
Closing fair value adjustment	(1,572)	(4,339)	(5,125)	(11,036)	(20,050)
Closing valuation	**658**	**4,934**	**4,733**	**10,325**	**12,256**

The gains and losses included in the above table have all been recognised within gains/(losses) on investments in the Income Statement on page 26. The Directors believe that the use of reasonable possible alternative assumptions for its Level 3 holdings would not result in a valuation significantly different from the valuation included in these financial statements.

Gains/(losses) on investments	2016 £'000	2015 £'000
Realised losses on sale	(7,350)	(7,036)
Movement in fair value	9,014	(9,893)
Gains/(losses) on investments	**1,664**	(16,929)

During the year the Company did not incur any transaction costs on purchases and incurred transaction costs on sales of £35,000.

9 Debtors

	2016 £'000	2015 £'000
Prepayments and accrued income	632	378
VAT recoverable	31	21
	663	**399**

10 Other creditors

	2016 £'000	2015 £'000
Unrealised forward exchange rate contract	2,412	–
Other creditors	72	171
	2,484	171

Included within other creditors is £28,000 due to RDP in respect of management fees.

11 9% Convertible Unsecured Loan Stock 2017

	Nominal value of CULS £'000
Balance at the beginning of the year	4,700
Redemption of CULS	(2,000)
Balance at the end of the year	**2,700**

On 7 March 2014, the Company issued £4,850,000 9% Convertible Unsecured Loan Stock 2017 ('CULS') and 4,850,000 warrants (for nil consideration on the basis of one warrant for every £1 of CULS subscribed). A further £150,000 CULS and 150,000 warrants were issued on 28 November 2014. During the 16 months to 31 December 2015, the Company issued a further £150,000 CULS and £150,000 warrants and converted £200,000 of CULS into equity. On 23 August 2016 and 1 November 2016, the Company made two repayments each of £1,000,000 nominal of CULS. At 31 December 2016, the Company had £2,700,000 nominal of 9% Convertible Loan Stock.

On 19 January 2017, a further £1,500,000 nominal of CULS was repaid and on 28 February 2017 the Company repaid the outstanding £1,200,000 of 9% Convertible Unsecured Loan Stock.

Warrant instrument

The warrants are unlisted and are exercisable up to the fifth anniversary of admission in amounts or multiples of 50,000 warrants at £1.00 per ordinary share.

12 Share Capital

	2016 Shares	2016 £'000
Authorised at 31 December		
Ordinary shares of 1p each	100,000,000	1,000
Allotted, called up and fully-paid		
Total issued ordinary shares of 1p each as at 31 December 2016	39,970,012	400

On 16 January 2017 at the Company's General Meeting, the Shareholders approved the issue of a further 1,994,500 shares. As at 28 April 2017 there were 41,964,512 shares in issue.

Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the capital return to its equity shareholders through an appropriate balance of equity capital and loan notes.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. The Company has no externally imposed capital requirements.

The capital of the Company is managed in accordance with its investment policy detailed in the Strategic Review on page 9.

13 Reserves

	Share premium £'000	Capital reserve £'000	Revenue reserve £'000
At 1 January 2016	36,800	(27,051)	(2,034)
Gains on investments	–	1,664	–
Exchange gains	–	76	–
Retained net revenue expense for the year	–	–	(909)
At 31 December 2016	**36,800**	**(25,311)**	**(2,943)**

14 Net Asset Value per Ordinary Share

	31 December 2016 £'000	31 December 2015 £'000
Net asset value per share	**22.38p**	20.30p
Net assets attributable at end of year	**£8.9m**	£8.1m
Ordinary shares of 1p each in issue at end of year	**39,970,012**	39,970,012

15 Analysis of Changes in Net Cash

	At 1 January 2016 £'000	Cash flow £'000	Currency movements £'000	At 31 December 2016 £'000
Cash at bank and on deposit	331	3,066	76	**3,142**
Total	331	3,066	76	**3,142**

16 Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances, bank facilities and debtors and creditors that arise directly from its operations. As an investment trust the Company holds a portfolio of financial assets in pursuit of its investment objective. The Company can make use of flexible borrowings for short term purposes to achieve improved performance in rising markets and to seek to enhance the returns to shareholders, when considered appropriate by the Investment Manager. The downside risk of borrowings may be reduced by raising the level of cash balances held.

