

# **Montreux Natural Resources Fund**

(a Cayman Islands exempted company with limited liability)

## **Financial Statements**

**For the year ended  
31 March 2021**

# Montreux Natural Resources Fund

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# Montreux Natural Resources Fund

## Directors and other information

### Board of Directors

Oliver Harris (resigned 20th October 2021)  
Barry Monks  
Clive Rooney

### Registered Office

Suntera (Cayman) Limited  
Suite 3204, Unit 2A, Block 3,  
Building D, PO Box 1586  
Gardenia Court  
49 Market Street  
Camana Bay  
Grand Cayman  
KY1-1110  
Cayman Islands

### Fund Administrator

Suntera Fund Services (IOM) Limited  
Peveril Buildings  
Peveril Square  
Douglas  
Isle of Man  
IM99 1RZ

### Legal Advisor

Appleby (Cayman) Ltd.  
71 Fort Street  
PO Box 190  
Grand Cayman  
Cayman Islands  
KY1-1104

### Investment Manager (resigned 2nd August 2022)

Montreux Capital Management Cayman  
C/O BDO CRI (Cayman) Limited  
2nd Floor  
Building 3  
Governors Square  
23 Lime Tree Bay Avenue  
PO Box 31229  
Grand Cayman  
KY-1205  
Cayman Islands

### Custodian and Banker

**(ceased as Custodian 26th January 2022)**  
Cayman National Bank (Isle of Man) Limited  
Cayman National House  
4-8 Hope Street  
Douglas  
Isle of Man  
IM1 1AQ

### Auditor

Grant Thornton Limited  
Exchange House  
54-62 Athol Street  
Douglas  
Isle of Man  
IM1 1JD

# Montreux Natural Resources Fund

## Directors' Report

The Directors present their annual report and the audited financial statements of the Montreux Natural Resources Fund ("the Fund") for the year ended 31 March 2021.

### Principal activity

The Fund was incorporated on 15 February 2013 under the laws of the Cayman Islands as a private investment fund. The Fund is part of a master/feeder structure with The Montreux Natural Resources Fund PLC (the "Feeder Fund") and the Montreux Natural Resources Fund ("the Master Fund"). The Fund's objective is to deliver superior, risk adjusted returns through the allocation of 100% of its assets to trading in physical commodities and commodity related projects. Dealing in the Fund is currently suspended.

### Result for the year and state of affairs as at 31 March 2021

The Statement of Comprehensive Income for the year ended 31 March 2021 and the Statement of Financial Position as at 31 March 2021 are set out on pages 8 and 9, respectively.

### Dividends

No dividend was paid or proposed during the year (2020: USDNIL).

### Directors

The Directors of the Fund at the date of this report are listed on page 1.

### Directors' interest

The Directors do not have any shareholdings in the Fund as at 31 March 2021.

### Statement of Directors' Responsibilities

The Directors are responsible for the preparation of the Directors' Report and the financial statements in accordance with applicable law and regulations.

In preparing the financial statements, the Directors are responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating that the financial statements comply with International Financial Reporting Standards;
- preparing the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in business; and
- preparing financial statements which give a true and fair view of the state of affairs of the Fund and of the profit and loss of the Fund for the year.

The Directors confirm that they have fulfilled their responsibilities as set out above in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Fund's transaction and disclose with reasonable accuracy at any time the financial position of the Fund. The Directors are also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board of Directors:

### Director

Date: 28th February 2023

# Montreux Natural Resources Fund

## Investment Manager's Report

For the year ended 31 March 2021

### Overview

The Montreux Natural Resources Fund (the "Master Fund") is an open-ended fund domiciled in the Cayman Islands, with a feeder fund, The Montreux Natural Resources Fund PLC (the "Feeder Fund") domiciled In the Isle of Man. The Funds commenced operations in 2013 and currently have AUM of approximately \$27m.

The Feeder Fund invests substantially all of its assets in the Master Fund.

The Master Fund's investment strategy was intended to comprise a portfolio of physical commodity projects. "off take" contracts and short term trading strategies. Currently the Master Funds assets are primarily concentrated in the provision of loan funding the underlying assets, a gold mining development in Tanzania and a combined gold mining and gold refinery project in Guinea.

While the Fund had a direct interest in both projects, due to a lack of resources the Board were presented with proposals to convert their interest in both projects to loans in order to preserve the capital of investors.

Montreux Capital Management Cayman ("the Investment Manager") are directly Involved in overseeing the development of both projects and are committed to ensuring both projects reach a stage where sufficient revenue is generated to repay the Fund and allow the investors be paid out and the Fund liquidated.

The current status of the two projects is as follows:

### **Mangai Mining – Tanzania**

The Mangai project in Tanzania continues to be developed and has recently been finally granted a mining licence.

However, for it to achieve commercial production it still requires additional investment of circa \$10m which is required to upgrade the plant, carry out additional ground works and complete a new drilling program.

The granting of a mining licence puts the project in a position whereby it has the ability to negotiate third party funding which could be used to replace the Funds loans allowing the repayment of outstanding loans and facilitate a distribution to investors.

The contingent amount payable under the original SPA is dependent on the project achieving production and the Investment Manager is confident that this can be achieved.

### **Metal Conakry Refinery and Siguiru Mining - Guinea**

The Guinea project is a combination of a small mine and a large gold refinery.

The gold mine has not achieved production and the refinery continues to operate at a level significantly below its capacity thus making the combined project unprofitable at this moment.

The Investment Manager and related companies continue to fund the development of the mining project which in turn will allow the refinery to increase the amount of gold that it processes.

It is anticipated that the Fund's loans can be refinanced to allow investors be repaid via a distribution.

# **Montreux Natural Resources Fund**

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

For the year ended 31 March 2021

### **Conclusion**

In conclusion, the Investment Manager is working towards achieving a refinance of the existing loans such that the proceeds can be paid out to investors.

The contingent amount is dependent on achieving commercial production and again the Investment Manager is confident that this position can be achieved during the year allowing investors to be fully repaid based on the most recent indicative Net Asset Value and the Fund ultimately being liquidated.

