

ASA Gold & Precious Metals Ltd  
Form N-CSRS  
July 22, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-21650

ASA Gold and Precious Metals Limited  
(Exact name of registrant as specified in charter)

400 S. El Camino Real, Suite 710, San Mateo, CA  
(Address of principal executive offices)

94402  
(Zip code)

JP Morgan Chase Bank, N.A.  
3 MetroTech Center, 6<sup>th</sup> Floor  
Brooklyn, New York 11245  
(Name and address of agent for service)

Registrant's telephone number,  
including area code: 650-376-3135

Date of fiscal year end: November 30

Date of reporting period: May 31, 2014

---

Item 1. Semi-Annual Report

**Letter to Shareholders**

Investor sentiment for gold and precious metals reflected a more balanced view during the last six months from the one-sided selling witnessed during the prior year. For the fiscal six month period ending May 31, 2014, gold traded in a narrow range of \$1,195 to \$1,385 per ounce based on the London P.M. gold fix. The lack of price momentum reflects investor uncertainty regarding the global economy, international geopolitical events and the pace of economic recovery in the United States, as no clear direction emerged during the period. Sentiment for gold mining shares, however, improved in this environment as many funds found themselves significantly underweight an industry that was showing improved capital discipline and cost control and was ripe for merger and acquisition activity (“M&A”).

At May 31, 2014, ASA Gold and Precious Metals Limited (“ASA” or the “Company”) reported a net asset value (“NAV”) of \$13.82. For the six month period ending May 31, 2014, the Company enjoyed a total return of 6.6%, outperforming the FTSE Gold Mines Total Return Index return of 3.0% for the same period. The ASA share price returned 2.2% for the period, closing at \$13.04 on May 31, 2014. Both the ASA share price and NAV outperformed the gold price, which closed at \$1,250 for the period and returned negative 0.2%.

Despite an increase in the discount at which ASA’s shares traded during the period, the average discount during the last six months of 5.3%, was an improvement over the average discount of 6.1% during the same period of 2013. ASA’s share price has traded at a progressively lower average discount during the last five years, in large part due to an increase in the Company’s continued marketing efforts, active portfolio management and an effective discount management program enacted by the Board of Directors. The Company maintains its share repurchase program although no shares were acquired in the last six months. The Board continues to closely monitor the discount and reviews the discount management program regularly.

During the last six months, ASA distributed \$0.02 per share to shareholders, versus \$0.03 per share in first six months of 2013. The reduction in dividend distributions during the most recent period is a reflection of lower income received from the Company’s investments. Within the global mining industry, rising operating costs and lower commodity prices have continued to negatively impact dividend distributions. Without a sustained improvement in commodity prices, it is likely that future distributions from ASA may be lower than in prior years.

**Market Observations**

The considerable decline in the gold price last year and the significant decrease in investor appetite for the financing of new gold mining projects have had a dramatic impact on the development pipeline for new mining projects. From fiscal year 2010 through fiscal year 2013, the number of equity financings of precious metals companies decreased by over 75% and the total dollars raised declined by over 45%. While the negative sentiment, along with the volume of

financings, appear to have bottomed in late 2013, the sector did not experience a rebound during the first half of 2014 as the total dollar value of equity offerings remained at very low levels. Capital has remained scarce in the mining industry as

investors have become more risk averse due to significant commodity price volatility and poor capital allocation decisions in prior periods.

The industry focus on cost containment and capital preservation slowed corporate M&A activity throughout the sector during the last twelve months as mining companies looked inward to reduce operating costs and overhead. The volume of M&A transactions completed in the precious metals space in 2013 declined 37% from its peak in 2010. The first half of 2014 has seen even fewer transactions, and is on track to set a new low for both the number and dollar values of M&A deals in the precious metals sector. This, combined with the lack of equity financings, has resulted in the delay of both the exploration and development of new projects in the industry.

Despite the limited capital available to gold mining companies, we expect global gold production will increase in 2014 as it did in 2013, due to the number of new mines that began development in recent years. This growth is expected to peak during 2014 before declining in the coming years. It is anticipated that new mine discovery and development will slow considerably going forward as recent industry reductions in capital expenditures and exploration take effect. The expected decline in future gold production is likely to lead to a new round of consolidation in the mining sector as senior gold producers will likely turn to acquisitions to find growth and replace depleted resources.

During the last six months, ASA increased its allocation to exploration and development companies. All of these investments were aimed at companies with undeveloped mining assets that we believe are financeable in the present environment or may be candidates for M&A activity due to the quality of the assets and lack of growth within the broader industry.

