

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Prospectus, you should consult a person appropriately authorised for the purposes of the Financial Services and Markets Act 2000, as amended (FSMA) who specialises in advising on the acquisition of shares and other securities.**

A copy of this Prospectus, which comprises a prospectus relating to Baker Steel Resources Trust Limited (the **Company**), prepared in accordance with the Prospectus Rules of the Financial Conduct Authority made pursuant to section 85 of FSMA, has been delivered to the Financial Conduct Authority and has been made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

Applications will be made to the Financial Conduct Authority for all of the New Ordinary Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market. It is expected that such admission will become effective, and that dealings in the New Ordinary Shares will commence on 25 February 2015.

The Existing Ordinary Shares are not and the New Ordinary Shares will not be dealt on any other recognised investment exchanges and no applications for the Existing Ordinary Shares and/or the New Ordinary Shares to be traded on such other exchanges have been made or are expected.

The Company and its Directors, whose names appear on page 37 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read this entire document and, in particular, the matters set out under the heading "Risk Factors" on pages 19 to 32 of this Prospectus when considering an investment in the Company.

## **BAKER STEEL RESOURCES TRUST LIMITED**

*(A closed-ended investment company incorporated in Guernsey with registered number 51576 under the provisions of The Companies (Guernsey) Law, 2008 as amended)*

### **Issue of Acquisition Shares as consideration for an Acquisition of assets**

#### **Initial Placing and Open Offer to raise up to £100 million**

#### **Placing Programme of New Ordinary Shares, subject to a maximum of £100 million being raised pursuant to the Initial Placing, the Open Offer and the Placing Programme**

#### **Admission to the Official List and trading on the London Stock Exchange's main market for listed securities**

#### **Information relating to the prior issue of 5,561,243 Ordinary Shares**

Sponsor and Placing Agent

**Numis Securities Limited**

Investment Manager

**Baker Steel Capital Managers LLP**

Investment Advisers

**AWR Lloyd Capital Limited**

**Rock Capital Partners Limited**

Numis Securities Limited (**Numis** or the **Sponsor**), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and for no-one else in connection with the Proposals or the matters referred to in this Prospectus, will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Initial Issue or the Placing Programme and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Proposals or any transaction or arrangement referred to in this Prospectus.

The New Ordinary Shares offered by this Prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the **U.S. Securities Act**), or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, in or into the United States or to or for the account or benefit of any U.S. person (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. In addition, the Company has not been, and will not be, registered under the United States Investment Company Act of 1940, as amended, (the **U.S. Investment Company Act**), nor will the Investment Manager be registered as an adviser under the United States Investment Advisers Act of 1940, as amended (the **U.S. Investment Advisers Act**), and investors will not be entitled to the benefits of the U.S. Investment Company Act or the U.S. Investment Advisers Act.

Prospective investors should consider carefully (to the extent relevant to them) the notices to residents of various countries set out on pages 40 to 42 of this Prospectus.

This document is dated 26 January 2015

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## SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

<b>Section A – Introduction and warnings</b>		
<b>Element</b>	<b>Disclosure Requirement</b>	<b>Disclosure</b>
A.1	Warning	This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating such prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable. The Company is not engaging any financial intermediaries for any resale of securities or final placement of securities requiring a prospectus after publication of this document.

<b>Section B – Issuer</b>		
<b>Element</b>	<b>Disclosure Requirement</b>	<b>Disclosure</b>
B.1	Legal and commercial name	The issuer’s legal and commercial name is Baker Steel Resources Trust Limited.
B.2	Domicile and legal form	The Company was incorporated with limited liability in Guernsey under the Companies (Guernsey) Law, 2008 on 9 March 2010 with registered number 51576.
B.5	Group description	The Company does not have any subsidiary undertakings.

B.6	Notifiable interests	<p>As at the close of business on 23 January 2015 (the latest practicable date prior to the publication of this Prospectus), the interests of the Directors and their connected persons in the share capital of the Company were as follows:</p> <table border="1" data-bbox="635 293 1436 582"> <thead> <tr> <th></th> <th style="text-align: right;">Number of Ordinary Shares</th> <th style="text-align: right;">% of issued Ordinary Share Capital</th> </tr> </thead> <tbody> <tr> <td><b>Director</b></td> <td></td> <td></td> </tr> <tr> <td>Howard Myles</td> <td style="text-align: right;">—</td> <td style="text-align: right;">—</td> </tr> <tr> <td>Christopher Sherwell</td> <td style="text-align: right;">25,000</td> <td style="text-align: right;">0.03</td> </tr> <tr> <td>Charles Hansard</td> <td style="text-align: right;">—</td> <td style="text-align: right;">—</td> </tr> <tr> <td>Clive Newall</td> <td style="text-align: right;">25,000</td> <td style="text-align: right;">0.03</td> </tr> <tr> <td>Edward Flood</td> <td style="text-align: right;">65,000</td> <td style="text-align: right;">0.09</td> </tr> </tbody> </table> <p>Insofar as known to the Company, as at the close of business on 23 January 2015 (the latest practicable date prior to the publication of this Prospectus), the following registered holdings representing a direct or indirect interest of five per cent. or more of the Company's issued share capital were recorded on the Company's share register:</p> <table border="1" data-bbox="635 808 1436 1131"> <thead> <tr> <th></th> <th style="text-align: right;">Number of Ordinary Shares</th> <th style="text-align: right;">% of issued Ordinary Share Capital</th> </tr> </thead> <tbody> <tr> <td><b>Shareholder</b></td> <td></td> <td></td> </tr> <tr> <td>Harewood Nominees Limited</td> <td style="text-align: right;">14,171,300</td> <td style="text-align: right;">19.76</td> </tr> <tr> <td>State Street Nominees Limited</td> <td style="text-align: right;">8,424,777</td> <td style="text-align: right;">11.75</td> </tr> <tr> <td>The Bank of New York (Nominees) Limited</td> <td style="text-align: right;">6,080,000</td> <td style="text-align: right;">8.48</td> </tr> <tr> <td>The Bank of New York (Nominees) Limited</td> <td style="text-align: right;">3,874,325</td> <td style="text-align: right;">5.40</td> </tr> </tbody> </table> <p>In addition Baker Capital Managers LLP holds 10,000 Management Ordinary Shares representing 100 per cent. of the Management Ordinary Shares in issue.</p> <p>The Company is not aware of any person or person who, directly or indirectly, jointly or severally, exercises control of the Company.</p>		Number of Ordinary Shares	% of issued Ordinary Share Capital	<b>Director</b>			Howard Myles	—	—	Christopher Sherwell	25,000	0.03	Charles Hansard	—	—	Clive Newall	25,000	0.03	Edward Flood	65,000	0.09		Number of Ordinary Shares	% of issued Ordinary Share Capital	<b>Shareholder</b>			Harewood Nominees Limited	14,171,300	19.76	State Street Nominees Limited	8,424,777	11.75	The Bank of New York (Nominees) Limited	6,080,000	8.48	The Bank of New York (Nominees) Limited	3,874,325	5.40
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B.7	Key financial information	<p>The key figures that summarise the Company's financial condition for the periods ended 31 December 2011, 2012 and 2013 and for the six months ended 30 June 2013 and 2014 are set out below:</p> <table border="1" data-bbox="635 1467 1436 1747"> <thead> <tr> <th></th> <th style="text-align: right;">Year ended 31 December 2011 (unaudited)</th> <th style="text-align: right;">Year ended 31 December 2012 (unaudited)</th> <th style="text-align: right;">Year ended 31 December 2013 (unaudited)</th> <th style="text-align: right;">Six month period ended 30 June 2013 (unaudited)</th> <th style="text-align: right;">Six month period ended 30 June 2014 (unaudited)</th> </tr> </thead> <tbody> <tr> <td>Net assets (£'m)</td> <td style="text-align: right;">86.7</td> <td style="text-align: right;">72.2</td> <td style="text-align: right;">41.0</td> <td style="text-align: right;">46.0</td> <td style="text-align: right;">36.2</td> </tr> <tr> <td>Net asset value per share (pence)</td> <td style="text-align: right;">131.3</td> <td style="text-align: right;">109.1</td> <td style="text-align: right;">62.0</td> <td style="text-align: right;">69.6</td> <td style="text-align: right;">53.0</td> </tr> <tr> <td>Total operating income (£'m)</td> <td style="text-align: right;">24.5</td> <td style="text-align: right;">(13.0)</td> <td style="text-align: right;">(29.9)</td> <td style="text-align: right;">(24.5)</td> <td style="text-align: right;">(5.8)</td> </tr> <tr> <td>Profit and comprehensive income for the period (£'m)</td> <td style="text-align: right;">18.4</td> <td style="text-align: right;">(14.6)</td> <td style="text-align: right;">(31.2)</td> <td style="text-align: right;">(26.2)</td> <td style="text-align: right;">(6.2)</td> </tr> <tr> <td>Earnings per share (pence)</td> <td style="text-align: right;">27.9</td> <td style="text-align: right;">(22.1)</td> <td style="text-align: right;">(47.2)</td> <td style="text-align: right;">(39.6)</td> <td style="text-align: right;">(9.3)</td> </tr> </tbody> </table> <p>Save for the fall in the Company's Net Asset Value from £86.7 million as at 31 December 2011 to £36.2 million as at 30 June 2014, there has been no significant change to the Company's financial condition and operating results during the period covered by the historical financial information.</p>		Year ended 31 December 2011 (unaudited)	Year ended 31 December 2012 (unaudited)	Year ended 31 December 2013 (unaudited)	Six month period ended 30 June 2013 (unaudited)	Six month period ended 30 June 2014 (unaudited)	Net assets (£'m)	86.7	72.2	41.0	46.0	36.2	Net asset value per share (pence)	131.3	109.1	62.0	69.6	53.0	Total operating income (£'m)	24.5	(13.0)	(29.9)	(24.5)	(5.8)	Profit and comprehensive income for the period (£'m)	18.4	(14.6)	(31.2)	(26.2)	(6.2)	Earnings per share (pence)	27.9	(22.1)	(47.2)	(39.6)	(9.3)			
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		Save for the fall in the Company's Net Asset Value from £36.2 million as at 30 June 2014 to £32.2 million as at 31 December 2014 there has been no significant change to the Company's financial condition and operating results subsequent to the period covered by the historical financial information.
B.8	Key <i>pro forma</i> financial information	Not applicable.
B.9	Profit forecast	Not applicable. The Company has not made any profit forecasts.
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The audit reports on the historical financial information incorporated by reference into this Prospectus have not been qualified.
B.11	Working capital insufficiency	Not applicable. The Company believes that the working capital available to the Company is sufficient for its present requirements, which is for at least the next 12 months from the date of this Prospectus.
B.34	Investment policy	<p><i>Investment objective</i></p> <p>The Company's investment objective is to seek capital growth over the long-term through a focused, global portfolio consisting principally of the equities, or related instruments, of natural resources companies. The Company invests in unlisted companies (i.e. those companies that have not yet made an initial public offering or IPO) and in listed securities (including special situations opportunities and less liquid securities) with a view to making attractive investment returns through uplift in value resulting from development progression of the investee companies' projects and through exploiting value inherent in market inefficiencies and pricing anomalies.</p> <p><i>Investment Policy</i></p> <p>The core of the Company's strategy is to invest in natural resources companies, predominantly unlisted, that the Investment Manager considers to be undervalued and have strong fundamentals and attractive growth prospects.</p> <p>Natural resources companies, for the purposes of the investment policy, are those involved in the exploration for and production of base metals, precious metals, bulk commodities, thermal and metallurgical coals, industrial minerals, energy and uranium and include single-asset as well as diversified natural resources companies.</p> <p>It is intended that unlisted investments be realised through an IPO, trade sale, management repurchase or other methods.</p> <p>The Company focuses primarily on making investments in companies with producing assets and/or tangible assets such as resources and reserves that have been verified under internationally recognised standards for reporting, such as those of the Australasian Joint Ore Reserves Committee. The Company may also invest from time to time in exploration companies whose activities are speculative by nature.</p>