### **Director**

28th February 2023

# **Independent Auditor's Report to the members of Montreux Natural Resources Fund**

## **Qualified Opinion**

We have audited the financial statements of Montreux Natural Resources Fund (the “Company”) which comprise the statement of financial position as at March 31 2021, and the related statement of comprehensive income, the statement of cash flows, the statement of changes in net asset attributable to holders of redeemable shares for the year then ended, and notes to the financial statements. These financial statements have been prepared under the accounting policies set out therein.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at March 31 2021, and its financial performance and its cash flows for the year then ended 31 March 2021 in accordance with International Financial Reporting Standards (“IFRS”).

This report, including the opinion, has been prepared for and only for the Company’s directors as a body and for regulatory filing purposes only. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Basis for Qualified Opinion**

As disclosed in Note 6 the Company has a loan receivable of \$4,270,000 and related accrued interest of \$1,864,802 from Twin Oaks Holdings Limited as at 31 March 2021. We were unable to obtain sufficient and appropriate audit evidence that demonstrated the borrower’s ability to repay the loan and we were unable to satisfy ourselves by alternative means over the recoverability of these balances at year end. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audit in accordance with International Standards on Auditing (“ISA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## **Other information**

Other information comprises information included in the annual report, other than the financial statements and our auditor’s report thereon. The Directors of the Company are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

# **Independent Auditor's Report**

## **to the members of Montreux Natural Resources Fund (continued)**

### **Other information (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for qualified opinion section above, we were unable to obtain sufficient appropriate evidence regarding the recoverability of the Twin Oaks Holdings Limited loan and interest receivable balance. Accordingly, we were unable to conclude whether or not the other information is materially misstated with respect to this matter.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Wording will depend on the level of information provided in the Other information (i.e. Directors' report, Investment manager's report) – whether these reports included assumptions from management as to the recoverability of the loans or analysis of performance of the Fund during the year.

**Independent Auditor's Report  
to the members of Montreux Natural Resources Fund (continued)  
Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Grant Thornton**  
Douglas  
Isle of Man

Date: 28th February 2023

# Montreux Natural Resources Fund

## Statement of Comprehensive Income

For the year ended 31 March 2021

	Note	Year ended 31 March 2021 USD	Year ended 31 March 2020 USD
<b>Income</b>			
Interest income	9	677,618	882,341
Deposit interest		-	34
Other income	11	-	103,324
Net unrealised gain/(loss) on investments	5	4,745	(5,385)
Net realised gain/(loss) on foreign currency		19,106	(15,836)
Foreign currency translation on cash and cash equivalents		10,085	(1,057)
<b>Total income</b>		<u>711,554</u>	<u>963,421</u>
<b>Expenses</b>			
Management fee	7, 11	272,956	297,836
Professional fees		58,936	80,141
Directors fees	7, 11	75,000	75,000
Other expenses		29,075	33,233
Custodian fees		20,000	20,055
Administration fees	7	19,000	19,000
<b>Total operating expenses</b>		<u>474,967</u>	<u>525,265</u>
<b>Total comprehensive income for the year</b>		236,587	438,156
Other comprehensive income		-	-
<b>Change in net assets attributable to holders of redeemable shares</b>		<u>236,587</u>	<u>438,156</u>

The notes on pages 12 to 32 are part of these financial statements.

# Montreux Natural Resources Fund

## Statement of Financial Position

As at 31 March 2021

		Year ended 31 March 2021 USD	Year ended 31 March 2020 USD
	<b>Note</b>		
<b>Assets</b>			
Cash and cash equivalents	8	48,052	100,327
Receivable from sale of loan	4, 11	5,180,347	5,739,160
Loans receivable	6	7,574,356	7,574,356
Interest receivable	6	2,448,866	1,871,248
Amount due from Feeder Fund		478,500	429,388
Prepayments and other assets		2,438	2,438
<b>Total assets</b>		<u>15,732,559</u>	<u>15,716,917</u>
<b>Equity</b>			
Share capital (100 shares at USD 0.01)	10	<u>1</u>	<u>1</u>
<b>Total equity</b>		<u>1</u>	<u>1</u>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss	5	3,427	8,172
Management fee payable	7, 11	151,160	419,639
Other accruals	7	<u>135,999</u>	<u>83,720</u>
<b>Total liabilities (excluding net assets attributable to holders of redeemable preference shares)</b>		<u>290,586</u>	<u>511,531</u>
<b>Net assets attributable to holders of redeemable shares</b>		<u>15,441,972</u>	<u>15,205,385</u>
<b>Net assets attributable to holders of redeemable shares on a per share basis:</b>			
Class A USD (162,195.84 shares) (2020: 162,195.84 Shares)	10	90.16	88.87
Class G USD (17,110.92 shares) (2020: 17,110.92 Shares)	10	38.1	37.55
Class G GBP (3,479.57 shares) (2020: 3,479.57 Shares)	10	45.61	40.94
Class G EUR (249.61 shares) (2020: 249.61 Shares)	10	28.72	26.89

The financial statements were approved and authorised for issue by the Board of Directors on 28th February 2023 and signed on their behalf by:

**Director**

**Director**

The notes on pages 12 to 32 are part of these financial statements.

# Montreux Natural Resources Fund

## Statement of Cash Flows

For the year ended 31 March 2021

	Year ended 31 March 2021 USD	Year ended 31 March 2020 USD
<b>Change in net assets attributable to holders of redeemable shares from operations</b>	236,587	438,156
<i>Adjustments for:</i>		
Loans and Deposit Interest	(677,618)	(882,375)
Unrealised (gain)/loss on investments	(4,745)	5,385
Net realised (gain) on sale of financial assets at fair value through profit or loss	-	(103,324)
Sale of investments	-	103,324
Effects of foreign currency translation on cash and cash equivalents	(10,085)	1,057
<b>Cash flows used in operating activities</b>		
Decrease/(Increase) in receivable from sale of investment	558,813	(5,737,160)
Decrease in loans receivable	100,000	6,021,250
(Increase) in balance due from Feeder Fund	(49,112)	(254,388)
(Increase) in prepayments	-	(2,438)
(Decrease)/increase in management fee payable	(268,479)	297,836
Increase/(decrease) in other accruals	52,279	(17,807)
<b>Net cash used in operating activities</b>	<u>(62,360)</u>	<u>(130,484)</u>
<b>Cash flows from investing activities</b>		
Interest received	-	34
<b>Net cash flows from investing activities</b>	<u>-</u>	<u>34</u>
<b>Net decrease in cash and cash equivalents</b>	(62,360)	(130,450)
Cash and cash equivalents at the beginning of the year	100,327	231,834
Effect of exchange rates on cash and cash equivalents	10,085	(1,057)
<b>Cash and cash equivalents at end of year</b>	<u>48,052</u>	<u>100,327</u>

The notes on pages 12 to 32 are part of these financial statements.