## **Portfolio Diversification**

ASA's investments in platinum, palladium, silver and diamonds have been important components of the portfolio through many cycles. This diverse precious metals strategy sets us apart from many gold equity indices, ETFs and other actively managed funds, and has contributed to our outperformance compared to the FTSE Gold Mines Index since it was established as our benchmark.

ASA's allocation to gold equities, which has ranged from 67.6% to 84.1% over the last eight years, is currently 71.5% of assets. While ASA does not have a target allocation to gold equities, we manage our exposure to precious metals based on individual investment opportunities and our view of the prospects for each metal. Historically, platinum miners have been the Company's largest allocation outside of gold miners. In recent years, however, ASA has decreased its exposure to platinum

### **Chart 1: ASA Metals Allocation**

Source: ASA

2

miners in favor of other opportunities. ASA's allocation to silver, copper and diamond companies has increased in the last few years as we have identified compelling investment opportunities in those commodities.

In 2010, we identified Tahoe Resources, a silver company, as an investment opportunity that met our investment criteria of high quality assets with a strong management team. The investment has grown from a 1.4% position when purchased in 2010, to 6.3% of net assets as of May 31, 2014, due entirely to this company's strong relative performance. During this period, Tahoe successfully navigated from its initial public offering through project financing, construction and ramp up of its top tier Escobal silver project in Guatemala. Tahoe was one of the largest contributors to performance during the six months ending May 31, 2014, as Escobal attained commercial production during the period.

Another example of our diversification strategy is our recently increased investment in Stornoway Diamond Corporation. Stornoway has begun construction of a new diamond mine located in Quebec, Canada. ASA has extensively researched the project and is encouraged by the future prospects for this company. From a commodity perspective, we like the long-term outlook for diamonds and believe that its low correlation to gold will be a good diversifier for the portfolio.

### **Changes to the Portfolio**

In addition to Stornoway, the Company made new investments in two gold companies, Amara Mining plc and Primero Mining Corp., and increased its investment in Torex Gold Resources Inc. Amara recently released a positive study on an exploration project in the Ivory Coast that we believe is undervalued by the market. Primero is a producer with two mines in safe jurisdictions, Canada and Mexico. Primero's team is experienced at operating underground and can add value by improving operations and continuing to add to resources at both projects. ASA also increased its investment in Torex to assist with the financing of the construction of Torex's Morelos project that is now well underway.

The majority of the securities that were sold during the period were from investments which had outperformed over time and were trimmed to maintain balance in the portfolio. We reduced the Company's investments in Goldcorp Inc., Tahoe Resources and Randgold Resources to maintain our intended diversification as their strong performance had increased their weight in the portfolio. We also reduced the Company's investment in Compañía de Minas Buenaventura SAA as we sought investments with a higher return potential.

ASA continues to seek investments in high quality companies led by strong management teams, with a long term focus. We anticipate that the precious metals industry will continue to experience large,

**Chart 2:** Portfolio Allocation – May 31, 2014

Source: ASA, totals may not equal 100% due to independent rounding





This shareholder letter does not constitute an offer to sell or solicitation of an offer to buy any securities.

### **Certain Investment Policies and Restrictions (Unaudited)**

The following is a summary of certain of the Company's investment policies and restrictions and is subject to the more complete statements contained in documents filed with the Securities and Exchange Commission.

**The concentration of investments in a particular industry or group of industries.** It is a fundamental policy (i.e., a policy that may be changed only by shareholder vote) of the Company that at least 80% of its total assets be (i) invested in common shares or securities convertible into common shares of companies engaged, directly or indirectly, in the exploration, mining or processing of gold, silver, platinum, diamonds or other precious minerals, (ii) held as bullion or other direct forms of gold, silver, platinum or other precious minerals, (iii) invested in instruments representing interests in gold, silver, platinum or other precious minerals such as certificates of deposit therefor, and/or (iv) invested in securities of investment companies, including exchange traded funds, or other securities that seek to replicate the price movement of gold, silver or platinum bullion. Compliance with the percentage limitation relating to the concentration of the Company's investments will be measured at the time of investment. If investment opportunities deemed by the Company to be attractive are not available in the types of securities referred to in the preceding paragraph, the Company may deviate from the investment policy outlined in that paragraph and make temporary investments of unlimited amounts in securities issued by the U.S. Government, its agencies or instrumentalities or other high quality money market instruments.

**The percentage of voting securities of any one issuer that the company may acquire.** It is a non-fundamental policy (i.e., a policy that may be changed by the Board of Directors) of the Company that the Company shall not purchase a security if, at the time of purchase, more than 20% of the value of its total assets would be invested in securities of the issuer of such security.