		<p>The Company has flexibility to invest in a wide range of investments in addition to unlisted and listed equities and equity-related securities, including but not limited to commodities, convertible bonds, debt securities, royalties, options, warrants and futures. Derivatives may be used for efficient portfolio management, hedging and for the purposes of obtaining investment exposure. The Company may also have exposure from time to time to other companies within the wider resources and materials sector, including services companies, transport and infrastructure companies, utilities and downstream processing companies.</p> <p>The Company may take legal or management control of a company from time to time. The Company may invest in other investment funds or vehicles, including any managed by the Manager or Investment Manager, where such investment would be complimentary to the Company's investment objective and policy.</p> <p><i>Limits</i></p> <p>There are no fixed limits on the allocation between unlisted and listed equities or equity-related securities and cash although, as a guideline, typically the Investment Manager will aim for the Company to be invested over the long-term as follows:</p> <ul style="list-style-type: none"> <li>● between 40 and 100 per cent. of the value of its gross assets in unlisted equities or equity-related securities;</li> <li>● up to 50 per cent. of the value of its gross assets in listed equities or equity-related securities;</li> <li>● up to 10 per cent. of the value of its gross assets in cash or cash-like holdings; and</li> <li>● typically in between 10 to 20 core positions to provide adequate diversification whilst retaining a focused core approach. Core positions will typically be between 5 per cent. and 15 per cent. of the NAV as at the date of acquisition.</li> </ul> <p>The actual percentage of the Company's gross assets invested in listed and unlisted equities and equity-related securities and cash and cash-like holdings and the number of positions held may fall outside these ranges from time to time. For example, listed securities might exceed the above guideline following a significant number of IPOs or in certain market conditions and likewise cash balances may exceed the above guideline following the realisation of one or more investments or following the issue of new equity in the Company, pending investment of the proceeds.</p> <p>The investment policy has the following limits:</p> <ul style="list-style-type: none"> <li>● Save in respect of cash and cash-like holdings awaiting investment, the Company will invest or lend no more than 20 per cent. in aggregate of the value of its gross assets in or to any one particular company or group of companies, as at the date of the relevant transaction.</li> <li>● No more than 10 per cent. in aggregate of the value of the gross assets of the Company may be invested in other listed closed-ended investment funds, except for those which themselves have stated investment strategies to invest no more than 15 per cent. of their gross assets in other listed closed-ended investment funds.</li> </ul> <p>Where derivatives are used for investment exposure, these limits will be applied in respect of the investment exposures so obtained.</p>
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		The Company will avoid (a) cross-financing between the businesses forming part of its investment portfolio and (b) the operation of common treasury functions as between it and the investee companies.
B.35	Borrowing limits	<p>When deemed appropriate, the Company may borrow up to 10 per cent. of NAV for temporary purposes such as settlement mismatches. Borrowings will not however be incurred for the purposes of any Share repurchases.</p> <p>The Investment Manager will not normally hedge the exposure of the Company to currency fluctuations.</p>
B.36	Regulatory status	<p>The Company is a closed-ended investment company registered with the Guernsey Financial Services Commission (the <b>Commission</b>) under the Registered Collective Investment Scheme Rules 2008 (the <b>RCIS Rules</b>).</p> <p>The Company is not authorised or regulated as a collective investment scheme by the Financial Conduct Authority.</p> <p>The Company is subject to the Listing Rules and the Disclosure and Transparency Rules of the UK Listing Authority.</p>
B.37	Typical investor	Typical investors in the Company are expected to be institutional and sophisticated investors, including UK based asset and wealth managers regulated or authorised by the FCA and some private individuals (some of whom may invest through brokers).
B.38	Investment of 20 per cent or more in single underlying asset or investment company	Not applicable.
B.39	Investment of 40 per cent or more in single underlying asset or investment company	Not applicable.
B.40	Applicant's service providers	<p><i>Manager</i></p> <p>The Manager has been appointed by the Company to act as the manager of the Company, subject to the overall control and supervision of the Directors and has been authorised to appoint the Investment Manager to manage and invest the assets of the Company.</p> <p>The Manager is paid by the Company a management fee equal to 1/12 of 1.75 per cent. of the Market Capitalisation per month from which it may, at its discretion, pay an annual trail commission to one or more strategic investors.</p> <p>The management fee is calculated and accrued as at the last Business Day of each month and is paid monthly in arrears. The Manager may in certain circumstances also be entitled to be paid a performance fee (subject, as provided in the following paragraph, to the availability of Net Realised Gains) if the Net Asset Value at the end of any Performance Period (as defined below) (having made adjustments for any issue and/or repurchase of Ordinary Shares) exceeds the Hurdle as at the end of the Performance Period. For</p>

		<p>this purpose the Hurdle means an amount equal to the IPO Issue Price of £1 per Ordinary Share multiplied by the number of Ordinary Shares and Management Ordinary Shares in issue as at the IPO Admission, as increased at a rate of 8 per cent. per annum compounded to the end of the relevant Performance Period. In respect of any Performance Period which is less than a full 12 months, the Hurdle will be applied <i>pro rata</i>. The performance fee is subject to adjustments for any issue and/or repurchase of Ordinary Shares. The Manager may, at its discretion pay trail commissions to one or more strategic investors, from the performance fee.</p> <p>The performance fee, if any, in respect of any Performance Period shall be accrued in the Company's NAV calculation each month and, save as provided in respect of repurchases during a Performance Period, shall, in whole or in part, become due and be paid only after the end of the Performance Period upon the first day as of which there are Net Realised Gains (as adjusted for performance fees previously paid otherwise than on repurchases) from which such fee or part of it may be paid. For this purpose, Net Realised Gains means all of the Company's realised gains, net of all realised losses from time to time, measured in accordance with the accounting policies.</p> <p>The amount of the performance fee (if any) is equal to 15 per cent. of the total increase in the Net Asset Value at the end of the relevant Performance Period over the highest previously recorded Net Asset Value as at the end of a Performance Period in respect of which a performance fee was last accrued, (or the IPO Issue Price multiplied by the number of Ordinary Shares and Management Ordinary Shares in issue as at the IPO Admission, if no performance fee has been so accrued), having made adjustments for any Ordinary Shares issued and/or repurchased as described above.</p> <p>The Management Agreement is terminable on 12 months' notice given by either party. The Management Agreement is terminable on 90 days' notice in writing if the Manager shall commit any material breach of its obligations under the Management Agreement and, if such breach is capable of being made good, shall fail to make good such breach within 30 days of receipt of written notice from the Company requiring it so to do.</p> <p><i>Investment Manager</i></p> <p>The Investment Manager has been appointed by the Company and the Manager to provide investment management services to the Company and has full discretion, subject to compliance with the Company's investment objective, investment approach, investment restrictions and the AIFMD Rules, to manage and invest the assets of the Company.</p> <p>The Investment Manager has been appointed as the AIFM of the Company and has been given sole responsibility for the Company's portfolio and risk management functions. The Investment Manager is also responsible for the valuation of the assets of the Company, the calculation and publication of the Net Asset Value and the Net Asset Value per Share. The Company, with the consent of the Investment Manager, has delegated the responsibility for the calculation and publication of the Net Asset Value and the Net Asset Value per Share to HSBC Securities Services (Guernsey) Limited.</p> <p>The Investment Manager is paid by the Manager and is not separately remunerated by the Company.</p>
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		<p>The Investment Management Agreement pursuant to which the Company and the Manager have appointed the Investment Manager is terminable by any party giving the other parties not less than 12 months' written notice.</p> <p><i>Investment Advisers</i></p> <p>AWR Lloyd Capital and Rock Capital have been appointed by the Investment Manager to provide it with investment advice in relation to the Company.</p> <p>The Investment Manager, and not the Company, is responsible for the remuneration payable to the Investments Advisers for their services as investment advisers.</p> <p>The Company is in negotiations with Salamanca Group Advisers Limited to acquire certain assets owned in common from Salamanca's clients which, if completed, is expected to result in Salamanca becoming an additional Investment Adviser. The Investment Manager, and not the Company, would be responsible for the remuneration payable to Salamanca for its services as investment adviser.</p> <p><i>Secretarial and administration agreements</i></p> <p>The Company has appointed HSBC Securities Services (Guernsey) Limited as administrator and company secretary pursuant to the Administration Agreement.</p> <p>HSBC Securities Services (Guernsey) Limited performs, or will procure the performance of, all general administrative and company secretarial tasks for the Company, including maintaining its financial records and the organising of shareholder meetings.</p> <p>The Administrator may, subject to prior notification to the Directors, delegate some or all of its functions to the Sub-Administrator, HSBC Securities Services (Ireland) Limited. The Administrator has delegated certain of its functions to HSBC Securities Services (Ireland) Limited. The Administrator is responsible for the actions of HSBC Securities Services (Ireland) Limited. For the avoidance of doubt, any such delegation will not relieve the Administrator of its obligations to the Company.</p> <p>The fees paid to the Administrator are equal to (i) 7 basis points of gross asset value in respect of gross asset value of up to US\$250 million and (ii) 5 basis points of gross asset value in respect of gross asset value in excess of US\$250 million, subject to a minimum of €60,000 per annum or such other amount as may be agreed between the Company and the Administrator from time to time in accordance with the Administration Agreement. The Administrator will also be reimbursed by the Company for reasonable out-of-pocket expenses.</p> <p>These fees accrue and are calculated as at the last Business Day of each month and are paid monthly in arrears.</p> <p>The Administrator is also entitled to a fee for its provision of corporate secretarial services provided to the Company on a time spent basis and which is subject to a minimum annual fee of £40,000.</p> <p>The Company is also responsible for any sub-administration fees as agreed in writing from time to time, and reasonable out-of-pocket expenses. The Administrator is also entitled to fees of €5,000 for preparation of the financial statements of the Company.</p>
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		<p><i>Safekeeping and Monitoring Agent</i></p> <p>The Company has appointed HSBC Institutional Trust Services (Ireland) Limited as the safekeeping and monitoring agent of the Company pursuant to the Services Agreement.</p> <p>The Safekeeping and Monitoring Agent provides such services as have been agreed in the Services Agreement and subject to such terms set out therein including: safekeeping of the Company's assets; cash monitoring; oversight functions and such other services as are agreed. The Safekeeping and Monitoring Agent has certain tax information-gathering, reporting and withholding obligations relating to payments arising in respect of assets held by the Safekeeping and Monitoring Agent or a sub-custodian.</p> <p>The Safekeeping and Monitoring Agent, in respect of its services as described above, receives such fees from the Company as may be agreed from time to time at commercial rates. The Safekeeping and Monitoring Agent will also be reimbursed by the Company for all reasonable fees, costs, charges and other expenses properly incurred by the Safekeeping and Monitoring Agent or its delegates appointed, or any settlement system used, by the Safekeeping and Monitoring Agent in performing the services under the Services Agreement.</p> <p><i>Other arrangements</i></p> <p>The Company's receiving agent in relation to the Open Offer is Capita Asset Services (the <b>Receiving Agent</b>) which has been appointed pursuant to the terms of a receiving agent agreement dated 26 January 2015.</p> <p>The Receiving Agent is entitled to various fees for services provided, including a minimum aggregate advisory fee and a processing fee in relation to the Open Offer, as well as reasonable out of pocket expenses.</p> <p>The Company utilises the services of Capita Registrars (Guernsey) Limited as registrar in relation to the transfer and settlement of Ordinary Shares held in uncertificated form.</p> <p>Given that the fees payable under the Registrar Agreement are calculated as a multiple of the number of Shareholders admitted to the register each year plus a multiple of the number of share transfers made each year, there is no maximum amount payable under the Registrar Agreement, however, the minimum charge per annum is £10,000.</p> <p>Ernst &amp; Young LLP provides audit services to the Company. The annual report and accounts are prepared according to accounting standards in line with IFRS.</p>
B.41	Regulatory status of investment manager	The Investment Manager was incorporated in England and Wales on 19 December 2001 under the Companies Act 1985 (registered number OC301191). It has been authorised and regulated in the UK by the Financial Conduct Authority (and its predecessors) since 25 April 2002 (Financial Conduct Authority registration number 208317).
B.42	Calculation of Net Asset Value	The Investment Manager is responsible for carrying out the fair market valuation of the Company's investments which is presented to the Directors for their approval and adoption. The Administrator calculates the Net Asset Value and Net Asset Value per Ordinary Share on a monthly basis. These calculations are reported to

		Shareholders in the Company's annual report and interim financial statements.																																																																																											
B.43	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.																																																																																											
B.44	Key financial information	The Company has commenced operations and historical financial information is included in this Prospectus.																																																																																											
B.45	Portfolio	<p>As the date of this document, the following assets represented 1 per cent. or more of the Current Portfolio by value:</p> <table border="1"> <thead> <tr> <th></th> <th>Asset</th> <th>Sector</th> <th>Location</th> <th>Nature of Investment</th> <th>Listed/Unlisted Investment</th> <th>Value (£m) (unaudited)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Black Pearl Limited Partnership</td> <td>Iron Ore</td> <td>Indonesia</td> <td>Loan Notes</td> <td>Unlisted</td> <td>6.47</td> </tr> <tr> <td>2</td> <td>Polar Silver Resources Limited</td> <td>Silver</td> <td>Russia</td> <td>Shares and Loan Notes</td> <td>Unlisted</td> <td>5.53</td> </tr> <tr> <td>3</td> <td>Bilboes Gold Limited</td> <td>Gold</td> <td>Zimbabwe</td> <td>Shares and Loan Notes</td> <td>Unlisted</td> <td>4.68</td> </tr> <tr> <td>4</td> <td>Ivanhoe Mines Limited</td> <td>Copper, Zinc, Platinum Group Metals and Nickel</td> <td>DRC</td> <td>Shares and Warrants</td> <td>Listed</td> <td>3.25</td> </tr> <tr> <td>5</td> <td>Gobi Coal &amp; Energy Limited</td> <td>Coal</td> <td>Mongolia</td> <td>Shares</td> <td>Unlisted</td> <td>2.72</td> </tr> <tr> <td>6</td> <td>Metals Exploration plc</td> <td>Gold</td> <td>Philippines</td> <td>Shares</td> <td>Listed</td> <td>2.59</td> </tr> <tr> <td>7</td> <td>Global Oil Shale Group plc</td> <td>Oil Shale</td> <td>Australia and Morocco</td> <td>Shares</td> <td>Unlisted</td> <td>2.11</td> </tr> <tr> <td>8</td> <td>China Polymetallic Mining Limited</td> <td>Silver, Lead and Zinc</td> <td>China</td> <td>Shares</td> <td>Listed</td> <td>1.62</td> </tr> <tr> <td>9</td> <td>Ironstone Resources Limited</td> <td>Iron Ore</td> <td>Canada</td> <td>Shares, Loan Notes and Warrants</td> <td>Unlisted</td> <td>1.50</td> </tr> <tr> <td>10</td> <td>Ferrous Resources Limited</td> <td>Iron Ore</td> <td>Brazil</td> <td>Shares</td> <td>Unlisted</td> <td>0.95</td> </tr> <tr> <td>11</td> <td>Archipelago Metals Limited</td> <td>Chrome</td> <td>Vietnam</td> <td>Shares</td> <td>Unlisted</td> <td>0.44</td> </tr> <tr> <td></td> <td>Total</td> <td></td> <td></td> <td></td> <td></td> <td>31.86</td> </tr> </tbody> </table> <p>* As at 31 December 2014 determined in accordance with the Company's valuation policy.</p>		Asset	Sector	Location	Nature of Investment	Listed/Unlisted Investment	Value (£m) (unaudited)	1	Black Pearl Limited Partnership	Iron Ore	Indonesia	Loan Notes	Unlisted	6.47	2	Polar Silver Resources Limited	Silver	Russia	Shares and Loan Notes	Unlisted	5.53	3	Bilboes Gold Limited	Gold	Zimbabwe	Shares and Loan Notes	Unlisted	4.68	4	Ivanhoe Mines Limited	Copper, Zinc, Platinum Group Metals and Nickel	DRC	Shares and Warrants	Listed	3.25	5	Gobi Coal & Energy Limited	Coal	Mongolia	Shares	Unlisted	2.72	6	Metals Exploration plc	Gold	Philippines	Shares	Listed	2.59	7	Global Oil Shale Group plc	Oil Shale	Australia and Morocco	Shares	Unlisted	2.11	8	China Polymetallic Mining Limited	Silver, Lead and Zinc	China	Shares	Listed	1.62	9	Ironstone Resources Limited	Iron Ore	Canada	Shares, Loan Notes and Warrants	Unlisted	1.50	10	Ferrous Resources Limited	Iron Ore	Brazil	Shares	Unlisted	0.95	11	Archipelago Metals Limited	Chrome	Vietnam	Shares	Unlisted	0.44		Total					31.86
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B.46	Net Asset Value	The Net Asset Value per Ordinary Share as at 31 December 2014 was 44.9 pence.																																																																																											

### Section C – Securities

Element	Disclosure Requirement	Disclosure
C.1	Type and class of security	The Company intends to issue New Ordinary Shares of no par value each in the capital of the Company. The ISIN for the New Ordinary Shares is GG00B6686L20 and the SEDOL is B6686L2. The ISIN for the Open Offer Entitlement is GG00B57K5R06 and the SEDOL is B57K5R0. The ISIN for the Excess Open Offer Entitlement is GG00BS7K5V42 and the SEDOL is B57K5V4.
C.2	Currency	The currency of denomination of the Issues is Sterling.
C.3	Number of securities to be issued	The Company intends to issue New Ordinary Shares for cash subject to a maximum of £100 million being raised pursuant to the Initial Placing, the Open Offer and the Placing Programme.