## Montreux Natural Resources Fund

### Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the year ended 31 March 2021

	Year ended 31 March 2021 USD	Year ended 31 March 2020 USD
<b>Net assets attributable to holders of redeemable shares at beginning of year</b>	<u>15,205,385</u>	<u>14,767,229</u>
<b>Changes in net assets attributable to holders of redeemable shares</b>	<u>236,587</u>	<u>438,156</u>
Share subscriptions during the year	-	-
Share redemptions during the year	<u>-</u>	<u>-</u>
	-	-
<b>Net assets attributable to holders of redeemable shares at end of year</b>	<u>15,441,972</u>	<u>15,205,385</u>

The notes on pages 12 to 32 are part of these financial statements.

# Montreux Natural Resources Fund

## Notes to the Financial Statements

For the year ended 31 March 2021

### 1. Legal status and principal activity

Montreux Natural Resources Fund ("the Fund") was incorporated as an exempted limited liability company under the provisions of the Companies Law (as amended) of the Cayman Islands on 15 February 2013 with the name Montreux Sirius Commodity Fund. The Fund changed its name from Montreux Sirius Commodity Fund to Montreux Commodity Trading Fund on 27 February 2014. The Fund changed its name from Montreux Commodity Trading Fund to Montreux Natural Resources Fund on 17 February 2017. The Fund commenced operations on 10 September 2013. The registered office of the Fund is located at the offices of Montreux Natural Resources Fund, c/o Suntera (Cayman) Ltd, Suite 3204, Unit 2A, Block 3, Building D, Gardenia Court, 49 Market Street, Camana Bay, PO Box 1586, Grand Cayman, Cayman Islands KY1-1110.

Montreux Capital Management, a Cayman Islands exempted company with limited liability incorporated on 28 May 2013, has been appointed as the Investment Manager to the Fund pursuant to the terms of an investment management agreement entered into between the Fund and the Investment Manager (the "Investment Management Agreement").

#### Principal activity

The Fund's objective is to generate absolute returns through longer term, private equity type strategies complemented, where possible, with more liquid commodity focussed trading strategies. The combination of the two strategies allows the Fund to generate profit opportunities in both rising and falling markets.

Through a combination of the various investment strategies, where possible the Investment Manager will seek to achieve diversification in the portfolio and also to manage liquidity such that sufficient liquidity may be available to meet the ongoing requirements of the Fund.

At any given time, the predominant strategy of the Fund may be heavily, or even fully, focused on investments in emerging or developing market countries including private equity projects located in Africa. The Fund's investment strategy is not subject to any concentration limits with respect to any geographical area.

### 2. Basis of preparation

#### (a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the Standing Interpretations Committee of the IASB.

#### (b) Basis of measurement

These financial statements have been prepared under the historical cost convention, except for derivative financial instruments and financial assets and liabilities at fair value through profit or loss, which are measured at fair value.

#### (c) Foreign and presentational currency

Items included in the financial statements of the Fund are measured and presented in United States Dollar ("USD") which is the Fund's functional currency.

# Montreux Natural Resources Fund

## Notes to the Financial Statements (continued)

For the year ended 31 March 2021

### 2. Basis of preparation (continued)

#### (d) Use of estimates and judgements

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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

In particular, considerable management judgement is required in respect of determining the fair values of derivative financial instruments.

### 3. Significant accounting policies

The accounting policies set out below have been applied to items that are considered material in relation to the funds financial statements.

#### (a) Interest income and expense

Interest income and expense for all interest bearing financial instruments is recognised in "Interest income" and "Interest expense" in the statement of comprehensive income on an accrual basis, using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments earned or paid on a financial asset or financial liability through its expected life or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The calculation of the effective interest rate includes all fees paid or received that are an integral part of the effective interest rate.

#### (b) Gain or loss on financial assets and financial liabilities at fair value through profit or loss

Gain or loss on financial assets at fair value includes realised gains or losses arising on the sale of financial assets which are recognised in profit or loss when the Fund has transferred the risks and rewards of ownership of the financial assets to another party. In addition, any unrealised gains or losses arising from a change in fair value of such financial assets are also recognised in profit or loss in the year in which they arise.

#### (c) Expenses

Expenses of the Fund including a management fee, organisation fees, an administration fee and other expenses are borne by the Fund.

# Montreux Natural Resources Fund

## Notes to the Financial Statements (continued)

For the year ended 31 March 2021

### 3. Significant accounting policies (continued)

#### (d) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset for the Fund and a financial liability or equity instrument of another party. All assets and liabilities in the statement of financial position are financial instruments, except for shareholders' funds and other accruals.

#### Classification

The Fund classifies its financial investments in private equity as financial assets or financial liabilities at fair value through profit or loss.

#### New standards, amendments and interpretations effective from years beginning on or after 1 April 2020

A number of new standards are effective from 1 April 2020 but they do not have a material effect on the Fund's financial statements.

The Fund has consistently applied the accounting policies as set out in this note to all periods presented in these financial statements.

#### Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities are held at fair value through profit or loss. Financial assets or liabilities at fair value through profit or loss are acquired or incurred principally for the purpose of selling or repurchasing in the short term.

Financial assets and liabilities at fair value through profit and loss are recognised on the trade date, being the date on which the Fund commits to purchase or sell the investment. Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. Financial assets and liabilities at fair value through profit or loss are derecognised when the rights to receive cash flows from the assets have expired or the Fund has transferred all risks and rewards of ownership. Gains and losses arising from changes in the fair value of the "financial assets and liabilities at fair value through profit or loss" category are included in the statement of comprehensive income in the year in which they arise.