Listed fixed asset investments held (see note 8) are valued at fair value. For listed securities this is either bid price or the last traded price depending on the convention of the exchange on which the investment is listed. Unlisted investments are valued by the Directors on the basis of all the information available to them at the time of valuation. The fair value of all other financial assets and liabilities is represented by their carrying value in the Balance Sheet shown on page 28. The fair value of the 9% Convertible Unsecured Loan Stock 2017 is not materially different from its carrying value in the Balance Sheet.

The main risks that the Company faces arising from its financial instruments are:

(i) market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency rate movements;

(ii) interest rate risk, being the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates;

(iii) foreign currency risk, being the risk that the value of investment holdings, investment purchases, investment sales and income will fluctuate because of movements in currency rates;

(iv) credit risk, being the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company; and

(v) liquidity risk, being the risk that the bank may demand re-payment of any loan or that the Company may not be able to liquidate quickly its investments. The Company's operations have been cash flow negative since its inception with the Company relying on the sale of investments to generate the cash needed to continue to operate. £5.3m was realised from the sale of investments during the year under review.

The Company held the following categories of financial instruments as at 31 December:

	2016 £'000	2015 £'000
Financial instruments		
Investment portfolio	**10,325**	12,256
Cash at bank and on deposit	**3,142**	331
Accrued income	**627**	369
Other debtors	**36**	30
Financial liabilities		
9% Convertible Unsecured Loan Stock 2017	**2,700**	4,700
CULS interest due	**72**	171

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. To mitigate the risk the Board's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis, with the emphasis on long term investments. An appropriate spread of investments is held in the portfolio in order to reduce both the statistical risk and the risk arising from factors specific to a country or sector. The Investment Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to consider investment strategy.

Investment and portfolio performance are discussed in more detail in the Investment Manager's Review and further information on the investment portfolio is set out on page 9.

If the investment portfolio valuation fell by 10 per cent at 31 December 2016, the impact on the profit or loss and the net asset value would have been negative £1.0 million. If the investment portfolio valuation rose by 10 per cent the impact would have been equal and opposite. The calculations are based on the portfolio valuation as at the balance sheet date and are not representative of the year as a whole, and may not be reflective of future market conditions.

Interest rate risk

Financial assets

Bond and preference share yields, and their prices, are determined by market perception as to the appropriate level of yields given the economic background. Key determinants include economic growth prospects, inflation, the Government's fiscal position, short term interest rates and international market comparisons. The Investment Manager takes all these factors into account when making any investment decisions as well as considering the financial standing of the potential investee company.

Returns from bonds and preference shares are fixed at the time of purchase, as the fixed coupon payments are known, as are the final redemption proceeds. Consequentially, if a bond is held until its redemption date, the total return achieved is unaltered from its purchase date. However, over the life of a bond the market price at any given time will depend on the market environment at that time. Therefore, a bond sold before its redemption date is likely to have a different price to its purchase level and a profit or loss may be incurred.

Interest rate risk on fixed rate interest instruments is considered to be part of market price risk as disclosed above.

Floating rate

When the Company retains cash balances they are held in floating rate deposit accounts. The benchmark rate which determines the interest payments received on cash balances is the bank base rate for the relevant currency for each deposit.

Fixed rate

The Company holds fixed interest investments and has fixed interest liabilities. The fixed interest liabilities are disclosed in note 11.