C.4	Description of the rights attaching to the securities	<p><i>Income</i></p> <p>All dividends paid by the Company are attributable to the Ordinary Shares and the Management Ordinary Shares.</p> <p><i>Capital</i></p> <p>On a winding-up of the Company, once the Company has satisfied all of its liabilities, the Ordinary Shareholders and the Management Ordinary Shareholders are entitled to all of the surplus assets of the Company attributable to the Ordinary Shares and the Management Ordinary Shares.</p> <p><i>Voting</i></p> <p>Ordinary Shareholders are entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each Ordinary Share held.</p> <p>Management Ordinary Shareholders are entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each Management Ordinary Share held.</p> <p>The holders of the Management Ordinary Shares have the same voting, dividend, capital and other rights as the holders of Ordinary Shares (except that the holders of Management Ordinary Shares are not entitled to vote on any resolution relating to Reserved Matters).</p> <p><i>Rights of Redemption</i></p> <p>The Ordinary Shares and the Management Ordinary Shares carry no right of redemption.</p>
C.5	Restrictions on the free transferability of the securities	<p>The Directors may, without assigning any reasons therefor, refuse to register the transfer of a certificated Share (whether fully paid or not) unless the instrument of transfer is lodged at the registered office of the Company or at such other place as the Directors may appoint and is accompanied by any certificates for the Shares to which it relates and such other evidence as the Directors may require to show the right of the transferor to make the transfer.</p> <p>The Directors may only decline to register a transfer of an uncertificated Share in the circumstances set out in the CREST Regulations and the CREST Guernsey Requirements.</p> <p>In addition, the Board may decline to register a transfer of any Share in certificated form or (to the extent permitted by the CREST Regulations and the CREST Guernsey Requirements) uncertificated form: (a) if it is in respect of more than one class of shares, (b) if it is in favour of more than four joint transferees, (c) if applicable, if it is delivered for registration to the registered office of the Company or such other place as the Board may decide, not accompanied by the certificate for the shares to which it relates and such other evidence of title as the Board may reasonably require, or (d) the transfer is in favour of any Prohibited Person.</p> <p>For these purposes a Prohibited Person means any person who by virtue of his holding or beneficial ownership of shares in the Company would or might, in the opinion of the Directors:</p> <p>(i) give rise to an obligation on the Company to register as an “investment company” under the U.S. Investment Company Act or any similar legislation;</p>

		<ul style="list-style-type: none"> <li>(ii) give rise to an obligation on the Company to register under the U.S. Exchange Act or any similar legislation or result in the Company not being considered a “foreign private issuer” as such term is defined in Rule 3b-4(c) under the U.S. Exchange Act;</li> <li>(iii) give rise to an obligation on the Manager or Investment Manager to register as a commodity pool operator or commodity trading adviser under the U.S. Commodity Exchange Act or any similar legislation;</li> <li>(iv) result in a US Plan Investor holding shares in the Company;</li> <li>(v) create, in the absolute discretion of the Directors, a material legal or regulatory issue for the Company under the U.S. Bank Holding Company Act of 1956, as amended, or regulations or interpretations thereunder; or</li> <li>(vi) result in a person holding shares in violation of the transfer restrictions set out in any prospectus published by the Company, from time to time, in connection with any increase in the Company’s share capital pursuant to the Articles.</li> </ul>
C.6	Admission	<p>Applications will be made to the Financial Conduct Authority for the Initial Issue Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the Initial Issue Shares to be admitted to trading on the London Stock Exchange’s Main Market. It is expected that Admission of the Initial Issue Shares will become effective and that dealings in the Initial Issue Shares, fully paid, will commence at 8.00 a.m. on 25 February 2015.</p> <p>Applications will be made to the Financial Conduct Authority for the Placing Programme Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the Placing Shares to be admitted to trading on the London Stock Exchange’s Main Market. It is expected that Admission of the Placing Programme Shares will become effective and that dealings in the Placing Programme Shares, fully paid, will commence during the period from 25 February 2015 to 22 January 2016.</p>
C.7	Dividend policy	<p>Subject to the passing of the Initial Issue Resolution and the Amendment Resolution and completion of the Acquisition Agreements, in respect of each financial year of the Company (the <b>Relevant Year</b>) commencing with the year to 31 December 2015, the Board intends to allocate cash for distribution to Shareholders (the <b>Distributable Amount</b>). The Distributable Amount for each Relevant Year will be calculated following the publication of the Company’s audited financial statements for the Relevant Year.</p> <p>Such Distributable Amount shall be no less than 15 per cent. of the aggregate net realised cash gains achieved in the Relevant Year. Such net realised cash gains will be calculated after deducting any losses realised in the Relevant Year.</p> <p>The Board will retain discretion for determining the most appropriate manner by which to distribute any Distributable Amount, which may include but will not be limited to, share buybacks, tender offers and dividend payments.</p>

## Section D – Risks

Element	Disclosure Requirement	Disclosure
D.1	Key information on the key risks	<p>The key risks relating to the Company include the following:</p> <ul style="list-style-type: none"> <li>● the portfolio of the Company is currently comprised predominantly of private equity investments which are not publicly traded or freely marketable and may therefore be difficult to realise. Realisation of such investments may require a lengthy time period and it is therefore possible that the Company may not receive a return on such investments made by it for a number of years or alternatively, this may result in distributions in kind to the Company;</li> <li>● the mining business is subject to risks and hazards, most of which are outside the Company’s control as an investor in this sector. Such factors include, among others, environmental hazards, industrial accidents, the encountering of unusual or unexpected geological formations or seismic activity, cave-ins, flooding, earthquakes, periodic interruptions due to inclement or hazardous weather conditions, interruptions to power supplies, industrial action or disputes, technical failures, fires, explosions and other accidents at a mine, processing plant or related facilities. These risks and hazards could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, business interruption and delays in mining, asset write downs, monetary losses, possible legal liability and may result in actual production differing, potentially materially, from estimates of production whether express or implied. There can be no assurance that the realisation of operating risks of the companies in which the Company invests and the costs associated with them will not materially adversely affect the results of operations or financial condition of the Company;</li> <li>● no assurance can be given that any anticipated tonnages and grades of production in relation to projects owned by the companies in which the Company invests will be achieved, that the indicated level of recovery will be realised or that mineral reserves, resources and mineralised potential can be mined or processed profitably. Actual reserves, resources or mineralised potential may not conform to geological, metallurgical or other expectations and the volume and grade of ore recovered may be below estimated levels. The estimated resources described in this document should not be interpreted as a statement of the commercial viability, potential, or profitability of any future operations. Lower market prices, increased production costs, reduced recovery rates and other factors may render the relevant investee company’s reserves, resources or mineralised potential uneconomic to exploit and may result in revision of its reserves from time to time. If the actual mineral reserves and resources of an investee company are less than current estimates or if the relevant investee company fails to develop its resource base through the realisation of identified or new mineralised potential, the Company’s results of operations</li> </ul>

		<p>and financial condition may be materially and adversely affected;</p> <ul style="list-style-type: none"> <li>● mineral exploration is highly speculative in nature, involves many risks and is frequently unsuccessful. Once mineralisation is discovered, it may take a number of years to complete the geological surveys and metallurgical and engineering studies to assess whether production is possible and, even if production is possible, the economic feasibility of production may change during that time. Substantial capital expenditure is required to identify and delineate ore reserves through geological surveying and trenching and drilling, to determine metallurgical processes to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. There can be no assurance that the relevant investee companies will be able to identify future reserves or continue to extend the mine life of their existing operations; and</li> <li>● mining, processing, development and exploration activities depend on adequate infrastructure. The regions where some of the projects owned by companies in which the Company invests are located are sparsely populated and difficult to access and away from electrical supply grids. Projects in parts of Africa and other locations may have inadequate available water resources which may result in significant capital expenditure to build dams or make a project unviable. Any failure or unavailability of an adequate operational infrastructure could reduce mining volumes, increase mining costs or delay the supply of commodities to the relevant customer, which could have a material and adverse effect on the Company. In particular bulk minerals such as iron ore or coal require adequate road or rail infrastructure in order to take product to market.</li> </ul>
D.3	Key information on the key risks	<p>The key risks relating to the New Ordinary Shares include the following:</p> <ul style="list-style-type: none"> <li>● there can be no guarantee that a liquid market in the Ordinary Shares will exist. Accordingly, Shareholders may be unable to realise their Ordinary Shares at the quoted market price (or at the prevailing Net Asset Value per Ordinary Share), or at all; and</li> <li>● the Ordinary Shares may trade at a discount to Net Asset Value and Shareholders may be unable to realise their investments through the secondary market at Net Asset Value.</li> </ul>

### Section E – Offer

Element	Disclosure Requirement	Disclosure
E.1	Net proceeds and costs of the Issue	The Net Proceeds of the Initial Issue and of the Placing Programme are dependent on subscriptions received but assuming that the Initial Placing and Open Offer are fully subscribed and therefore the Gross Proceeds equal £100 million, the Net Proceeds of the Initial Issue would be approximately £97.2 million, with expenses of approximately £2.8 million.

E.2a	Reasons for the Issue and use of proceeds	<p>The Board is looking to significantly increase the size of the Company through the Acquisitions and the Issues, which it believes will provide the Company with greater critical mass, providing a stronger investment proposition. In particular;</p> <ul style="list-style-type: none"> <li>● the increase in net assets and market capitalisation of the Company is expected to widen the appeal of the Ordinary Shares to potential investors which <i>inter alia</i> is expected to improve the liquidity of the Ordinary Shares and reduce the discount at which the Ordinary Shares may trade relative to their Net Asset Value in the future. Furthermore, the increase in net assets will facilitate the introduction of discount management and distribution policies;</li> <li>● the Acquisitions broadly retain the current shape and focus of the Company's portfolio and its inherent upside potential, given the high level of commonality between the Current Investments, the Additional Investments and the Further Additional Investments;</li> <li>● to the extent that new capital is raised through the Initial Issue and/or the Placing Programme, it is anticipated that deployment of additional funds into selected existing investments can accelerate the process of creating and realising inherent value in these assets as they move up the value curve, as described below;</li> <li>● the Investment Manager believes that the commodities cycle is close to its trough and that current market conditions therefore represent an attractive time to be investing in mining and resources assets, many of which are priced well below their risk adjusted fair values. Capital markets are generally unreceptive to development companies' need for capital and such companies are currently being particularly undervalued due to perceived financing risk. The Investment Manager believes that it is therefore timely to seek to exploit this opportunity through carefully selected investment with a preference towards companies with late stage development projects requiring the last tranche of capital to reach positive cashflow from operations;</li> <li>● the increase in scale should provide the Investment Manager with better opportunities to achieve favourable terms for investment by the Company given the stronger negotiating position derived from its ability to invest in larger 'ticket sizes' in investee companies;</li> <li>● the potential addition of Salamanca as an additional Investment Adviser, should negotiations to acquire certain assets owned in common from Salamanca clients be concluded, will enhance the existing skill set of the Investment Manager and broaden its network for identifying attractive investment opportunities for the Company; and</li> <li>● the increased size of the Company will reduce the level of its ongoing charges per Ordinary Share.</li> </ul>
E.3	Terms and conditions of the Offer	<p>The Initial Issue</p> <p>The Initial Issue comprises the Initial Placing and Open Offer of New Ordinary Shares to raise up to £100 million.</p>