#### Classification of financial assets

On initial recognition, the Fund classifies financial assets as measured at amortised cost or fair value through profit or loss (FVTPL).

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

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

All other financial assets of the Fund are measured at FVTPL.

# Montreux Natural Resources Fund

## Notes to the Financial Statements (continued)

For the year ended 31 March 2021

### 3. Significant accounting policies (continued)

#### (d) Financial instruments (continued)

##### Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focusses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the Investment Manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Fund has determined that it has two business models:

- Held-to-collect business model: this includes cash and cash equivalents, loans receivable, amounts due from Feeder Fund and other assets. These financial assets are held to collect contractual cash flow; and
- Other business model: this includes debt securities, equity investments and derivatives. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

##### Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features limit the Fund's claim to cash flows from specified assets); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

# Montreux Natural Resources Fund

## Notes to the Financial Statements (continued)

For the year ended 31 March 2021

### 3. Significant accounting policies (continued)

#### (d) Financial instruments (continued)

##### Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Fund was to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

##### Subsequent measurement of financial assets

<b>Financial assets at FVTPL</b>	<p>These assets are subsequently measured at fair value. Net gains and losses are recognised in net changes in fair value of financial assets and financial liabilities at fair value through profit and loss in the statement of comprehensive income.</p> <p>Investments in equities and derivative financial instruments at gain are included in this category.</p>
<b>Financial assets at amortised cost</b>	<p>These assets are subsequently measured at amortised cost using the effective interest method. Interest income is recognised in interest income, foreign exchange gains and losses and impairment are recognised in 'net unrealised loss on investments' in the statement of comprehensive income. Any gain or loss on derecognition is also recognised in the statement of comprehensive income.</p> <p>Cash and cash equivalents, amounts due from brokers and other receivables are included in this category.</p>

##### Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of comprehensive income.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of comprehensive income. Any gain or loss on derecognition is also recognised in the statement of comprehensive income.

Financial liabilities at FVTPL:

- This includes derivative financial instruments at loss and investments in equities sold short.

Financial liabilities at amortised cost:

- This includes amounts due to brokers, accrued expenses and equalisation payables.

##### Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

A regular way purchase of financial assets is recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

# Montreux Natural Resources Fund

## Notes to the Financial Statements (continued)

For the year ended 31 March 2021

### 3. Significant accounting policies (continued)

#### (d) Financial instruments (continued)

##### Fair value measurement principles

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Fund measures instruments quoted in an active market at the last traded price.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

A hierarchical disclosure framework has been established which prioritises and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgement used in measuring fair value.

##### Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition.

The Fund uses the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate at the reporting date for an instrument with similar terms and conditions.

# Montreux Natural Resources Fund

## Notes to the Financial Statements (continued)

For the year ended 31 March 2021

### 3. Significant accounting policies (continued)

#### (d) Financial instruments (continued)

##### Impairment

Financial assets measured at amortised cost are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. Impairment loss is the difference between the net carrying value of an asset and its recoverable amount.

If in a subsequent period the amount of impairment loss decreases and the decrease can be linked objectively to an event occurring after the write down, the write down or allowance is reversed through the statement of comprehensive income.

##### Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position only when the Fund has a legally enforceable right to set off recognised amounts and the transactions are intended to be settled on a net basis.

#### (e) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances with banks having original maturity of three months or less.

#### (f) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, loans and most other receivables fall into this category of financial instruments.

#### (g) Foreign currencies

Foreign currency transactions are recorded at the rates of exchange ruling at the value dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated into USD at the foreign exchange rates ruling at the dates at which fair values were determined.

Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated into USD at the foreign exchange rates ruling at the dates at which fair values were determined.

#### (h) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a current legal or constructive obligation as a result of past events, and a reliable estimate can be made of the amount of the obligation.

# Montreux Natural Resources Fund

## Notes to the Financial Statements (continued)

For the year ended 31 March 2021

### 3. Significant accounting policies (continued)

#### (i) Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses– the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category (i.e. Stage 1) while 'lifetime expected credit losses' are recognised for the second category (i.e. Stage 2).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

### 4. Financial risk management

#### Introduction and overview

All the Fund's activities involve analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Fund's significant exposure can be broadly categorised into the following risks:

- Credit risk;
- Market risk;
- Liquidity risk; and
- Operational risk

#### Risk management framework

The risk management framework is established by the Manager, which sets out the risk governance and ownership structure to ensure oversight of, and accountability for, effective management of risk. However, the primary responsibility for managing risk rests with the Board of Directors of the Fund (the "Board"). The Board has the responsibility to cascade risk management policies which are designed to support the formation of risk appetite, guide employees and establish procedures for monitoring and controlling risk with timely and reliable reporting to the Board. The Manager regularly reviews and updates its risk management policies and systems to reflect changes in markets, products and emerging best practice which are then cascaded to the Fund.

The management of all risks which are significant to the Fund are discussed below:

# Montreux Natural Resources Fund

## Notes to the Financial Statements (continued)

For the year ended 31 March 2021

### 4. Financial risk management (continued)

#### (a) Credit risk management

Credit risk is the risk of financial loss if a customer or counterparty of the Fund fails to meet an obligation under a contract. Financial assets which expose the Fund to credit risk consist of cash and cash equivalents, which include amounts held with brokers and loan receivables. Credit risk is managed by placing funds with banks and institutions with acceptable credit ratings.

#### Management of credit risk

The Fund's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default.

Credit risk is monitored on a monthly basis by the Investment Manager in accordance with policies and procedures in place as documented in the Investment Manager's Internal Risk Assessment Process. The Fund's credit risk is monitored on a quarterly basis by the Board of Directors. Where the credit risk is not in accordance with the investment policy or guidelines of the Fund, the Investment Manager will be required to recommend whatever action is necessary to resolve the situation.

#### Exposure to credit risk

The Fund's maximum credit risk exposure (without taking into account collateral and other credit enhancements) at the reporting date is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

The Fund enters into over-the counter ("OTC") type derivative transactions. OTC derivatives expose the Fund to the risk that the counterparties to the derivative financial instruments might default on their obligations to the Fund.