	2016 £'000	2016 Weighted average interest rate (%)*	2016 Weighted average period for which the rate is fixed (years)	2015 £'000	2015 Weighted average interest rate (%)*	2015 Weighted average period for which the rate is fixed (years)
Assets:						
Convertible securities	2,946	0.2	15.0	3,145	0.9	13.7

* The 'weighted average interest rate' is based on the current yield of each asset, weighted by their market value.

Foreign currency risk

The Company invests in overseas securities and may hold foreign currency cash balances which give rise to currency risks. During the year, the Company entered into a contract to hedge its currency exposure. Although the Investment Manager may seek to manage all or part of the Company's foreign exchange exposure, there is no assurance that this can be performed effectively.
Foreign currency exposure at 31 December was as follows:

	2016 Investments £'000	2016 Cash £'000	2016 Net current assets £'000	2016 Total £'000	2015 Investments £'000	2015 Cash £'000	2015 Net current assets £'000	2015 Total £'000
Canadian Dollar	4,916	–	–	4,916	5,888	–	–	5,888
US Dollar	4,733	–	627	5,360	5,040	–	369	5,409
Australian Dollar	18	–	–	18	371	–	–	371
Euro	–	–	–	–	61	–	–	61
	9,667	**–**	**627**	**10,294**	**11,360**	**–**	**369**	**11,729**

If the value of sterling had weakened against each of the currencies in the portfolio by 5 per cent, the impact on the profit or loss and the net asset value would have been positive £0.6 million. If the value of sterling had strengthened by the same amount the effect would have been equal and opposite. The calculations are based on the portfolio valuation, cash balances and net current assets/(liabilities) as at the respective balance sheet dates and are not representative of the year as a whole, and may not be reflective of future market conditions.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Investment Manager has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. The carrying amounts of financial assets best represents the maximum credit risk exposure at the balance sheet date.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	2016 £'000	2015 £'000
Cash and cash equivalents	3,142	331
Interest, dividends and other receivables	663	399
	3,805	1,730

Credit risk on fixed interest investments is considered to be part of market price risk.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved and the high credit quality of the brokers used. The Board monitors the quality of service provided by the brokers used to further mitigate this risk.

The cash held by the Company and all the assets of the Company which are traded on a recognised exchange are held by BNP Paribas Security Services ('BNP'), the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed or limited. The Board monitors the Company's risk by reviewing the custodian's internal control reports. Should the credit quality or the financial position of BNP deteriorate significantly the Investment Manager will move the cash holdings to another bank.

As at 31 December 2016, the Company held 3 per cent or more of issued share capital of the following companies:

	Number of ordinary shares issued	Percentage held
Anglo African Minerals	438,303,275	25.15%
IMC Exploration Group	89,316,719	23.51%
Merrex Gold	199,226,505	13.10%
Mineral Mountain Resources	40,419,069	13.40%
Maxim Resources	42,954,254	12.80%
Blue River Resources	124,965,756	6.35%
Wishbone Gold	999,990,364	4.90%

Liquidity risk

The Company's financial instruments include investments in unlisted investments which are not traded on an organised public market and which generally may be illiquid. As a result, the Company may not be able to liquidate these investments at an amount close to their fair value.

At the reporting date, the Company's financial assets exposed to liquidity risk amounted to the following:

	2016 £'000	2015 £'000
Unquoted investments:		
Unquoted convertible securities that are convertible into unlisted securities	1,787	3,145
Unquoted equities	2,946	2,469
	4,733	5,614

The Company's liquidity risk is managed on an ongoing basis by the Investment Manager in accordance with policies and procedures in place as described in the Directors' Report. The Company's overall liquidity risks are monitored on a quarterly basis by the Board.

The Company maintains sufficient cash, has a short term bank facility and has identified securities that could be sold to pay accounts payable and accrued expenses.

17 Related Party Transactions

The following are considered related parties: the Board of Directors ('the Board') and RDP Fund Management LLP ('Investment Manager').