		<p>Conditions</p> <p>The Initial Issue is conditional upon, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>● each of the Initial Issue Resolution and the Amendment Resolution being passed at the EGM;</li> <li>● the Whitewash Resolution being passed at the EGM or in the event that the Whitewash Resolution is not passed, the Deemed Concert Party being interested directly or indirectly in shares carrying less than 30 per cent. of the voting rights in the Company;</li> <li>● Admission occurring on or before 8.00 a.m. on 25 February 2015 or such later time and/or date as the Company and Numis may agree, being not later than 31 March 2015; and</li> <li>● the Placing Agreement having become unconditional (save as to Admission of the Initial Issue Shares) and not having been terminated in accordance with its terms prior to such Admission.</li> </ul> <p>If any of these conditions are not met, the Initial Issue will not proceed.</p> <p><i>The Initial Placing</i></p> <p>The Company, the Investment Manager, the Manager and Numis have entered into the Placing Agreement, pursuant to which Numis has agreed, subject to certain conditions, to use its reasonable endeavours to procure subscribers for the New Ordinary Shares to be made available in the Initial Placing. The Initial Placing is not being underwritten.</p> <p><i>The Open Offer</i></p> <p>On and subject to the terms and conditions of the Open Offer, Qualifying Shareholders are being given the opportunity to apply for any number of New Ordinary Shares at the Initial Issue Price (payable in full on application and free of all expenses) up to a maximum of their Open Offer Entitlement which shall be calculated on the basis of 3.65 New Ordinary Shares for every 1 Ordinary Share held at the Record Date based on an indicative issue price of 38.2p per New Ordinary Share (being equal to 85 per cent. of the Net Asset Value of an Ordinary Share as at 31 December 2014) registered in the name of each Qualifying Shareholder on the Record Date and so in proportion for any other number of Existing Ordinary Shares then registered.</p> <p>To the extent that Qualifying Shareholders choose not to take up their entitlements under the Open Offer or that applications from Qualifying Shareholders are invalid, unallocated Open Offer Shares which have not been placed firm by Numis under the Initial Placing may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility. Thereafter, to the extent that there remain any unallocated Open Offer Shares, they will be made available under the Initial Placing as the Directors, in consultation with Numis shall determine.</p> <p>Applications under the Excess Application Facility will be allocated, in the event of over-subscription, <i>pro rata</i> to Qualifying Shareholders' holdings on the Record Date. No assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all.</p> <p>Open Offer Entitlement ISIN: GG00BS7K5R06 Excess Open Offer Entitlement ISIN: GG00BS7K5V42</p>
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		<p>The offer period for each of the Initial Placing and the Open Offer starts on 26 January 2015 and ends on 20 February 2015.</p> <p><i>The Placing Programme</i></p> <p>To the extent that the Company raises less than £100 million under the Initial Issue, it is proposed that the Company should be able to raise the balance (being £100 million less the gross proceeds of the Initial Issue) pursuant to one or more non-pre-emptive Placings over the next 12 months under the Placing Programme.</p> <p>The Placing Programme is conditional, <i>inter alia</i>, on:</p> <ul style="list-style-type: none"> <li>● each of the Placing Programme Resolution, the Authority Resolution and the Amendment Resolution being passed at the EGM;</li> <li>● Admission of the Placing Programme Shares occurring at such time and on such date as the Company and Numis may agree prior to the closing of that Placing, not being later than 8.00 a.m. on 22 January 2016;</li> <li>● if a supplementary prospectus is published in accordance with FSMA, such supplementary prospectus having been approved by the FCA and published by the Company in accordance with the Prospectus Rules; and</li> <li>● the Placing Agreement having become otherwise unconditional and not having been terminated in accordance with its terms prior to Admission of the relevant Placing Programme Shares becoming effective.</li> </ul> <p>If any of these conditions are not met in respect of any Placing under the Placing Programme, the relevant issue of Placing Programme Shares will not proceed.</p>
E.4	Material interests	Not applicable. No interest is material to the Issues.
E.5	Name of person selling securities/lock up agreements	No person or entity is offering to sell the New Ordinary Shares other than the Company and there are no lock up arrangements.
E.6	Dilution	Ordinary Shareholder's shareholdings will be diluted by the Acquisitions and also by the Initial Issue to the extent that they do not participate in the Open Offer <i>pro rata</i> to their current shareholdings.
E.7	Expenses charged to the investor	Not applicable – there are no expenses charged directly to investors by the Company

## **RISK FACTORS**

Investment in the Company carries a high degree of risk, including but not limited to the risks in relation to the Company and the New Ordinary Shares referred to below. If any of the risks referred to in this Prospectus were to occur this could have a material adverse effect on the Company's financial position, results of operations, business prospects and returns to investors. If that were to occur, the trading price of the New Ordinary Shares and/or their Net Asset Value and/or the level of dividends or distributions (if any) received from the New Ordinary Shares could decline significantly and investors could lose all or part of their investment.

Prospective investors should note that the risks relating to the Company, its industry and the New Ordinary Shares summarised in the section of this document headed "Summary" are the risks that the Board believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the New Ordinary Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below.

The risks referred to below are the risks which are considered to be material but are not the only risks relating to the Company and the New Ordinary Shares. There may be additional material risks that the Company and the Board do not currently consider to be material or of which the Company and the Board are not currently aware. Potential investors should review this Prospectus carefully and in its entirety and consult with their professional advisers before acquiring any New Ordinary Shares.

### **Risks Relating to the Company's Investments**

#### ***Valuation uncertainty***

The Company's investments in unquoted investments are valued by the Investment Manager (in consultation with the Directors) after due consideration of a variety of factors including the investee company's resources, reserve estimates, associated operating and cost projections, market prices for products produced and comparison with comparable transactions and listed companies multiples. The Company's investment valuation method is reliant on the accuracy and completeness of information that is issued by such companies. In particular, the Investment Manager may not be aware of or take into account certain events or circumstances which occur after the information issued by such companies is reported.

Securities and investments that do not have a readily ascertainable value will be valued as the Investment Manager (in consultation with the Directors) determines in good faith as being fair value in accordance with IFRS having regard to such factors as it deems relevant. This may include the development of methodologies involving the use of financial models driven by financial inputs from the underlying investments and/or similar quoted investments (such models and inputs may be provided by the Investment Manager). The pricing policy for such securities will be consistently applied over the life of the relevant investment, unless the Investment Manager (in consultation with the Directors) considers such price does not accurately reflect fair value. Investors should be aware that in these circumstances a possible conflict of interest may arise, as the higher the estimated value of such investments, the higher the fees which may be payable to the Manager and Investment Manager.

Companies in which the Company invests may, after they have provided the Company with a financial report or other information, later revise the report or other information. In the event that information accepted by the Company subsequently proves to be incorrect, no retrospective adjustment to any previously announced Net Asset Value or Net Asset Value per Share of the Company will be made.

#### ***Long-term nature and illiquidity of private equity investments***

The portfolio of the Company is currently comprised predominantly of private equity investments which are not publicly traded or freely marketable and may therefore be difficult to realise. Realisation of such investments may require a lengthy time period and it is therefore possible that the Company may not receive a return on such investments made by it for a number of years or alternatively, this may result in distributions in kind to the Company.

### ***Risks and hazards of mining***

The mining business is subject to risks and hazards, most of which are outside the Company's control as an investor in this sector. Such factors include, among others, environmental hazards, industrial accidents, the encountering of unusual or unexpected geological formations or seismic activity, cave-ins, flooding, earthquakes, periodic interruptions due to inclement or hazardous weather conditions, interruptions to power supplies, industrial action or disputes, technical failures, fires, explosions and other accidents at a mine, processing plant or related facilities. These risks and hazards could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, business interruption and delays in mining, asset write downs, monetary losses, possible legal liability and may result in actual production differing, potentially materially, from estimates of production whether express or implied. There can be no assurance that the realisation of operating risks of the companies in which the Company invests and the costs associated with them will not materially adversely affect the results of operations or financial condition of the Company.

### ***Uncertainty in stated mineral reserves and resources and uncertainty of bringing a mine into production***

No assurance can be given that any anticipated tonnages and grades of production in relation to projects owned by the companies in which the Company invests will be achieved, that the indicated level of recovery will be realised or that mineral reserves, resources and mineralised potential can be mined or processed profitably. Actual reserves, resources or mineralised potential may not conform to geological, metallurgical or other expectations and the volume and grade of ore recovered may be below estimated levels. The estimated resources described in this document should not be interpreted as a statement of the commercial viability, potential, or profitability of any future operations. Lower market prices, increased production costs, reduced recovery rates and other factors may render the relevant investee company's reserves, resources or mineralised potential uneconomic to exploit and may result in revision of its reserves from time to time. If the actual mineral reserves and resources of an investee company are less than current estimates or if the relevant investee company fails to develop its resource base through the realisation of identified or new mineralised potential, the Company's results of operations and financial condition may be materially and adversely affected.

Mineral exploration is highly speculative in nature, involves many risks and is frequently unsuccessful. Once mineralisation is discovered, it may take a number of years to complete the geological surveys and metallurgical and engineering studies to assess whether production is possible and, even if production is possible, the economic feasibility of production may change during that time. Substantial capital expenditure is required to identify and delineate ore reserves through geological surveying and trenching and drilling, to determine metallurgical processes to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. There can be no assurance that the relevant investee companies will be able to identify future reserves or continue to extend the mine life of their existing operations.

### ***Risks and hazards of oil and gas exploration and production***

The Company may make acquisitions in companies which have oil and gas exploration and production rights. There are risks inherent in the exploration and development of oil and gas reserves. There is no guarantee that exploration will lead to commercial discoveries. Drilling may involve unprofitable efforts, where wells are not sufficiently productive to justify commercial development or to cover operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs.

Risks such as delays in the construction and commissioning of drilling platforms or other technical difficulties, lack of access to key infrastructure, adverse weather conditions, environmental hazards, industrial accidents, occupational and health hazards, technical failures, labour disputes, unusual or unexpected geological formations, explosions and other acts of God are inherent to the business. Whilst some of these are insurable risks, the companies in which the Company invests may also become subject to other hazards (including pollution and oil seepage liability) against which they are not insured or are under insured. Industry operating risks include the risk of fire, explosions, blow-outs, pipe failure, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures or discharges of toxic gases, the occurrences of any of which could result in substantial losses to a company in which the Company invests due to injury or loss of life, severe damage to or destruction of property, natural

resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations.

### ***Infrastructure risk***

Mining, processing, and associated development activities depend on adequate infrastructure. The regions where some of the projects owned by companies in which the Company invests are located are sparsely populated and difficult to access and away from electrical supply grids. Projects in parts of Africa and other locations may have inadequate available water resources which may result in significant capital expenditure to build dams and make a project unviable. Any failure or unavailability of an adequate operational infrastructure could reduce mining volumes, increase mining costs or delay the supply of commodities to the relevant customer, which could have a material and adverse effect on the Company. In particular bulk minerals such as iron ore or coal require adequate road or rail infrastructure in order to take the product to market.

### ***Implementation and expansion of development projects and impact on growth***

Successful implementation of the activities of companies in which the Company invests is subject to various factors, which are not within the Company's control. These factors include the granting of consents and permits from the relevant governmental departments, the availability, terms, conditions and timing of the delivery of plant, equipment and other materials necessary for the construction and/or operation of the relevant facility, the availability of acceptable arrangements for transportation and construction, the performance of engineering and construction contractors, mining contractors, suppliers and consultants and adverse weather conditions affecting access to the development site or the development process. The lack of availability of plant, equipment and other materials or acceptable contractual terms for transportation or construction, or a slower than anticipated performance by any contractor or a period of adverse weather could delay or prevent the successful completion of any of the projects in which the Company invests.

### ***Obtaining of governmental licences and permits***

The companies in which the Company invests may be required to seek governmental licences and permits for the expansion of their existing operations or for the commencement of new operations in each of the jurisdictions where their operations or development projects are located. Obtaining the necessary governmental licences and permits is a complex and time-consuming process often involving public hearings and costly undertakings. In certain jurisdictions the granting of a licence to a mine might require the mining company to sell or donate part of a project to a local partner or partners. Such transactions can result in delays and a diminution in value of the project to the mining company. For example for Ivanhoe Mines Limited, the issue of the Mining Right for its Platreef project in South Africa was delayed (although it has now been secured), due to claims that its Broad Based Black Economic Empowerment arrangements were insufficient.

The duration and success of permitting efforts are contingent on many factors that are outside the Company's control. The governmental approval process may increase costs and cause delays, depending on the nature of the activity to be permitted, and could cause a company in which the Company invests not to proceed with the development of a mine.

### ***Possible termination of mining concessions***

Under the laws of many of the jurisdictions in which investee companies operate, mineral resources belong to the state and government concessions are required to explore for and exploit mineral reserves. The companies in which the Company invests may hold mining, exploration and other related concessions in each of the jurisdictions where they operate and where they carry on development projects and prospects. The concessions held by an investee company in respect of its operations, development projects and prospects may be terminated under certain circumstances, including where minimum production levels are not achieved by the relevant company (or a corresponding penalty is not paid), if certain fees are not paid or if environmental and safety standards are not met. Termination of any one or more of these concessions could have a material adverse effect on the companies in which the Company invests and therefore on the Company's financial condition or results of its operations.

### ***Volatility in commodity prices/Natural Resources Risk***

Precious metals are viewed as financial assets as well as being viewed as commodities and therefore levels of investment demand can be as important to their prices, as well as physical demand.

The main risks to investment related demand for precious metals are higher real interest rates and US dollar strength. High real interest rates mean that the opportunity cost of holding precious metals, which do not offer any interest, becomes increasingly unattractive relative to financial assets. Precious metals are typically denominated in US dollars and prices are usually negatively correlated to the level of the US dollar against other major traded currencies.

The market price of commodities has historically been subject to wide fluctuations and is affected by numerous factors beyond the Company's control, including international economic and political conditions, levels of supply and demand, the availability and costs of substitutes, inventory levels maintained by producers and others and actions of participants in the commodities markets. Any decrease in the market prices of relevant commodities could have a material and adverse effect on the Company.

The earnings and general financial conditions of producers are highly dependent on the market price of the underlying minerals which, historically, have been extremely volatile. Natural disasters, such as earthquakes, droughts and floods, can lead to severe supply disruptions. These events may significantly influence the prices of commodities and the prices of natural resource equities. Similarly, supply interruptions as a result of social factors such as strikes and civil unrest can have a material impact on commodity prices.

The production of some commodities can be concentrated in geographic regions or specific countries, and as such the impact of natural, political or social factors can have a significant effect. Commodity prices can be influenced, often unpredictably, by co-operative or co-ordinated actions, by producers or sovereign nations (e.g. OPEC members).

The discovery of a significant mineral deposit by a company could have a major adverse impact on the price of the commodity due to the prospect of increased supply. New technology could lead to substitution of a commodity or commodities, thereby reducing demand. Similarly, new technology could lower production costs and increase the supply of a commodity, hence influencing its price.

The use of commodity and currency derivative instruments by producers has increased in recent years. There have been examples of companies that have mismanaged their exposures resulting, in extreme cases, in financial distress or even insolvency.