Forward contracts result in exposure to market risk based on changes in market prices relative to contracted prices. Market risks arise due to the possible movement in foreign currency exchange rates, indices, and securities' values underlying these instruments. In addition, because of the low margin deposits normally required in relation to notional contract sizes, a high degree of leverage may be typical of a forward contract and may result in substantial losses to the Fund. Forward contracts are generally subject to liquidity risk. The following derivative contracts were held by the entity:

As at 31 March 2021

Buy	Sell	Settlement Date	Fair value assets
EUR10,833	USD13,060	1 April 2021	USD(331)
GBP203,680	USD284,174	1 April 2021	USD(3,096)

As at 31 March 2020

Buy	Sell	Settlement Date	Fair value assets
EUR10,958	USD12,177	1 April 2020	USD(155)
GBP206,092	USD263,530	1 April 2020	USD(8,017)

# Montreux Natural Resources Fund

## Notes to the Financial Statements (continued)

For the year ended 31 March 2021

### 4. Financial risk management (continued)

#### (a) Credit risk management (continued)

##### Derivative financial instruments

##### Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

The Fund has not transacted any such transactions during the years ended 31 March 2021 and 31 March 2020.

##### Past due and impaired assets

No financial assets carried at amortised cost were past due or impaired at 31 March 2021 and 31 March 2020.

#### (b) Market risk management

Market risk is the risk that movements in market risk factors, including foreign exchange rates, interest rates, commodity and equity prices, will reduce the Fund's income or the value of its portfolios. Market risk arises principally from mismatches between the future yield on assets and their funding cost.

The Fund is exposed to the market risk of changing commodity prices, specifically gold, and to currency and interest rate risks.

##### Management of market risk

The Fund's objective is to generate absolute returns through longer term, private equity type strategies complemented, where possible, with more liquid commodity focussed trading strategies. The combination of the two strategies allows the Fund to generate profit opportunities in both rising and falling markets.

The Fund's strategies are complemented by exposure to joint venture and equity and debt investments directly or through subsidiary companies in commodity infrastructure production transport and other commodity related transactions and operations which provide the opportunity for significant returns in the medium term.

The Fund's market risk is managed on a timely basis by the Investment Manager in accordance with policies and procedures in place.

# Montreux Natural Resources Fund

## Notes to the Financial Statements (continued)

For the year ended 31 March 2021

### 4. Financial risk management (continued)

#### (b) Market risk management (continued)

##### Currency risk

The Fund has entered into foreign currency spot and derivatives through OTC markets in different currencies for the sole purpose of hedging. The Fund is not holding any other currency which gives rise to a significant foreign currency risk other than USD which is the Fund's functional and presentational currency.

##### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in interest rates prevailing in the market. The amount of cash at bank will be affected by the fluctuations in interest rates. The loan is fixed interest bearing and is therefore not affected by fluctuations in interest rates.

The following table analyses the Fund's interest rate risk exposure:

	Fixed rate 2021 USD	Floating rate 2021 USD	Non-interest bearing 2021 USD	Total 2021 USD
<b>Assets</b>				
Cash and cash equivalents	-	48,052	-	48,052
Receivable from sale of investment	-	-	5,180,347	5,180,347
Loans receivable	7,574,356	-	-	7,574,356
Interest receivable	-	-	2,448,866	2,448,866
Amounts due from Feeder Fund	-	-	478,500	478,500
Prepayments and other assets	-	-	2,438	2,438
<b>Total assets</b>	<b>7,574,356</b>	<b>48,052</b>	<b>8,110,151</b>	<b>15,732,559</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	-	-	3,427	3,427
Management fee payable	-	-	151,160	151,160
Other accruals	-	-	135,999	135,999
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>290,586</b>	<b>290,586</b>

# Montreux Natural Resources Fund

## Notes to the Financial Statements (continued)

For the year ended 31 March 2021

### 4. Financial risk management (continued)

#### (b) Market risk management (continued)

##### Interest rate risk (continued)

	Fixed rate 2020 USD	Floating rate 2020 USD	Non-interest bearing 2020 USD	Total 2020 USD
<b>Assets</b>				
Cash and cash equivalents	-	100,327	-	100,327
Receivable from sale of investment	-	-	5,739,160	5,739,160
Loans receivable	7,574,356	-	-	7,574,356
Interest receivable	-	-	1,871,248	1,871,248
Amounts due from Feeder Fund	-	-	429,388	429,388
Prepayments and other assets	-	-	2,438	2,438
<b>Total assets</b>	<u>7,574,356</u>	<u>100,327</u>	<u>8,042,234</u>	<u>15,716,917</u>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	-	-	8,172	8,172
Management fee payable	-	-	419,639	419,639
Other accruals	-	-	83,720	83,720
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>511,531</u>	<u>511,531</u>

#### (c) Liquidity risk and funding

Liquidity risk is the risk that the Fund does not have sufficient financial resources to meet its obligations as they fall due or will have to do so at an extensive cost. The risk arises from mismatches in the timing of cash flows.

The Fund's Investment Manager is responsible for managing the liquidity of the Fund.

##### Management of liquidity risk

The Fund's policy and the Investment Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, including estimated redemptions of shares, without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund's prospectus provides for the monthly creation and cancellation of shares and it is therefore exposed to the liquidity risk of meeting shareholder redemptions to each redemption date.

The Fund's liquidity is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place.

The Fund's overall liquidity risk is monitored on a timely basis by the Investment Manager with oversight from the Board of Directors. The Fund's redemption policy only allows for redemptions on the last Business Day of each calendar week for Class A and such other day or days as determined by Directors and shareholders must provide 10 days' notice. The Fund's redemption policy only allows for redemptions on the last Business Day of each calendar month for Classes F and G and such other day or days as determined by Directors and shareholders must provide 60 days' notice. It is the Investment Manager's policy to have liquid assets comprising cash and cash equivalents for which there is an active and liquid market equal to at least 100% of permissible redemptions. Where permitted, partial redemptions will only be accepted where the number of Redeemable Shares remaining have a total redemption value in excess of the Minimum Holding. The Directors may in their absolute discretion accept redemptions for less than the Minimum Redemption.