Details of the fee arrangement with the Investment Manager are included within the Directors' Report under the heading Management and Management Fees and are disclosed in note 3.

There are no other transactions with the Board other than aggregated remuneration for services as Directors as disclosed in the Directors' Remuneration Report on pages 21 and 22, and as set out in note 4 to the accounts. The beneficial interests of the Directors in the ordinary shares of the Company and in the 9% Convertible Unsecured Loan Stock 2017 are disclosed on page 22.

There were no fees due to Directors at the year end.

18 Post Balance Sheet Events

On 16 January 2017 at the Company's General Meeting, the Shareholders voted in favour of Resolutions 1-3. Resolution 1 authorised the Directors of the Company to allot shares up to a maximum of £80,000, resolution 2 resulted in the termination of the Management Agreement and resolution 3 approved a New Investing Policy as detailed on page 9. As a result of the approval of these resolutions, the Company became a self-managed trust run by its Board, David ('Sam') Hutchins was appointed as an Executive Director of the Company and 1,994,500 shares were issued to RDP. The change in the Company's investment policy reflects the Company's transition from investing in development companies to investing in companies with large scale assets that are likely to be brought into production in the foreseeable future.

On 20 January 2017, the Company repaid £1.5 million nominal of 9% Convertible Unsecured Loan Stock 2017 to LIM Asia Multi-Strategy Fund Inc ('LIM').

On 28 February 2017, the Company repaid the outstanding £1.2 million nominal of 9% Convertible Unsecured Loan Stock.

Glossary of Terms and Definitions

Actual Gearing	Total assets (as below) less all cash divided by shareholders' funds.
Asset Cover	The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.
Discount/Premium	The amount by which the market price per share of an investment trust is lower or higher than the net asset value per share. The discount or premium is normally expressed as a percentage of the net asset value per share.
Dividend Cover	Earnings per share divided by dividends per share expressed as a ratio.
Dividend Yield	The annual dividend expressed as a percentage of the share price.
Net Asset Value or NAV	The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. To calculate the net asset value per Ordinary share the net asset value divided by the number of shares in issue produces the net asset value per share.
Ongoing Charges Figure	A measure of all operating costs incurred in the reporting period, calculated as a percentage of average net assets in that year. Operating costs exclude costs suffered within underlying investee funds, costs of buying and selling investments, interest costs, taxation and the costs of buying back or issuing ordinary shares.
Potential Gearing	Total assets (as below) divided by shareholders' funds.
Price/Earnings Ratio	The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.
Prior Charges	The name given to all borrowings including debentures, loans and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.
Redemption Yield	The measure of the annualised total return on the current price of a security up to the date of its repayment. The calculation is based on aggregated income and capital returns, no account being taken of taxation.
Total Assets	Total assets less current liabilities (excluding prior charges as defined above).
Total Return	Total return involves reinvesting the net dividend in the month that the share price goes xd. The NAV total return involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned, eg quarter end, half year or year end date.
Volume weighted average price ('VWAP')	The measure of the average price within a time period.

Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take or about the contents of this document, you should immediately consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 (or in the case of recipients outside the United Kingdom, a stockbroker, bank manager, solicitor, accountant or other independent financial adviser).

Notice is hereby given that the third Annual General Meeting of Global Resources Investment Trust plc will be held at the offices of DMH Stallard LLP, 6 New Street Square, New Fetter Lane, London EC4A 3BF on Wednesday, 14 June 2017 at 12 noon to consider the following resolutions:

Ordinary Business

As ordinary business, to consider and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions:

1. To receive and adopt the Directors' report and financial statements for the year ended 31 December 2016, together with the auditor's report thereon.
2. To approve the Directors' Remuneration Policy contained in the Directors' Remuneration Report for the year ended 31 December 2016 and which takes effect immediately after the end of the meeting.
3. To approve the Directors' Remuneration Report for the year ended 31 December 2016 (other than the part containing the Directors' Remuneration Policy).
4. To re-elect Mr S Farrell as a Director.
5. To re-elect Mr D Hutchins as a Director.
6. To re-appoint KPMG LLP as Independent Auditor of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company, and to authorise the Directors to determine the remuneration of KPMG LLP.