### ***Competition***

The Company competes for investments with other investors. It is possible that competition for appropriate investment opportunities may increase, thus potentially reducing the number of transactions that are completed and which may adversely affect the terms upon which such investments can be made. Accordingly there can be no guarantee that the Company will be able to identify and complete attractive investments in the future.

### ***Risks relating to co-investment***

In connection with some of its investments, the Company may co-invest with third parties and as a result may not be in a position to protect its investments to the same extent as if such investments were made solely by the Company. Specifically, decisions relating to investments, including decisions relating to the management and operation of any company and the timing and nature of any exit, are often made by a majority vote of the relevant equity sponsors or by separate agreements that are reached with respect to individual decisions. As decisions of those bodies are generally made by majority (or supermajority) vote, the Company may not have the individual power to determine the outcome of matters relating to the co-investment or individually prevent the other debt or equity investors from taking actions that the Investment Manager does not approve. In addition, the Investment Manager may not have the same access to information regarding its co-investments as the majority of investors. Accordingly, the Company may not be able to realise some or all of the benefits that might otherwise be associated with such co-investments, and the Company may be unable to exit any such investment when the Investment Manager believes it is beneficial to do so.

Although the Company expects that its interests will be aligned with those of third parties with which it co-invests, there is a possibility that such third parties may have economic or business

interests or goals that are inconsistent with those of the Company, or that they otherwise desire to take action that is contrary to the Company's investment objective.

### ***Emerging Markets Risk***

The Company is likely to invest in natural resources companies which are located in emerging markets. It should be noted that some governments exercise substantial influence over the private sector, and the political risk for many developing countries is a significant factor. In adverse social and political circumstances, governments have been involved in policies of expropriation, confiscatory taxation, nationalisation, intervention in the securities market and trade settlement, and imposition of foreign investment restrictions and exchange controls, and these could be repeated in the future.

Practice in relation to settlement of listed securities transactions in emerging markets involve higher risks than those in developed markets, in part because the Company may need to use brokers and counterparties that are less well capitalised, and custody, registration and title of assets in some countries may be less reliable.

In certain emerging economies where the Company has investments, there has been a trend towards requiring increased levels of value addition to the mined product within the country where it is mined. Examples of this might be smelting, refining and fabricating end products.

New legislation to enforce this addition of value can lead to greater capital costs and delays whilst new refining facilities are constructed or threaten the viability of a project. For example, production at the iron sands project of the Black Pearl Limited Partnership in Indonesia has been delayed due to new legislation banning the export of concentrate and the government has taken time to implement interim measures whilst refining infrastructure is put in place in the country.

### ***Market risk***

Certain investments made by the Company will be subject to normal market fluctuations and the risks inherent in investment in equity securities and similar instruments and there can be no assurance that appreciation will occur.

If the Company invests directly or indirectly in securities and other assets, it is subject to many market uncertainties, which are sometimes attributable to irrational factors, in particular on the securities markets. Losses can occur when the market value of the assets falls below the cost price.

### ***Restrictions on transfer of Additional Investments to the Company***

The proposed transfers to the Company of a certain number of the shareholdings of the Vendors in investee companies comprising the Additional Investments are subject to (i) any relevant pre-emption rights and/or processes being fulfilled or waived prior to such transfers pursuant to such investee company's constitutional documents; and/or (ii) powers of directors of the relevant investee company in certain circumstances to refuse to approve the registration of such transfers. Whilst there is a reasonable expectation on the part of the Investment Manager that all necessary approvals and consents in order to allow the proposed transfers to be completed will be obtained, there is a risk that one or more may not be. Any such failure may result in the relevant shareholdings not being transferred to the Company.

### ***Tax Considerations***

The Company may be subject to withholding, capital gains or other taxes on income and/or gains arising from its investment portfolio, including without limitation taxes imposed by the jurisdiction in which an investee company is incorporated, established or resident for tax purposes. The Company may also incur or bear transaction or other similar taxes in respect of the actual or notional amount of any acquisition, disposal or transaction relating to its investment portfolio, including without limitation taxes imposed by the jurisdiction in which an investee company or the counterparty to a transaction involving the Company is incorporated, established or resident for tax purposes. Where the Company invests in securities or enters into transactions that are not subject to withholding, capital gains, transaction or other taxes at the time of acquisition, there can be no assurance that tax may not be withheld or imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Company may not be able to recover such tax and so any change could have an adverse effect on the Net Asset Value of the Ordinary Shares.

Where the Company chooses or is required to pay taxation liabilities and/or account for reserves in respect of taxes that are or may be payable in respect of current or prior periods by the Company (whether in accordance with current or future accounting standards), this would have an adverse effect on the Net Asset Value of the Ordinary Shares. This could cause benefits or detriments to certain Shareholders.

## **Risks Relating to the Company and the Shares**

### ***Business risk***

There can be no assurance that the Company will achieve its investment objective. Meeting that objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it can or will be met.

### ***Custody risk***

Custody risk describes the risk arising from the possibility that the Company's access to the assets held in custody may be partly or fully withdrawn to its detriment in the event of insolvency or negligent, deceitful or fraudulent dealings by the Safekeeping and Monitoring Agent or a sub-custodian.

### ***Inflation risk***

Inflation risk involves the risk of asset value losses as a result of the devaluation of the currency in which the asset is denominated. Inflation will reduce the income of the Company as well as the value of the asset in terms of its purchasing power. A number of currencies are subject to inflation risk to varying high degrees.

### ***Legal and regulatory***

The Company must comply with the provisions of the Law and, as its Ordinary Shares are and its New Ordinary Shares will be admitted to the Official List, the Listing Rules, and the Disclosure and Transparency Rules. A breach of the Law could result in the Company and/or the Board being fined or the subject of criminal proceedings.

Due to a significant amount of reform in the regulation of financial services at both national and international level, the Company is expected to incur increased costs in relation to the implementation of new regulatory requirements and in demonstrating its on-going compliance with such regulatory requirements.

### ***Past Performance***

The past performance of the Current Portfolio, other investments managed by the Investment Manager, the Investment Advisers or their respective associates is not a reliable indication of the future performance of the investments held by the Company.

### ***Liquidity***

Market liquidity in the shares of investment companies is frequently less than that of shares issued by larger companies traded on the London Stock Exchange. There can be no guarantee that a liquid market in the Ordinary Shares will exist. Accordingly, Shareholders may be unable to realise their Ordinary Shares at the quoted market price (or at the prevailing Net Asset Value per Ordinary Share), or at all.

The London Stock Exchange has the right to suspend or limit trading in a company's securities. Any suspension or limitation on trading in the Ordinary Shares may affect the ability of Shareholders to realise their investment.

### ***Fluctuations in value of the Ordinary Shares***

If a shareholder sells shares of the Company at a time when the value of assets in the Company has decreased compared with the time of the share purchase, Shareholders may not receive the full amount invested in the Company.

### ***Market price of the Ordinary Shares***

The Ordinary Shares may trade at a discount to Net Asset Value and Shareholders may be unable to realise their investments through the secondary market at Net Asset Value. The Ordinary Shares may trade at a discount to Net Asset Value for a variety of reasons, including prevailing interest rates, supply and demand for the Ordinary Shares, market conditions or to the extent investors



undervalue the management activities of the Investment Manager and/or the Investment Advisers or discount its valuation methodology and judgments of value. As a result, the market price of an Ordinary Share may vary considerably from its Net Asset Value. Owing to the presence of such a discount to the Net Asset Value per Share, the realisable value of a Share may not fully reflect the relevant Net Asset Value per Share.

While the Board may seek to mitigate any discount to Net Asset Value at which the Ordinary Shares may trade through discount management mechanisms summarised in Part II of this Prospectus, there can be no guarantee that it will do so or that such mechanisms will be successful and the Board accepts no responsibility for any failure of any such strategy to effect a reduction in any discount.

Notwithstanding the existence of the share buyback powers as described in Part II of this Prospectus, there is no guarantee that the market price of the New Ordinary Shares will fully reflect their underlying Net Asset Value. The making and timing of Share buy-backs will remain at the absolute discretion of the Board, subject to obtaining the requisite Shareholder approval.

### ***Dilution***

If an existing Shareholder does not subscribe under the Initial Issue for such number of New Shares as is equal to his or her proportionate ownership of existing Ordinary Shares, his or her proportionate ownership and voting interests in the Company will be reduced and the percentage that his or her existing Ordinary Shares will represent of the total share capital of the Company will be reduced accordingly. Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders in the Initial Issue.

### ***Possible control by the Deemed Concert Party and influence over the Company***

Dependent on the number of (i) New Ordinary Shares issued pursuant to the Initial Issue, (ii) Acquisition Shares issued pursuant to the Acquisition Agreements and (iii) subject to the Whitewash Resolution being passed, the Deemed Concert Party could be interested in shares carrying 30 per cent. or more of the voting rights of the Company. The interests of the Shareholders and the Deemed Concert Party might differ or conflict and in the light of the size of its shareholding, the Deemed Concert Party may be able to influence certain matters requiring approval of the Company's shareholders.

### ***Economic conditions***

Changes in general economic and market conditions including, for example industry conditions, competition, political events and trends, tax laws, national and international conflicts and other factors could substantially and adversely affect the Company's prospects and thereby the performance of its Ordinary Shares.

### ***Continuation Vote***

The Articles currently contain and it is proposed that the Amended Articles will contain provisions as to the life of the Company. Should Shareholders vote to wind up the Company in accordance with the Articles or the Amended Articles, as the case may be, due to the unlisted nature of potentially a large proportion of the Portfolio, it may take an extended period of time for such investments to be sold and there can be no guarantee that a sale price would be at Net Asset Value.

In the event of a winding up of the Company, Shareholders will rank behind any creditors of the Company and, therefore, any positive return for Shareholders will depend on the Company's assets being sufficient to meet the prior entitlements of any creditors.

### ***Borrowings***

Where deemed appropriate, the Company may borrow for temporary purposes such as settlement mismatches. Such borrowing is limited to 10 per cent. of the Net Asset Value of the Company. Whilst the use of borrowings should enhance Net Asset Value per Share where the value of the Company's underlying assets is rising, any reduction in the value of the Company's investments will lead to a correspondingly greater percentage reduction in the Net Asset Value per Share.

The Company's banking facilities will generally contain representations, warranties, covenants and financial ratios which, if breached, may result in the termination of the relevant facility and may require the Company to repay such borrowings immediately, in whole or in part, together with any

attendant costs. In particular, facilities may contain covenants that allow for termination of the facility should the Investment Manager cease to be the investment manager of the Company.

If the Company does not have sufficient cash resources or other credit facilities available to make such payments, it may be forced to sell some or all of the assets comprising its portfolio at prices which are less than their carrying value included in the Company's accounting records. To the extent that the Company's borrowings are secured against all or a portion of its assets, a lender may be able to sell those assets if the security becomes enforceable.

### ***Currency Exposure***

The Ordinary Shares are denominated in Sterling and will be issued in such currency. The majority of the assets of the Company are, however, invested in investments which are denominated in US\$ and currencies other than Sterling. Accordingly, the value of such investments may be affected favourably or unfavourably by fluctuations in currency rates. In addition, prospective investors whose assets and liabilities are predominantly in other currencies should take into account the potential risk of loss arising from fluctuations in value between Sterling and such other currencies.

The Investment Manager will not normally hedge the exposure of the Company to currency fluctuations and the Company may be exposed to the risk of currency fluctuations and the volatility of returns and potential losses which may result from such currency exposure.

### ***Concentration of investments held by the Company***

The Company's current investment policy is to invest in natural resources companies, both listed and unlisted, that the Investment Manager considers to be undervalued and that have strong fundamentals and attractive growth prospects which means that the Company has significant concentration risk relating to natural resources companies.

Concentration risks include, but are not limited to natural resources asset category (such as gold) and geography.

The Company may at certain times hold relatively few investments. The Company could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including by the default of the issuer.

Such risks potentially could have a material adverse effect on the Company's financial position, results of operations, business prospects and returns to investors.

### ***Credit risk of banks or other financial institutions***

Pending investment of the Net Issue Proceeds in accordance with the investment policy, the Company's assets will be subject to the credit risk of the banks or other financial institutions with which they are deposited. Following Admission and pending investment of surplus cash in accordance with the Company's cash management policy, the Company will hold a sum of cash, which it will deposit with banks or other financial institutions or otherwise hold in accordance with the cash management provisions of the investment policy. If any such bank, financial institution or counterparty were to become insolvent, or default on its obligations, the Company would be exposed to the potential loss of the sum deposited. This would have a material adverse effect on the Company's financial position, results of operations, business prospects and returns to investors.

### ***Compensation Risk***

The subscription for New Ordinary Shares will not be covered by the Financial Services Compensation Scheme or by any other compensation scheme.

### ***Transaction Costs***

The Company's investment approach may involve a high level of investment activity which may generate substantial transaction costs that will be borne by the Company.

### ***Counterparty Risk***

The Company is subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

### ***Undervalued Securities***

The Company may make investments in securities which the Investment Manager believes to be undervalued or the value of which is likely to increase due to the likelihood of the securities being listed; however, there can be no assurance that the securities purchased will in fact be undervalued or that they will be listed on a market. In addition, the Company may be required to hold such securities for a substantial period of time before being able to realise their anticipated value. During this period, a portion of the Company's capital would be committed to the securities purchased, thus possibly preventing the Company from investing in other opportunities.

### ***Derivative instruments***

The Company may make use of derivative instruments, such as options, financial futures and contracts for difference, in pursuit of its investment objective and for the management of risk within limits set by the Directors. The use of derivatives gives rise to a number of specific potential risks. Derivative instruments can be highly volatile and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract or the underlying securities may result in a profit or loss which is high in proportion to the amount of funds actually placed as initial margin and may result in further loss exceeding any margin deposited. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses.

Furthermore, the use of derivative instruments involves certain special risks, including: (i) dependence on movements in the price of underlying securities and movements in interest rates; (ii) when used for hedging purposes, an imperfect correlation between the returns on the derivative instruments used for hedging and the returns on the investments or market sectors being hedged; and (iii) credit exposure to the counterparty to the trade or contract.