# Montreux Natural Resources Fund

## Notes to the Financial Statements (continued)

For the year ended 31 March 2021

### 4. Financial risk management (continued)

#### (c) Liquidity risk and funding (continued)

##### Management of liquidity risk (continued)

##### Maturity analysis of financial liabilities

	Carrying amount USD	Gross nominal inflow/ (outflow) USD	Less than 1 month USD
<b>31 March 2021</b>			
<b>Non derivative liabilities</b>			
Financial liabilities at fair value through profit or loss	3,427	3,427	3,427
Management fee payable	151,160	151,160	151,160
Other accruals	135,999	135,999	135,999
	<u>290,586</u>	<u>290,586</u>	<u>290,586</u>
Net assets attributable to the holders of redeemable shares	15,441,972	15,441,972	15,441,972
<b>31 March 2020</b>			
<b>Non derivative liabilities</b>			
Financial liabilities at fair value through profit or loss	8,172	8,172	8,172
Management fee payable	419,639	419,639	419,639
Other accruals	83,720	83,720	83,720
	<u>511,531</u>	<u>511,531</u>	<u>511,531</u>
Net assets attributable to the holders of redeemable shares	15,205,385	15,205,385	15,205,385

The table above shows the undiscounted cash flows of the Fund's financial liabilities on the basis of their earliest possible contractual maturity. The Fund's expected cash flows on these instruments do not vary significantly from this analysis, except for net assets attributable to the holders of redeemable shares, which the Fund has a contractual obligation to redeem within 30 days.

#### (d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities with financial instruments either internally at the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour.

The Fund is responsible for managing this risk through a controls-based environment in which processes are documented, authorisation is independent and transactions are reconciled and monitored. This is supported by monitoring external operational risk events, which ensure that the Fund stays in line with the best practice and takes account of lessons learned from publicised operational failures within the industry.

# Montreux Natural Resources Fund

## Notes to the Financial Statements (continued)

For the year ended 31 March 2021

### 4. Financial risk management (continued)

#### (d) Operational risk (continued)

##### Capital management

The capital of the Fund is represented by the net assets attributable to holders of redeemable shares. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development activities of the Fund.

The Board of Directors and Investment Manager monitor control on the basis of the value of net assets attributable to holders of redeemable shares. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty or market factors, pricing assumptions and other risks affecting the specific instrument.

### 5. Use of estimates and judgements

#### Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the company's financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets.

The following are the judgements made by management in applying the accounting policies of the Company that have the most significant effect on these financial statements.

##### Impairment of assets

In assessing impairment, management estimates the recoverable amount of each asset based on expected future cash flows. No impairment was required in the current year.

##### Fair value

Management believes that the carrying value of financial assets and liabilities in the statement of financial position represents a reasonable approximation of their fair values.

##### Fair value hierarchy

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, group, pricing service or regulatory agency, and those prices represent actual and regularly recurring market transactions on an arm's length basis.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

# Montreux Natural Resources Fund

## Notes to the Financial Statements (continued)

For the year ended 31 March 2021

### 5. Use of estimates and judgements (continued)

#### Fair value hierarchy (continued)

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>31 March 2021</b>				
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss:				
Forward contract	-	3,427	-	3,427
<b>Total liabilities</b>	<u>-</u>	<u>3,427</u>	<u>-</u>	<u>3,427</u>
<b>31 March 2020</b>				
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss:				
Forward contract	-	8,172	-	8,172
<b>Total liabilities</b>	<u>-</u>	<u>8,172</u>	<u>-</u>	<u>8,172</u>

The following table shows a reconciliation of the closing balance for Level 3 instruments on the fair value hierarchy:

	2021 USD	2020 USD
Total unrealised loss for the year included in the statement of comprehensive income for investments held at the year end	4,745	(5,385)

### 6. Loans receivable

On 20 February 2015, Montreux Natural Resources Fund (the "Lender") entered into a facility agreement with GMM Cayman Limited (the "Borrower" or "GMM") where a USD4,657,000 loan facility is made available to the Borrower approved by the Lender in writing from time to time. The interest rate on the loan is 5% per annum (i.e. 0.42% per calendar month) calculated monthly in arrears on the interest payment date for each applicable interest period. Interest shall accrue starting on the date the loan is made by the Lender. On 15 February 2020 the loan was sold to Aurum Holdings (IOM) Limited (*previously called GRB Holdings (IOM) Limited*) for USD5,821,250 and an initial payment of USD82,090 was received on 26 March 2020. A further amount of USD558,812 was received in April 2020. As at 31 March 2021, the outstanding receivable amount is USD5,180,347 (2020: USD5,739,160); including accrued interest of USD523,347 (2020: USD1,082,160). The loan has warrants attached which if exercised would result in the Fund acquiring a 50% shareholding in GMM. As of 31 March 2021, these warrants have a value of USDNil (2020: USDNil).

On 6 June 2016, Montreux Natural Resources Fund (the "Lender") entered into a facility agreement with Twin Oaks Holdings Limited (the "Borrower" or "Twin Oaks") where a USD9,000,000 loan facility is made available to the Borrower approved by the Lender in writing from time to time. The interest rate on the loan is 12% per annum (i.e. 1.0% per calendar month) accrued daily and shall be payable by the Borrower monthly, on the last Business Day of each calendar month and the Final Repayment Date. Interest will accrue but will not be immediately payable for the first 9 months of the term of the Loan commencing on the date of the agreement. The interest that accrues during the Initial Period will be added to the final repayment balance due on the Final Repayment Date. As at 31 March 2021, the outstanding loan amount is USD6,134,802 (2020: USD5,722,402), including accrued interest of USD1,864,802 (2020: USD1,452,402). There were no draw downs or re-assigned loans during the period 1 April 2020 to 31 March 2021 (draw downs and re-assigned loans 1 April 2019 to 31 March 2020: USDNIL).

# Montreux Natural Resources Fund

## Notes to the Financial Statements (continued)

For the year ended 31 March 2021

### 6. Loans receivable (continued)

On 13 October 2016, Montreux Natural Resources Fund (the "Lender") entered into another facility agreement with GMM where an additional USD5,000,000 loan facility is made available to GMM and approved by the Lender in writing from time to time. The interest rate on the loan is 5% per annum (i.e. 0.42% per calendar month) calculated monthly in arrears on the interest payment date for each applicable interest period. Interest shall accrue starting on the date the loan is made by the Lender. During the year ended 31 March 2021, drawdowns were USDNIL (2020: USDNIL) and the outstanding loan balance as at 31 March 2021 is USD3,888,420 (2020: USD3,723,202) Including accrued interest of USD584,064 (2020: USD418,846).