Special Business

As special business, to consider and, if thought fit, pass the following resolution, which will be proposed as an Ordinary Resolution:

7. That, in substitution for any existing authority, but without prejudice to the exercise of any such authorisation prior to the date of this resolution, the Directors of the Company be and they are hereby generally and unconditionally authorised, in accordance with Section 551 of the Companies Act 2006 ('the Act'), to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company (together being 'relevant securities'), up to an aggregate nominal amount of £41,922, such authorisation to expire on the earlier of 15 months from the date this resolution is passed and conclusion of the next annual general meeting of the Company to be held in 2018, unless previously revoked, varied or renewed by the Company in general meeting, save that the Company may, at any time prior to the expiry of such authorisation, make an offer or enter into an agreement which would or might require relevant securities to be allotted or granted after the expiry of such authority and the Directors of the Company may allot or grant relevant securities in pursuance of such an offer or agreement as if such authorisation had not expired.

As special business, to consider and, if thought fit, pass the following resolutions which will be proposed as Special Resolutions:

8. That, subject to the passing of resolution 7 above, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date of this resolution, the Directors of the Company be and they are hereby generally empowered, in accordance with Sections 570 and 573 of the Act, to allot equity securities (as defined in Section 560 of the Act) either pursuant to the authorisation under Section 551 of the Act conferred on the Directors of the Company by such resolution numbered 7, or by way of a sale of treasury shares, in each case for cash, as if Section 561(1) of the Act did not apply to any such allotment:

    (i) other than pursuant to sub-paragraph (ii) below, up to an aggregate nominal amount of £20,940 (representing approximately 4.99 per cent of the present issued share capital of the Company); or

    (ii) in connection with an offer of equity securities open for acceptance for a period fixed by the Directors of the Company to the holders of ordinary shares in the share capital of the Company on a fixed record date in proportion (or as nearly as practicable) to their respective holdings of ordinary shares (but subject to such exclusions or other arrangements as the Directors of the Company may consider necessary or expedient to deal with any legal problems under or resulting from the application or apparent application of the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or in connection with fractional entitlements or otherwise howsoever);

    such power to expire on the earlier of 15 months from the date this resolution is passed and the conclusion of the next annual general meeting of the Company to be held in 2018 unless previously revoked, varied or renewed by the Company in general meeting, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted after the expiry of such power and the Directors of the Company may allot equity securities in pursuance of such an offer or agreement as if such power had not expired.

Notice of Annual General Meeting

9. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date of this resolution, the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 1p each in the capital of the Company and to cancel or hold in treasury such shares provided that:

(i) the maximum number of ordinary shares hereby authorised to be purchased shall be 6,290,000 (being approximately 14.99 per cent of the issued share capital of the Company as at the date of the passing of this resolution);

(ii) the minimum price (excluding expenses) which may be paid for an ordinary share is 1p;

(iii) the maximum price (excluding of expenses) which may be paid for an ordinary share shall not be more than the higher of (i) 5 per cent above the average of the middle market quotations for an ordinary share on the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which any such purchase is made and (ii) the higher of the price of the last independent trade of and the highest current independent bid for any number of the Company's ordinary shares on the trading venue where the purchase is carried out;

(iv) the authority hereby conferred shall expire 15 months from the date of the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2018 unless such authority is renewed, varied or revoked by the Company in general meeting prior to such time; and