Trading in derivatives markets may be unregulated or subject to less regulation than in other markets. Derivatives markets are, in general, relatively new markets and there are uncertainties as to how these markets will perform during periods of unusual price volatility or instability, market liquidity or credit distress.

### **Risks Associated with the Investment Manager**

#### ***Dependence on the Investment Manager***

The Company's ability to implement its investment policy depends on the Investment Manager's ability to identify, analyse and invest in investments that meet the Company's investment criteria. Failure by the Investment Manager to find additional investment opportunities meeting the Company's investment objective and to manage investments effectively could have a material adverse effect on the Company's business, financial condition, and results of operations.

The Company has no employees and, subject to oversight by the Board, is reliant on the Investment Manager, which has significant discretion as to the implementation of the Company's operating policies and strategies. The Company is subject to the risk that the Investment Manager will cease to be involved in the management of any part of the Company's assets and that no suitable replacement will be found.

The Company's ability to meet its investment objective is substantially dependent on the services of key personnel of the Investment Manager. The loss of such key personnel could have an adverse effect on the Company's performance and prospects. There is no guarantee that any such key personnel of the Investment Manager will be involved in the management of the Company's assets beyond the term of their respective contractual obligations to the Investment Manager.

A summary of each of the Management Agreement between the Company and the Manager and the Investment Management Agreement between the Company, the Manager and the Investment Manager is set out in Part X of this document and this includes the terms on which the Company or the Manager or the Investment Manager (as applicable) may terminate such agreement.

#### ***Conflicts of interest***

The Manager and the Investment Manager may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Company. As a result, the Manager and the Investment Manager may have conflicts of interest in allocating

investments among the Company and their other clients and in effecting transactions between the Company and its other clients. The Manager and the Investment Manager may give advice or take action with respect to their other respective clients that differs from the advice given or actions taken with respect to the Company.

See the section entitled “Conflicts of interest” in Part V of this document for further information.

### ***Compensation structure***

In addition to its management fee, the Manager is entitled under the Management Agreement to receive a performance fee based upon the Company’s Net Asset Value (a summary of the fee arrangements is set out in the paragraph entitled “Management and Performance Fees” in Part V of this document). In evaluating investments and other management strategies, the opportunity to earn a performance fee may encourage the Manager and the Investment Manager to invest in higher risk investments.

The performance fee payable to the Manager will only be paid out of Net Realised Gains. Any payments of the performance fee from such Net Realised Gains will reduce the Company’s Net Asset Value.

### ***Term of Management Agreement and Investment Management Agreement***

The appointments of the Manager pursuant to the Management Agreement and the Investment Manager pursuant to the Investment Management Agreement are intended to be long term. The Company may terminate both the Management Agreement and the Investment Management Agreement by giving the Manager and the Investment Manager respectively not less than 12 months’ prior notice in writing.

The Company will not be able to terminate the Management Agreement and/or the Investment Management Agreement on shorter notice than described above unless the Manager or Investment Manager have committed certain “cause” events, as set out in Part X of this document. Poor investment performance would not of itself constitute an event allowing the Management Agreement and/or the Investment Management Agreement to be terminated on shorter notice.

### ***Alternative Investment Fund Managers Directive***

#### ***AIFM Directive***

The AIFM Directive, which was required to be transposed by EU member states into national law by July 2013, seeks to regulate alternative investment fund managers (in this paragraph, **AIFM**) and imposes obligations on managers who manage alternative investment funds (in this paragraph, **AIF**) in the EU (in this paragraph, an **EU AIFM**) or who market shares in such funds to EU investors. In order to obtain authorisation under the AIFM Directive, an EU AIFM will need to comply with various organisational, operational and transparency obligations, which may create significant additional compliance costs, some of which may be passed to investors in the AIF.

Baker Steel Capital Managers LLP acts as the Company’s AIFM and is authorised to act as such by the FCA, and the management arrangements are structured on this basis.

The AIFM Directive currently allows the continued marketing of non-EU AIFs, such as the Company, under the national private placement regimes of individual EU Member States. However, there is no requirement for EU Member States to retain private placement regimes and some Member States have either decided not to retain such regimes or adopted systems that impose onerous requirements before marketing can take place.

Marketing under the private placement regime in the United Kingdom requires registration with the FCA and is subject to, *inter alia*, (a) the requirement that appropriate co-operation agreements are in place between the supervisory authorities of the EU Member States in which marketing will take place and the GFSC (the Commission signed bilateral cooperation agreements with 27 securities regulators from the EU and the wider EEA which became applicable on 22 July 2013), (b) Guernsey not being on the Financial Action Task Force (**FATF**) money-laundering blacklist (as at 23 January 2015, being the latest practicable date prior to the publication of this document, Guernsey was not on the FATF money laundering blacklist), and (c) compliance by the AIFM with certain aspects of the AIFM Directive.

Any regulatory changes arising from implementation of the AIFM Directive (or otherwise) that limit the Company’s ability to market future issues of its Shares could have a material adverse effect on the Company’s financial position, results of operations, business prospects and returns to investors.

At some point after 2018 it may be the case that a passport will be phased in to allow the marketing of non-EU AIFs such as the Company and that after 2018 private placement regimes will be phased out, although this is currently uncertain. Both the phasing in of the passport and the phasing out of national private placement regimes may increase the regulatory burden on the Company.

Consequently, there may in the future be restrictions on the marketing of the Shares in the EU, which in turn may have a negative effect on marketing and liquidity generally in the Company's shares. In addition, certain registration and reporting requirements in relation to any future marketing are likely to lead to an increase in the costs borne by the Company.

## **Risks relating to the Company**

### ***NMPI***

On 1 January 2014 the Unregulated Collective Investment Schemes and Close Substitutes Instrument 2013 (the **NMPI Regulations**) came into force in the UK. The NMPI Regulations extend the application of the existing UK regime restricting the promotion of unregulated collective investment schemes by FCA authorised persons (such as independent financial advisers) to other "non-mainstream pooled investments" (or **NMPIs**). With effect from 1 January 2014, FCA authorised independent financial advisers and other financial advisers are restricted from promoting NMPIs to retail investors who do not meet certain high net worth tests or who cannot be treated as sophisticated investors.

Although consultations on this subject by the FCA had suggested the Company and entities like it would be excluded from the scope of the NMPI Regulations (and thereby capable of promotion to all retail investors), the final NMPI Regulations and guidance from the FCA means that in order for the Company to be outside of the scope of the NMPI Regulations, the Company will need to rely on the exemption available to non-UK resident companies that are equivalent to investment trusts. This exemption provides that a non-UK resident company that would qualify for approval by HMRC as an investment trust were it resident and listed in the UK will be excluded from the scope of the NMPI Regulations. The principal relevant requirements to qualify as an investment trust are that: (1) the Company's business must consist of investing its funds in shares, land or other assets with the aim of spreading investment risk and giving members of the Company the benefit of the results of the management of its funds; (2) the Ordinary Shares must be admitted to trading on a regulated market; (3) the Company must not be a close company (as defined in Chapter 2 of Part 10 CTA 2010); and (4) the Company must not retain in respect of any accounting period an amount which is greater than 15 per cent. of its income.

The Company has received legal advice confirming that its understanding as to the basis upon which it is excluded from the scope of the NMPI Regulations (and therefore capable of promotion to all retail investors) is correct. It is the Board's intention that the Company will continue to conduct its affairs in such a manner and as such the Company will be outside of the scope of the NMPI Regulations for such time as it continues to satisfy the conditions to qualify as an investment trust. If the Company is unable to meet those conditions in the future, for any reason, consideration would be given to applying to the FCA for a waiver of the application of the NMPI Regulations in respect of the Company's Shares.

If the Company ceases to conduct its affairs so as to satisfy the non-UK investment trust exemption to the NMPI Regulations and the FCA does not otherwise grant a waiver, the ability of the Company to raise further capital from retail investors may be affected. In this regard, it should be noted that, whilst the publication and distribution of a prospectus (including this Prospectus) is exempt from the NMPI Regulations, other communications by "approved persons" could be restricted (subject to any exemptions or waivers).

### ***Dodd-Frank Act***

Market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during the past decade have led to increased governmental as well as self-regulatory scrutiny of the "hedge fund" and financial services industry in general. Certain legislation proposing greater regulation of the industry, such as the Dodd-Frank Act, is considered periodically by the US Congress, as well as by the governments of non-US jurisdictions. It is impossible to predict what, if any, changes in the regulations applicable to the Company or the Investment Manager, the markets in which the Company trades and invests or the counterparties with which it does business may be instituted in the future. Any such laws or regulations may materially adversely

affect the Company's ability to continue to implement its investment approach and to seek to achieve its investment objective, as well as require increased transparency as to the identity of the Shareholders.

The Dodd-Frank Act seeks to regulate markets, market participants and financial instruments that previously have been unregulated and substantially alters the regulation of many other markets, market participants and financial instruments. Because many provisions of the Dodd-Frank Act require rulemaking by the applicable regulators before becoming fully effective and the Dodd-Frank Act mandates multiple agency reports and studies (which could result in additional legislative or regulatory action), it is difficult to predict the impact of the Dodd-Frank Act on the Company, the Investment Manager and the markets in which the Company trades and invests or the counterparties with which it does business. The Dodd-Frank Act could result in certain investment strategies in which the Company engages or may have otherwise engaged becoming non-viable or non-economic to implement. The Dodd-Frank Act and regulations adopted pursuant to the Dodd-Frank Act may materially adversely affect the Company's ability to continue to implement its investment approach and to seek to achieve its investment objective.

In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organisations, including but not limited to the CFTC, and exchanges are authorised to take extraordinary actions in the event of market emergencies including, for example, the retroactive implementation of speculative position limits or higher margin requirements, the establishment of daily price limits and the suspension of trading. The regulation of swaps, futures and/or other derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by governmental, regulatory and judicial actions. The effect of any future regulatory change on the Company could be substantial and adverse including, for example, increased compliance costs, terms relating to margin, increased disclosure requirements, the prohibition of certain types of trading and/or the inhibition of the Company's ability to continue to implement its investment approach and to seek to achieve its investment objective.

#### ***Change in accounting standards, tax law and practice***

The anticipated taxation impact of the structure of the Company and its underlying investments is based on prevailing taxation law and accounting practice and standards. Any change in the tax status of the Company or any of its underlying investments or in tax legislation or practice (including in relation to taxation rates and allowances) or in accounting standards could adversely affect the investment return of the Company.

#### ***Taxation risks***

Representations in this document concerning the taxation of Shareholders and the Company are based on law and practice as at the date of this Prospectus. These are, in principle, subject to change and prospective investors should be aware that such changes may affect the Company's ability to generate returns for Shareholders and/or the taxation of such returns to Shareholders. If you are in any doubt as to your tax position you should consult an appropriate independent professional adviser.

Any change in the Company's tax status, or in taxation legislation or the taxation regime, or in the interpretation or application of taxation legislation applicable to the Company or the companies comprised in the investment portfolio going forward, could affect the value of the investments held by the Company, the Company's ability to achieve its stated objective, the Company's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders.

#### ***Offshore funds***

Part 8 of the Taxation (International and Other Provisions) Act 2010 contains provision for the UK taxation of investors in offshore funds. Whilst the Company does not expect to be treated as an offshore fund it does not make any commitment to investors that it will not be treated as one.

#### ***Tax residence***

Failure by the Company to maintain its non-UK tax resident status may subject the Company to additional taxes which may materially adversely affect the Company's business, results of operations and the value of the Ordinary Shares. The Board of Directors intends to conduct the affairs of the Company in such a way as will maintain its non- UK tax resident status.

### ***Exchange controls and withholding tax***

The Company may from time to time purchase investments that will subject the Company to exchange controls or withholding taxes in various jurisdictions. In the event that exchange controls or withholding taxes are imposed with respect to any of the Company's investments, the effect will generally be to reduce the income received by the Company from such investments. Any reduction in the income received by the Company may lead to a reduction in the dividends, if any, paid by the Company.

### ***United States Tax Withholding and Reporting under the Foreign Account Tax Compliance Act (FATCA)***

Under the FATCA provisions of the U.S. Hiring Incentives to Restore Employment (HIRE) Act, where the Company invests directly or indirectly in U.S. assets or there are payments to the Company of U.S.-source income after 1 July 2014, gross proceeds of sales of U.S. property by the Company after 31 December 2016 and certain other payments received by the Company after 31 December 2016, these will be subject to a 30 per cent. U.S. withholding tax unless the Company complies with FATCA. FATCA compliance can be achieved by entering into an agreement with the US Secretary of the Treasury under which the Company agrees to certain U.S. tax reporting and withholding requirements as regards holdings of and payments to certain investors in the Company or, if the Company is eligible, by becoming a "deemed compliant fund". Guernsey has entered into an inter-governmental agreement with the U.S. Treasury.

The aim of the intergovernmental agreement is that Guernsey institutions should be deemed compliant with FATCA by requiring them to report information to the Guernsey tax authority pursuant to domestic legislation rather than the tax authorities in the US. If they are deemed to be compliant in this way, it is not anticipated that withholding tax should arise. Any amounts of U.S. tax withheld may not be refundable by the Internal Revenue Service (**IRS**). Potential investors should consult their advisors regarding the application of the withholding rules and the information that may be required to be provided and disclosed to the Company and in certain circumstances to the IRS as will be set out in the final FATCA regulations. The application of the withholding rules and the information that may be required to be reported and disclosed are uncertain and subject to change.

### ***Market Crisis and Governmental Intervention***

The global financial markets have recently undergone pervasive and fundamental disruptions which have led to extensive and unprecedented governmental intervention. Such intervention was in certain cases implemented on an "emergency" basis without much or any notice to the consequences that some market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions was suddenly and/or substantially eliminated. In addition, as one would expect given the complexities of the global financial markets and the limited timeframe within which governments were able to take action, these interventions were sometimes unclear in scope and application, resulting in confusion and uncertainty which in itself was materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies.