Both the current and comparative impairment provisions apply the IFRS 9 expected loss model. In the opinion of the directors all loans and interest receivable represent 'stage one' financial instruments and have not deteriorated significantly. Therefore no impairment loss was recognised for both years.

### 7. Fees and expenses

#### Management fee

The Fund appointed Montreux Capital Management Cayman to act as Investment Manager of the Fund. The Investment Manager receives a management fee (the "Management Fee"), payable weekly (Class A) and monthly (Classes F and G) in arrears by the Fund, which is equal to 2.00% per annum of the Net Asset Value.

#### Performance fee

The Fund will also pay to the Investment Manager a Performance Fee (the "Performance Fee") in respect of the Class A Shares, Class F Shares and Class G Share on a share-by-share basis so that the Performance Fee is only charged on Participating Shares which have appreciated in value.

In respect of each participating Share of the relevant class, the performance fee will be equal to 20% (twenty per cent) of the increase in the Net Asset Value per Share calculated weekly above the Reference Net Asset Value per Share of that share. The Reference Net Asset Value per Share is the greater of the Net Asset Value per Share of the relevant participating share at the time of issue or acquisition of that participating share and the highest Net Asset Value per Share at any subsequent valuation date at the end of a week (other than the current valuation date) for participating shares of the relevant class subsequent to the issue or acquisition of the participating share. Accordingly, participating shares issued or acquired on different dates may have a different Reference Net Asset Value per Share. The Performance Fee in respect of each calculation period will be calculated by reference to the Net Asset Value before deduction for any accrued Performance Fee.

The Performance Fee is normally payable in arrears within 14 calendar days of the end of the week or month as applicable. If the Investment Management Agreement is terminated other than at the end of a week, the date of termination will be deemed to be the end of the week.

To the extent that Performance Fee is accrued with respect to private equity projects (as determined by the Directors), however, the payable amount will be 20% (twenty per cent) of the total Performance Fee accrued, subject to the approval of the Directors of the Fund, and the remaining 80% (eighty per cent) will remain accrued but not paid until a liquidity event in respect of the relevant asset(s) has/have occurred meaning either:

- the sale or disposal (including receipt of sale proceeds in full) of the asset in question; or
- if the asset is not sold but held and generates cash flow for the Fund, then once the asset has generated sufficient cumulative cash flows to the Fund in the amount of the Fund's investment cost in full for that asset plus the accrued total performance fee in full allocable to that particular asset (paid plus unpaid) to the satisfaction of the Directors, then any Performance Fee accrued and not paid in respect of that asset will become payable.

# Montreux Natural Resources Fund

## Notes to the Financial Statements (continued)

For the year ended 31 March 2021

### 7. Fees and expenses (continued)

#### Performance fee (continued)

The Investment Manager may from time to time and at its sole discretion and out of its own resources decide to rebate to intermediaries and/or Shareholders part or all of the Management Fee and/or Performance Fees. Any such rebates may be applied in paying up additional participating shares to be issued to the Shareholder, or may (at the discretion of the Investment Manager) be paid in cash. As the fund is currently suspended, there is no Performance Fee expense in the current year.

#### Administration fee

The Fund has appointed Suntera Fund Services (IOM) Limited (the "Administrator") to serve as its administrator pursuant to an Administration Agreement between the Fund and the Administrator (the "Administration Agreement") effective 1 October 2018. The Administrator receives from the Fund an annual administration fee (the "Administration Fee") which is equal to 12 basis points ad-valorem of net asset value greater than USD32,500,000 subject to minimum annual fee of USD19,000.

The Fund shall reimburse the Administrator for incurred out of pocket expenses which is 10% of the Administration Fee. Additionally the Administrator receives a set up/re-structuring fee of USD3,000. During the year ended 31 March 2021, Administration Fees of USD19,000 were incurred, (2020: USD19,000 ), out of which USD6,333 (2020: USD1,584) is outstanding as at 31 March 2021.

#### Directors' fee

The Fund will pay fees to the Directors. The remuneration of the Directors shall be determined from time to time by the holders of the Voting Shares.

### 8. Cash and cash equivalents

	2021 USD	2020 USD
Bank balances	48,052	100,327

### 9. Interest income

	2021 USD	2020 USD
Interest on loans	677,618	882,341

# Montreux Natural Resources Fund

## Notes to the Financial Statements (continued)

For the year ended 31 March 2021

### 10. Share capital

The authorised share capital of the Fund is USD 50,000 divided into 4,999,900 Redeemable Shares of a nominal or par value of USD0.01 each and 100 Voting Shares of a nominal or par value of USD0.01 each, all of which have been issued and held by the Investment Manager, provided always that subject to the Companies Law and the Articles of Association the Fund shall have power to redeem or purchase any of its shares and to sub-divide or consolidate the said shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority, special privilege or other rights or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be ordinary, preference or otherwise shall be subject to the powers on the part of the Fund here in before provided.

	2021	2020
<b>Number of voting shares at beginning of the year</b>	1	1
Subscription during the year	-	-
Number of voting shares at the end of the year	<u>1</u>	<u>1</u>

These voting shares are held by the Investment Manager of the Fund.