(v) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

By Order of the Board

R&H Fund Services Limited
Company Secretary

28 April 2017

Notes

1. Information about this meeting is available in the attached Directors' Report under the heading "Annual General Meeting" and from the Company's website: www.grit.london.
2. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares, in which case you should specify the number of shares in respect of which each proxy is entitled to exercise their rights. You may not appoint more than one proxy to exercise the rights attached to any one share. A corporate member is also entitled to authorise a person or persons to act as its representative or representatives at the meeting with the entitlement to exercise on behalf of the member the same powers as the member could exercise, if it were an individual member of the Company.
3. A form of proxy is enclosed for use at the above meeting. Completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person. To be effective, the form of proxy, duly executed, must be lodged at the address shown on the form of proxy not later than 48 hours before the time of the meeting.
4. The right to vote at the meeting is determined by reference to the Company's register of Members as at 6.00 pm on 12 June 2017. Changes to entries on the register after that time will be disregarded in determining the rights of any member to attend and vote at the meeting.
5. As at 9.00 am on 28 April 2017, the Company's issued share capital comprised 41,964,512 ordinary shares of 1 pence each. Each ordinary share carries the right on a poll to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 9.00 am on 28 April 2017 is 41,964,512. Voting on all resolutions will be conducted by way of a poll rather than on a show of hands.
6. As a member, you have the right to put questions at the meeting relating to the business being dealt with at the meeting. Any joint holder may vote at the meeting, either personally or by proxy, and if more than one are present the one whose name stands first in the Register shall be entitled to vote.
7. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.
8. The statement of the rights of members in relation to the appointment of proxies in notes 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
9. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual which can be viewed at www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment made or instructions by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ('EUI') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent ID-3RA50 by the latest time for the receipt of proxy appointments specified in note 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).
13. No Director has a service contract with the Company but copies of Directors' letters of appointment will be available for inspection for at least 15 minutes prior to the meeting and during the meeting.
14. Under section 338 of the Companies Act 2006, members may require the Company to give, to members of the Company entitled to receive this notice of meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting. Under Section 338A of that Act, members may require the Company to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may properly be included in the business.
15. It is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting: or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.
16. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website: www.grit.london.
17. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

Corporate Information

Registered Number
8256031

Registered Office
6 New Street Square
New Fetter Lane
London EC4A 3AQ

Directors
Lord Anthony Tudor St John (Chairman)
Haruko Fukuda
Simon J Farrell *
David ('Sam') Hutchins †
Nicholas Paris ‡

Investment Manager
RDP Fund Management LLP
4th Floor, Vintners Place
68 Upper Thames Street
London EC4V 3BJ

Secretary and Administrator
R&H Fund Services Limited
20 Forth Street
Edinburgh EH1 3LH
Tel: 0131 550 3760

Solicitors
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6 New Street Square
New Fetter Lane
London EC4A 3BF

Financial Adviser
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29 Wilson Street
London EC2M 2SJ

Bankers and Custodian
BNP Paribas Securities Services, London
55 Moorgate
London EC2R 6PA

Auditor
KPMG LLP
20 Castle Terrace
Edinburgh EH1 2EG

Registrars
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

Shareholder helpline UK: **0370 707 1556****
Shareholder helpline overseas: **+44 0370 707 1556**

Shareholder Information
Net Asset Value/Share Price

The net asset value of the Company's ordinary shares may be obtained by contacting RDP on 0207 290 8540 or by email at info@rdplimited.co.uk or alternatively by visiting the Company's website at www.grit.london.

Website
www.grit.london

* Chairman of the Audit Committee.
† Appointed on 16 January 2017.
‡ Resigned on 14 March 2016.

** Calls to this number cost 8p per minute (excluding VAT) plus network extras. Calls from outside the UK will be charged at international rates. Other telephone provider costs may vary. Lines open 8.30am to 5.30pm, Monday to Friday.

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The Association of Investment Companies

Corporate Information

Registered Number
8256031

Registered Office
R&H Fund Services Limited
6 New Street Square
New Fetter Lane
London EC4A 3AQ

Directors
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Haruko Fukuda
Simon J Farrell *
Nicholas Paris ‡

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The Association of Investment Companies

Global Resources
Investment Trust plc