The United States Federal Reserve and non-US governments have taken significant and historic steps to intervene in the financial markets. Future government interventions may lead to a change in valuations of securities that is detrimental to the valuation of the Company's investments. Government intervention is subject to inherent uncertainties relating to prevailing economic conditions and political considerations.

The Company and the Board believe that it is possible that emergency intervention may take place again in the future. The Company and the Board also believe that the regulation of financial markets is likely to be increased in the future. It is impossible to predict the impact of any such intervention and/or increased regulation on the performance of the Company or the fulfilment of the investment objectives.

### ***Market Disruptions***

The Company may incur major losses in the event that disrupted markets and/or other extraordinary events affect markets in a way that is not consistent with historical pricing relationships. The risk of loss from the disconnection from historical prices during periods of market disruption is compounded by the fact that in disrupted markets many positions become illiquid,

making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Company from its banks, dealers and other counterparties will typically be reduced in disrupted markets. Such a reduction may result in substantial losses to the Company. In 1994, in 1998 and again in the “financial crisis” of 2007- 2009, a sudden restriction of credit by the dealer community resulted in forced liquidations and major losses for a number of investment vehicles focused on credit-related investments. However because market disruptions and losses in one sector can cause ripple effects in other sectors, many investment vehicles suffered heavy losses even though they were not heavily invested in credit-related investments.

In addition, the global financial markets may undergo further fundamental disruptions in the future, which could result in renewed governmental interventions which may be materially detrimental to the performance of the Company. Furthermore, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the Company, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible for the Company to liquidate affected positions and thereby expose it to losses. There is also no assurance that off-exchange markets will remain liquid enough for the Company to close out positions.

**If prospective investors are in any doubt as to the consequences of their acquiring, holding or disposing of Ordinary Shares, they should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser.**



## IMPORTANT INFORMATION

This Prospectus should be read in its entirety before making any application for New Ordinary Shares. In assessing an investment in the Company, investors should rely only on the information in this Prospectus. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Board, the Investment Manager, the Manager, any of the Investment Advisers or the Sponsor and any of their respective affiliates, directors, officers, employees or agents or any other person.

Without prejudice to any obligation of the Company to publish a supplementary prospectus, neither the delivery of this Prospectus nor any subscription or purchase of New Ordinary Shares made pursuant to this Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this Prospectus.

The Company and its Directors have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts, the omission of which would make misleading any statement in the document, whether of facts or of opinion. All the Directors accept responsibility accordingly.

Apart from the liabilities and responsibilities (if any) which may be imposed on the Sponsor by FSMA or the regulatory regime established thereunder, the Sponsor does not make any representation or warranty, express or implied, nor accepts any responsibility whatsoever for the contents of this Prospectus including its accuracy, completeness or verification or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Investment Manager, the Manager, the Investment Advisers, the New Ordinary Shares or the Issues. The Sponsor (and its affiliates, directors, officers or employees) accordingly disclaim all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which it might otherwise have in respect of this Prospectus or any such statement.

The Sponsor and its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company, the Investment Manager, the Manager or the Investment Advisers for which they would have received fees. The Sponsor and its affiliates may provide such services to the Company, the Investment Manager, the Manager or any of the Investment Advisers or any of their respective affiliates in the future.

In connection with the Issues, the Sponsor and any of its affiliates acting as an investor for its or their own account(s), may subscribe for the New Ordinary Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or other related investments in connection with the Issues or otherwise.

Accordingly, references in this document to the New Ordinary Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by, the Sponsor and any of its affiliates acting as an investor for its or their own account(s). The Sponsor does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

### Regulatory information

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. The issue or circulation of this Prospectus may be prohibited in some countries.

Subject to certain limited exceptions, the New Ordinary Shares offered by this Prospectus may not be offered or sold directly or indirectly in or into the United States, or to or for the account or benefit of a US Person (within the meaning of the US Securities Act).

Prospective investors should consider carefully (to the extent relevant to them) the notices to residents of various countries set out on pages 40 to 42 of this Prospectus.

### Bailiwick of Guernsey

The Company is a registered closed-ended investment scheme registered pursuant to the POI Law and the Registered Collective Investment Scheme Rules 2008 (the **RCIS Rules**) issued by the Guernsey Financial Services Commission (the **Commission**). The Commission, in granting

registration, has not reviewed this Prospectus but has relied upon specific warranties provided by the Administrator, the Company's designated manager for the purposes of the RCIS Rules 2008.

Neither the Commission nor the States of Guernsey Policy Council take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

A registered collective investment scheme is not permitted to be directly offered to the public in Guernsey but may be offered to regulated entities in Guernsey or offered to the public by entities appropriately licensed under the POI Law.

If potential investors are in any doubt about the contents of this Prospectus they should consult their accountant, legal or professional adviser, or financial adviser.

### **Investment considerations**

An investment in the Company is suitable only for investors who are capable of evaluating the risks and merits of such investment, who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in the New Ordinary Shares constitutes part of a diversified investment portfolio, who fully understand and are willing to assume the risks involved in investing in the Company and who have sufficient resources to bear any loss (which may be equal to the whole amount invested) which might result from such investment.

Typical investors in the Company are expected to be UK based asset and wealth managers regulated or authorised by the FCA and some private individuals (some of whom may invest through brokers). Investors may wish to consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before making an investment in the Company. The New Ordinary Shares are designed to be held over the long-term and may not be suitable as short-term investments. There is no guarantee that any appreciation in the value of the Company's investments will occur or that the Company's investment objective will be achieved. The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in the Company.

Any investment objectives of the Company are targets only and should not be treated as assurances or guarantees of performance.

A prospective investor should be aware that the value of an investment in the Company is subject to normal market fluctuations and other risks inherent in investing in securities.

The contents of this Prospectus or any other communications from the Company, the Investment Manager, the Manager, the Investment Advisers or Numis and any of their respective affiliates, directors, officers, employees or agents are not to be construed as advice relating to legal, financial, taxation, investment or any other matters. Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or other disposal of the New Ordinary Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the New Ordinary Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of New Ordinary Shares.

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Articles, which investors should review. A summary of the Articles can be found in Part X of this Prospectus and a copy of the Articles is available on the Company's website [www.bakersteelresourcestrust.com](http://www.bakersteelresourcestrust.com).

### **Forward-looking statements**

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "forecasts", "projects",

“expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts.

All forward-looking statements address matters that involve risks and uncertainties and are not guarantees of future performance. Accordingly, there are or will be important factors that could cause the Company’s actual results of operations, performance or achievement or industry results to differ materially from those indicated in these statements. These factors include, but are not limited to, those described in the part of this Prospectus entitled “Risk Factors”, which should be read in conjunction with the other cautionary statements that are included in this Prospectus.

Any forward-looking statements in this Prospectus reflect the Company’s current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company’s operations, results of operations, growth strategy and liquidity.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements apply only as of the date of this Prospectus. Subject to any obligations under the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules, the Company undertakes no obligation publicly to update or review any forward-looking statement whether as a result of new information, future developments or otherwise. Prospective investors should specifically consider the factors identified in this Prospectus which could cause actual results to differ before making an investment decision.

Nothing in the preceding four paragraphs should be taken as limiting the working capital statement contained in paragraph 4 of Part VIII of this Prospectus.

### **Relevant Percentages**

The percentages set out in this Prospectus assume that all of the Additional Investments will be sold to the Company pursuant to the Acquisition Agreements and that there will be no scaling back pursuant to the terms of such agreements.

### **No incorporation of website**

The contents of the Company’s website at [www.bakersteelresourcestrust.com](http://www.bakersteelresourcestrust.com) and the websites of the investee companies referred to in Part IV of this Prospectus do not form part of this Prospectus.

Investors should base their decision to invest on the contents of this Prospectus alone and should consult their professional advisers prior to making an application to subscribe for New Ordinary Shares.

### **Net Asset Value**

The Company’s Net Asset Value as at 31 December 2014 which is set out in this Prospectus is based on unaudited estimated valuations of the underlying investments and not necessarily based on observable inputs. Such estimates are not subject to due diligence and may not comply with generally accepted accounting practices or other generally accepted valuation principles. In addition, some estimated valuations are based on the latest available information which may relate to some time before 31 December 2014. Accordingly, such valuations are estimated and they should only be taken as an indicative guide.

### **Market, economic and industry data**

#### ***Presentation of information***

Market, economic and industry data used throughout this Prospectus is derived from various industry and other independent sources. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

#### ***Currency presentation***

Unless otherwise indicated, all references in this Prospectus to “GBP”, “Sterling”, “pounds sterling”, “£”, “pence” or “p” are to the lawful currency of the UK, all references to “US\$” or “US Dollars” are to the lawful currency of the United States, all references to “C\$” are to the lawful currency of Canada and all references to “euros” and “€” are to the lawful currency of the

participating member states of the Eurozone (the geographic and economic region that consists of all the European Union countries that have fully incorporated the euro as their national currency).

#### **Latest Practicable Date**

Unless otherwise indicated, the latest practicable date for the inclusion of information in this Prospectus is at the close of business on 23 January 2015.

#### **Definitions**

A list of defined terms used in this Prospectus is set out on pages 121 to 129 of this Prospectus.

#### **Governing law**

Unless otherwise stated, statements made in this Prospectus are based on the law and practice currently in force in England and Wales, and Guernsey (as appropriate) and are subject to changes therein.

#### **Share Issues**

This Prospectus relates not only to the issue of the New Ordinary Shares but also sets out information relating to (i) the 2,259,357 Ordinary Shares which were issued on 24 June 2014 as consideration for the purchase of the Polar Silver Shares and (ii) the 3,301,886 Ordinary Shares which were issued on 2 July 2014 as consideration for the purchase of the Global Oil Shale Shares.

## DIRECTORY

**Directors:**

Howard Myles (Chairman)  
Edward Flood  
Charles Hansard  
Clive Newall  
Christopher Sherwell

*all non-executive directors and of:*

Arnold House  
St. Julian's Avenue  
St. Peter Port  
Guernsey  
Channel Islands  
GY1 3NF

**Manager:**

**Baker Steel Capital Managers (Cayman) Limited**  
PO Box 309  
George Town  
Grand Cayman KY1-1104  
Cayman Islands  
Telephone: +1 345 949 8080

**Investment Manager:**

**Baker Steel Capital Managers LLP**  
86 Jermyn Street  
London SW1Y 6JD  
England  
United Kingdom  
Telephone: +44 207 389 0009

**Investment Advisers:**

**AWR Lloyd Capital Limited**  
C/o Portcullis Trustnet Group  
P.O. Box 3444  
Road Town  
Tortola  
British Virgin Islands

**Rock Capital Partners Limited**  
C/O Bison Financial Services Limited  
Bison Court  
PO Box 3460  
Road Town  
Tortola  
British Virgin Islands

**Sponsor and Placing Agent**

**Numis Securities Limited**  
The London Stock Exchange Building  
10 Paternoster Square  
London EC4M 7TL

<b>Company Secretary, Administrator and Registered Office:</b>	<b>HSBC Securities Services (Guernsey) Limited</b> Arnold House St. Julian's Avenue St. Peter Port Guernsey GY1 3NF Channel Islands Telephone: +44 1481 707 000
<b>Sub-Administrator to the Company:</b>	<b>HSBC Securities Services (Ireland) Limited</b> 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland Telephone: +353 1 635 6000
<b>Safekeeping and Monitoring Agent:</b>	<b>HSBC Institutional Trust Services (Ireland) Limited</b> 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland Telephone: +353 1 635 6000
<b>Auditors to the Company:</b>	<b>Ernst &amp; Young LLP</b> Royal Chambers St Julian's Avenue St Peter Port Guernsey GY1 4AF Channel Islands
<b>English Solicitors to the Company:</b>	<b>Norton Rose Fulbright LLP</b> 3 More London Riverside London SE1 2AQ United Kingdom
<b>Guernsey Advocates to the Company:</b>	<b>Ogier Legal</b> Redwood House St. Julian's Avenue St. Peter Port Guernsey GY1 1WA Channel Islands
<b>Solicitors to the Sponsor and Placing Agent:</b>	<b>Hogan Lovells International LLP</b> 50 Holborn Viaduct London EC1A 2FG
<b>Registrar:</b>	<b>Capita Registrars (Guernsey) Limited</b> Longue Hougue House St. Sampson Guernsey GY2 4JN Channel Islands
<b>UK Paying Agent and Transfer Agent:</b>	<b>Capita Asset Services</b> The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom

**Receiving Agent:**

**Capita Asset Services**

Corporate Actions  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU  
United Kingdom

**Principal Banker:**

**HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

## NOTICES TO OVERSEAS INVESTORS

No application to market the New Ordinary Shares has been made by the Company under the relevant private placement regime in any member state of the EEA other than in the United Kingdom (further details of which are set out below). No marketing of New Ordinary Shares in any member state of the EEA other than the United Kingdom will be undertaken by the Company save to the extent that such marketing is permitted by the AIFM Directive as implemented in the relevant member state.

If you receive a copy of this document in any territory other than the United Kingdom (the **Eligible Jurisdiction**) you may not treat it as constituting an invitation or offer to you. It is your responsibility, if you are outside the Eligible Jurisdiction and wishing to make an application for New Ordinary Shares under the Issues, to satisfy yourself that you have fully observed the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory. The Company reserves the right, in its absolute discretion, to reject any application received from outside the Eligible Jurisdiction. Applications by investors in the Eligible Jurisdiction are subject to certain further representations.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this document and the offering of New Ordinary Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this document is received are required to inform themselves about and to observe such restrictions.