	2021 Class A
<b>Number of voting shares at beginning of the year</b>	162,195.84
Subscription during the year	-
Redemption during the year	-
Number of voting shares at the end of the year	<u>162,195.84</u>

	Class G GBP 2021	Class G USD 2021	Class G EUR 2021
<b>Number of redeemable shares at beginning of the year</b>	3,479.57	17,110.91	249.61
Subscriptions during the year	-	-	-
Equalisation deficit settlement	-	-	-
<b>Number of redeemable shares at end of the year</b>	<u>3,479.57</u>	<u>17,110.91</u>	<u>249.61</u>

	2020 Class A
<b>Number of voting shares at beginning of the year</b>	162,195.84
Subscription during the year	-
Redemption during the year	-
<b>Number of voting shares at the end of the year</b>	<u>162,195.84</u>

# Montreux Natural Resources Fund

## Notes to the Financial Statements (continued)

For the year ended 31 March 2021

### 10. Share capital (continued)

	<b>Class G GBP 2020</b>	<b>Class G USD 2020</b>	<b>Class G EUR 2020</b>
<b>Number of redeemable shares at beginning of the year</b>	3,479.57	17,110.91	249.61
Subscriptions during the year	-	-	-
Equalisation deficit settlement	-	-	-
<b>Number of redeemable shares at end of the year</b>	<u>3,479.57</u>	<u>17,110.91</u>	<u>249.61</u>

In accordance with the Private Placing Memorandum (the "PPM"), in calculating the net assets attributable to holders of redeemable shares (the "NAV"), the Fund amortised the preliminary establishment expenses over 60 months and valued its investments at the last-traded price. In these financial statements, the Fund charged all the establishment expenses to profit or loss as incurred in accordance with IAS 39. The NAV calculated under the Private Placing Memorandum equals the NAV shown in the financial statements at the year end. The reconciliation is below:

	<b>2021 USD</b>
NAV as stated in the financial statements	15,441,972
Adjustments for unamortised establishment expenses	-
Adjustment of timing difference	-
NAV valued in accordance with the Private Placing Memorandum	<u>15,441,972</u>
<b>Number of redeemable shares in issue</b>	
Class A	162,195.84
Class G USD	17,110.91
Class G GBP	3,479.57
Class G EUR	249.61
<b>Net asset value per redeemable share in accordance with the Private Placing Memorandum</b>	
Class A	90.16
Class G USD	38.10
Class G GBP	45.61
Class G EUR	28.72

# Montreux Natural Resources Fund

## Notes to the Financial Statements (continued)

For the year ended 31 March 2021

### 10. Share capital (continued)

	<b>2020</b>
	<b>USD</b>
NAV as stated in the financial statements	15,205,385
Adjustments for unamortised establishment expenses	-
Adjustment of timing difference	-
NAV valued in accordance with the Private Placing Memorandum	<u>15,205,385</u>
<b>Number of redeemable shares in issue</b>	
Class A	162,195.84
Class G USD	17,110.92
Class G GBP	3,479.57
Class G EUR	249.61
<b>Net asset value per redeemable share</b>	
<b>in accordance with the Private Placing Memorandum</b>	
Class A	88.87
Class G USD	37.55
Class G GBP	40.94
Class G EUR	26.89

### Share premium

As per the PPM of the Fund, redeemable shares will be offered at a Subscription Price of USD100,000 during the offering period. Subsequent subscriptions will be issued at the Net Asset Value as at the immediately preceding Valuation Date. The Fund reserves the right to raise or lower the minimum initial subscription amount. Upon exercise of share subscription, the cash proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

### 11. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the case of the Fund, related parties, as defined in IAS 24 Related Party Disclosures ("IAS 24") (revised), include major shareholders of the Fund and companies of whom they are principal owners and key management personnel. Transactions are entered into with related parties on agreed terms and conditions approved by Management.

The Fund finalised the sale of its 50% shareholding in GRB Mining Limited to Aurum Group Holdings Limited, a related company to the Investment Manager, on the basis of a common majority shareholder, for a market based total consideration of USD15,000,000, of which USD1,324,000 was payable on the agreement date, USD1,324,000 payable by the first business day falling 3 months after the agreement date and USD12,352,000 to be settled on or before the second anniversary of the second payment date, with the final payment of USD12,352,000 dependent on the asset reaching full production. This agreement was concluded in September 2018, with the first payment received on 28 September 2018 and the second payment on 28 January 2019. A further payment of USD105,324 was received on 12 December 2019. The final payment is due to be received on or before 29 January 2021, dependent on the asset reaching full production. As at the end of the year, the asset has not reached full production, and as such the USD12,246,676 has not been recorded as an asset in the financial statements.

# Montreux Natural Resources Fund

## Notes to the Financial Statements (continued)

For the year ended 31 March 2021

### 11. Related party transactions (continued)

Oliver Harris, Clive Rooney and Barry Monks, Directors of the Fund, are also Directors of Twin Oaks Holdings Limited, from which part of the loan and interest balances are receivable. In the current year, there were no drawdowns and re-assignments from the facility by Twin Oaks (2020: Nil) and as at 31 March 2021, the capital and interest balance receivable is USD6,134,802 (2020: USD5,722,402).

Clive Rooney, a Director of the Fund, is also a Director of GMM Cayman Limited, from which part of the loan and interest balances are receivable. In the current year, drawdowns from the facility by GMM Cayman Limited were USDNIL (2020: USDNIL) and as at 31 March 2021, the capital and interest balance receivable is USD3,888,420 (2020: USD3,723,202).

Oliver Harris and Barry Monks, Directors of the Fund, are also Directors of Aurum Holdings (IOM) Limited, from which the sale of loan balance is receivable. As at 31 March 2021, the balance receivable from the sale of loan is USD5,180,347 (2020: USD5,739,160).

Transactions and balances with related parties are as follows:

	<b>2021</b>	<b>2020</b>
	<b>USD</b>	<b>USD</b>
<b>Transactions during the year</b>		
Management fee	272,956	297,836
Directors' fees	75,000	75,000
<b>Balances as at the year end</b>		
<b>Included in liabilities:</b>		
Management fee payable	151,160	419,639
Directors' fee payable	74,853	37,353

Included within Directors' fees are amounts paid to Oliver Harris, who is also a Director of the Investment Manager. Directors' fees are disclosed in other expenses in the statement of comprehensive income.

### 12. Contingent liabilities and commitments

There were no significant contingent liabilities at the reporting date. The Fund has no external capital commitments as of the operating date.

### 13. Subsequent events

The Investment Manager, Montreux Capital Management (Cayman) terminated their agreement with the Fund on 2 August 2022. Russell Smith and Declan Magennis of BDO CRI (Cayman) Limited were appointed as liquidators to the Investment Manager 7 July 2022. Montreux Capital Management (Cayman) was dissolved 13 December 2022.

The Custodian, Cayman National Bank (Isle of Man) Limited terminated their agreement with the Fund 26 January 2022.

The financial statements were approved by the Board of Directors on 28th February 2023.