### **Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of ASA Gold and Precious Metals Limited

We have reviewed the accompanying consolidated statement of assets and liabilities of ASA Gold and Precious Metals Limited (the "Company"), including the consolidated schedule of investments, as of May 31, 2014 and May 31, 2013, and the related consolidated statement of operations for the six month periods ended May 31, 2014 and May 31, 2013, the consolidated statement of changes in net assets for the six month period ended May 31, 2014, and the financial highlights for the six-month periods ended May 31, 2014 and May 31, 2013. These financial statements and financial highlights are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the interim financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board, the statement of changes in net assets for the year ended November 30, 2013 and the financial highlights for each of the two years in the period ended November 30, 2013, and in our report dated January 20, 2014, we expressed an unqualified opinion on those financial statements and financial highlights. Other auditors have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board, the financial highlights for each of the three years in the period ended November 30, 2011 and in their report, dated January 24, 2012, they expressed an unqualified opinion on those financial highlights.

Tait, Weller & Baker LLP  
Philadelphia, Pennsylvania  
July 14, 2014

**Consolidated Schedule of Investments  
(Unaudited)**

May 31, 2014 and May 31, 2013	2014			2013		
Name of Company	Shares/ Principal Amount	Value	Percent of Net Assets	Shares/ Principal Amount	Value	Percent of Net Assets
Common Shares						
Gold and Silver Investments						
Gold mining, exploration, development and royalty companies						
Australia						
Newcrest Mining Limited, (1)(2)	1,315,000	\$11,848,150	4.4 %	1,315,000	\$18,054,950	6.0 %
Silver Lake Resources Limited, (3)	3,300,000	1,044,694	0.4	1,550,000	1,201,639	0.4
		12,892,844	4.8		19,256,589	6.4
Canada						
Agnico Eagle Mines Limited	429,300	12,982,032	4.9	429,300	13,741,893	4.5
Alacer Gold Corp.	918,200	2,006,393	0.8	1,343,400	2,900,449	1.0
Argonaut Gold Inc., (3)	430,000	1,466,900	0.6	393,000	2,981,118	1.0
B2Gold Corp., (3)	994,338	2,411,128	0.9	994,338	2,501,419	0.8
Barrick Gold Corporation	1,400,000	22,554,000	8.5	1,150,000	24,288,000	8.0
Belo Sun Mining Corp., (3)	2,600,000	503,411	0.2	2,600,000	1,553,735	0.5
Centerra Gold Inc.	625,000	2,656,509	1.0	625,000	2,301,205	0.8
Detour Gold Corporation, (3)	250,000	2,394,892	0.9	250,000	2,573,494	0.9
Eldorado Gold Corporation	650,000	3,737,500	1.4	650,000	5,180,500	1.7
Franco-Nevada Corporation	225,000	10,436,797	3.9	225,000	9,381,687	3.1
Goldcorp Inc.	967,400	22,608,138	8.5	1,082,400	31,508,664	10.4
Kinross Gold Corporation, (1)	1,000,000	3,780,000	1.4	1,000,000	6,410,000	2.1
New Gold Inc., (3)	600,000	3,168,000	1.2	600,000	4,086,000	1.4
Primero Mining Corp, (3)	200,000	1,272,000	0.5	—	—	—
Osisko Mining Corporation, (3)	—	—	—	1,292,400	5,555,763	1.8
Torex Gold Resources Inc., (3)	2,150,000	2,418,403	0.9	1,900,000	3,113,253	1.0
Torex Gold Resources Inc. – 144A, (3)(4)	1,250,000	1,406,048	0.5	—	—	—
West Kirkland Mining Inc., (3)(5)	909,091	92,200	0.0	909,091	131,435	0.0
		95,894,352	36.0		118,208,614	39.1
Channel Islands						
Randgold Resources Limited – ADRs	382,200	28,256,046	10.6	419,700	32,896,086	10.9
Peru						
Compañía de Minas Buenaventura S.A.A. – ADRs	799,000	8,541,310	3.2	909,000	16,316,550	5.4
South Africa						
AngloGold Ashanti Limited	593,194	9,366,533	3.5	593,194	10,760,539	3.6
Gold Fields Limited	1,029,577	3,644,703	1.4	1,029,577	6,249,532	2.1
Harmony Gold Mining Company Limited, (1)	400,000	1,060,000	0.4	400,000	1,672,000	0.6
Sibanye Gold Limited, (6)	1,029,577	2,527,612	0.9	1,029,577	931,767	0.3
		16,598,847	6.2		19,613,839	6.5
United Kingdom						
Amara Mining plc, (3)	3,777,292	1,075,905	0.4	—	—	—

United States

&n