None of the New Ordinary Shares have been or will be registered under the laws of Australia, Canada, Japan, or the Republic of South Africa. Accordingly, unless an exemption under such laws is applicable, the New Ordinary Shares may not be offered, sold or delivered, directly or indirectly, within Australia, Canada, Japan or the Republic of South Africa (as the case may be). If you subscribe for New Ordinary Shares you will, unless the Company agrees otherwise in writing, be deemed to represent and warrant to the Company that you are not a resident of Australia, Canada, Japan or the Republic of South Africa or a corporation, partnership or other entity organised under the laws of Australia or Canada (or any political subdivision of any of them), Japan or the Republic of South Africa and that you are not subscribing for such New Ordinary Shares for the account of any resident of Australia, Canada, Japan or the Republic of South Africa and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the New Ordinary Shares in or into Australia, Canada, Japan or the Republic of South Africa or to any resident in Australia, Canada, Japan or the Republic of South Africa. No application will be accepted if it shows the applicant, payor or a prospective holder having an address in Australia, Canada, Japan or the Republic of South Africa.

This document may not be published, distributed or transmitted by any means or media, directly or indirectly, in whole or in part, in or into Australia, Canada, Japan or the Republic of South Africa.

Any persons (including, without limitation, custodians, nominees and trustees) who would or otherwise intend to, or may have a contractual or other legal obligation to forward this document or any accompanying documents in or into Australia, Canada, Japan, the Republic of South Africa or any other jurisdiction outside the Eligible Jurisdiction should seek appropriate advice before taking any action.

The Company is an externally managed non-EEA AIF with the Investment Manager acting as the AIFM for the purposes of the AIFM Directive.

### **For the attention of Guernsey investors**

This Prospectus may only be distributed or circulated directly or indirectly in or from within the Bailiwick of Guernsey (i) by persons licensed to do so by the Commission under the POI Law or (ii) to persons licensed under the POI Law, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Business and Company Directors etc. (Bailiwick of Guernsey) Law, 2000.



**For the attention of Jersey investors**

Consent under the Control of Borrowing (Jersey) Order 1958 has not been obtained for the circulation of this Prospectus. Accordingly, the offer that is the subject of this Prospectus may only be made in Jersey where the offer is valid in the United Kingdom or Guernsey and is circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom or Guernsey, as the case may be. By accepting this offer each prospective investor in Jersey represents and warrants that he or she is in possession of sufficient information to be able to make a reasonable evaluation of the offer.

**For the attention of Swiss investors**

The New Ordinary Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under Articles 652a or 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under Articles 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the New Ordinary Shares may be publicly distributed or otherwise made publicly available in Switzerland.

The distribution of New Ordinary Shares in Switzerland will be exclusively made to, and directed at, qualified investors, as defined in the Swiss Collective Investment Schemes Act of 23 June 2006, as amended and its implementing ordinance. Accordingly, the Company has not been and will not be registered with the Swiss Financial Market Supervisory Authority.

**For the attention of US investors**

The New Ordinary Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, in or into the United States or to or for the account or benefit of any US Person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. In addition, the Company has not been, and will not be, registered under the U.S. Investment Company Act nor will the Investment Manager be registered as an investment adviser under the U.S. Investment Advisers Act and investors will not be entitled to the benefits of the U.S. Investment Company Act or the U.S. Advisers Act. Accordingly, New Ordinary Shares are being offered and sold: (i) to US Persons or to purchasers within the United States or persons who are acting for the account or benefit of US Persons, in either case who have executed and returned a U.S. Investor Letter and are reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) that are also “qualified purchasers” (as defined in Section 2(a)(51) of the U.S. Investment Company Act) pursuant to a transaction that is exempt from, or not subject to, the registration requirements of the U.S. Securities Act; and (ii) to investors who are not US Persons or persons acquiring for the account or benefit of US Persons outside the United States in “offshore transactions” within the meaning of and in reliance on Regulation S. The Company reserves the right, in its absolute discretion, to refuse to permit a transfer of interests in the Company and to require compulsory transfer of interests in the Company and intends to exercise this discretion as the Company determines to be necessary for the purposes of compliance with the U.S. Securities Act, the U.S. Investment Company Act, and other U.S. legislation.

Subject to such limited exceptions as may be determined within its sole discretion, the Company does not intend to permit the New Ordinary Shares to be acquired by investors subject to Title I of ERISA, or to the prohibited transaction provisions of Section 4975 of the U.S. Internal Revenue Code, or by others holding the assets of such investors as defined in Section 3(42) of ERISA and applicable regulations.

The New Ordinary Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission or any state securities commission, nor has any such regulatory authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is unlawful.

Any New Ordinary Shares (to the extent they are in certificated form), initially sold to investors located in the United States or to US Persons unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

**THE SECURITY EVIDENCED HEREBY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (A “QIB”) THAT IS ALSO A QUALIFIED PURCHASER WITHIN THE MEANING OF SECTION 2(A)(51) OF THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (A “QP”), PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB THAT IS ALSO A QP IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT; OR (2) IN AN OFFSHORE TRANSACTION TO A NON-US PERSON COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES OR ANY OTHER JURISDICTION. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THIS SECURITY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITORY RECEIPT FACILITY IN RESPECT OF SECURITIES OF THE COMPANY ESTABLISHED OR MAINTAINED BY A DEPOSITORY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF THIS SECURITY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.**

Prospective US investors must rely on their own examination of the US tax consequences of an investment in the Company. Prospective US investors should not treat the contents of this Prospectus as advice relating to US tax matters and are advised to consult their own professional US tax advisers concerning the acquisition, holding or disposal of any investment in the Company.

## EXPECTED TIMETABLE

All references to times in this Prospectus are to London times.

	<b>2015</b>
Record Date for entitlement under the Open Offer	close of business on 23 January
Initial Placing opens	26 January
Ex-entitlement date for the Open Offer	27 January
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	28 January
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 16 February
Latest time for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 17 February
Latest time and date for splitting of Open Offer Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 18 February
<b>Calculation Date</b>	<b>close of business on 18 February</b>
<b>Latest time and date for receipt of completed Open Offer Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction</b>	<b>11.00 a.m. on 20 February</b>
<b>Latest time and date for receipt of commitments in respect of the Initial Placing</b>	<b>12.00 p.m. on 20 February</b>
<b>Latest time and date for receipt of Forms of Proxy</b>	<b>9.30 a.m. on 21 February</b>
<b>Extraordinary General Meeting</b>	<b>9.30 a.m. on 23 February</b>
Initial Issue Price and results of the EGM and the Proposals announced	by close of business on 23 February
<b>Admission of Acquisition Shares issued in relation to the Acquisitions and commencement of dealings in Acquisition Shares</b>	<b>8.00 a.m. on 25 February</b>
<b>Admission of New Ordinary Shares issued under the Initial Placing and Open Offer and commencement of dealings in New Ordinary Shares</b>	<b>8.00 a.m. on 25 February</b>
CREST members' accounts credited in respect of New Ordinary Shares in uncertificated form	8.00 a.m. on 25 February

Placing Programme opens **2015**  
25 February

Despatch of definitive share certificates for New Ordinary Shares issued under the Initial Placing and the Open Offer in certificated form week commencing 2 March

Placing Programme closes **2016**  
22 January

The dates and times specified above are subject to change. In particular, the Directors may with the prior approval of the Sponsor bring forward or postpone the closing time and date for the Initial Placing and the Open Offer by up to two weeks. In the event that such date is changed, the Company will notify investors who have applied for New Ordinary Shares of changes to the timetable either by post, by electronic mail or by the publication of a notice through a Regulatory Information Service.

## ISSUE STATISTICS

### Issue Price per New Ordinary Share:

- in respect of the Initial Issue Shares and Acquisition Shares issued as consideration for the acquisition of Listed Investments a price per New Ordinary Share equal to 85 per cent. of the NAV per Ordinary Share on the Calculation Date
- in respect of Acquisition Shares issued as consideration for the acquisition of Unlisted Investments a price per New Ordinary Share equal to the NAV per Ordinary Share on the Calculation Date
- in respect of New Ordinary Shares issued pursuant to the Placing Programme a premium to the prevailing Net Asset Value per Ordinary Share at the time of issue

## PART I – INTRODUCTION TO THE ISSUE

### Introduction

The Company is a Guernsey incorporated, closed-ended investment company, the Ordinary Shares of which have a premium listing on the Official List and are admitted to trading on the Main Market of the London Stock Exchange. The Company has an independent Board of five non-executive Directors and has appointed Baker Steel Capital Managers LLP to act as the Investment Manager and the Company's alternative investment fund manager. Further details of the governance and management of the Company are set out in Part V of this Prospectus.

The Company's investment objective is to seek capital growth over the long-term through a focussed, global portfolio consisting principally of the equities, or related instruments, of natural resources companies. The Company invests in unlisted companies (i.e. those companies that have not yet made an initial public offering or IPO), and in listed securities (including special situations opportunities and less liquid securities) with a view to making attractive investment returns through the uplift in value resulting from development progression of the investee companies projects and through exploiting value inherent in market inefficiencies and pricing anomalies.

On its IPO in April 2010, the Company issued approximately 66 million Ordinary Shares, at an issue price of £1.00 per share (with subscription shares attached on a 1 for five basis). Approximately 30.5 million of these Ordinary Shares were issued for cash pursuant to a placing and offer for subscription and 35.5 million Ordinary Shares were issued in consideration for the acquisition of a seed portfolio of assets (the **IPO Seed Portfolio**) in connection with the scheme of reorganisation of the Genus Capital Fund.

Several investments have since been made by the Company in accordance with its investment policy.

The Company's Net Asset Value as at 31 December 2014 was approximately £32.2 million (unaudited) and its investment portfolio comprised 7 Listed Investments (valued at £7.8 million) and 9 Unlisted Investments (valued at £24.5 million). Its cash and accruals totalled approximately £(0.2) million. As at the same date, the Net Asset Value per Ordinary Share was 44.9 pence (unaudited).<sup>3</sup>

The 54.1 per cent. fall in the Net Asset Value per Ordinary Share since the Company's IPO in April 2010 has broadly tracked the downturn in the general market for mining shares with the Euromoney Global Mining 100 Index down 47.5 per cent. in Sterling terms over the same period.

The Board is aiming to significantly increase the size of the Company through the Acquisitions and the Initial Issue, which it believes will provide the Company with greater critical mass, providing a stronger investment proposition. In particular:

- the increase in net assets and market capitalisation of the Company is expected to widen the appeal of the Ordinary Shares to potential investors which *inter alia* is expected to improve the liquidity of the Ordinary Shares and reduce the discount at which the Ordinary Shares may trade relative to their Net Asset Value in the future. Furthermore, the increase in net assets will facilitate the introduction of discount management and distribution policies;
- the Acquisitions broadly retain the current shape and focus of the Company's portfolio and its inherent upside potential, given the high level of commonality between the Current Investments, the Additional Investments and the Further Additional Investments;
- to the extent that new capital is raised through the Initial Issue and/or the Placing Programme, it is anticipated that deployment of additional funds into selected existing investments can accelerate the process of creating and realising inherent value in these assets as they move up the value curve, as described below;
- the Investment Manager believes that the commodities cycle is close to its trough and that current market conditions therefore represent an attractive time to be investing in mining and resources assets, many of which are priced well below their risk adjusted fair values. Capital markets are generally unreceptive to development companies' need for capital and such companies are currently being particularly undervalued due to perceived financing risk. The

<sup>3</sup> The Company's Net Asset Value as at 31 December 2014 which is set out in this Prospectus is based on unaudited estimated valuations of the underlying investments and not necessarily based on observable inputs. Such estimates are not subject to due diligence and may not comply with generally accepted accounting practices or other generally accepted valuation principles. In addition, some estimated valuations are based on the latest available information which may relate to some time before 31 December 2014. Accordingly, such valuations are estimated and they should only be taken as an indicative guide.

Investment Manager believes that it is therefore timely to seek to exploit this opportunity through carefully selected investment with a preference towards companies with late stage development projects requiring the last tranche of capital to reach positive cashflow from operations;

- the increase in scale should provide the Investment Manager with better opportunities to achieve favourable terms for investment by the Company given the stronger negotiating position derived from its ability to invest in larger 'ticket sizes' in investee companies;
- the potential addition of Salamanca as an additional Investment Adviser, should negotiations to acquire certain co-owned assets from Salamanca clients be concluded, will enhance the existing skill set of the Investment Manager and broaden its network for identifying attractive investment opportunities for the Company; and
- the increased size of the Company will reduce the level of its ongoing charges per Ordinary Share.

Shareholders will have the opportunity to subscribe, *pro-rata* to their existing shareholdings, for all of the New Ordinary Shares available under the Initial Issue.

As a result of the Proposals, Existing Shareholders will suffer a limited amount of dilution as set out below. Notwithstanding this potential dilution, the Directors believe that the Proposals are in the best interests of Shareholders for the reasons set out above.

In the event that Existing Shareholders do not take up any of their entitlements pursuant to the Initial Issue and no Initial Issue Shares are issued pursuant to the Initial Issue and on the basis that 42,772,053 Acquisition Shares are issued as consideration for the Additional Investments (such number of Acquisition Shares being calculated by reference to the value of the Additional Investments as at 31 December 2014 (unaudited) and the Net Asset Value as at 31 December 2014 (unaudited)), the number of Ordinary Shares in issue would increase by 59.7 per cent. and the level of dilution to the Net Asset Value per Ordinary Share would be 2.0 per cent.

However, in the event that 261,718,782 Initial Issue Shares are issued pursuant to the Initial Issue (being the maximum number of Initial Issue Shares available pursuant to the Initial Issue and such number of Initial Issue Shares being calculated by reference to the Net Asset Value as at 31 December 2014 (unaudited)) the number of Ordinary Shares in issue would increase by a further 228.6 per cent. and the additional level of dilution to the Net Asset Value per Ordinary Share would be a further 10.4 per cent.

## **The Acquisitions and issue of Acquisition Shares**

### ***Additional Investments***

The Company has entered into the Acquisition Agreements, pursuant to which the Company has agreed to acquire the Additional Investments which, as at 31 December 2014, had an aggregate value of approximately £18.59 million (unaudited).

All of the Additional Investments fall within the Company's investment policy and of the 18 Additional Investments to be acquired pursuant to the Acquisition Agreements, as at 31 December 2014, 92.1 per cent. by value of the Additional Investments are in investee companies in which the Company has already made an investment and 7.9 per cent. by value of the Additional Investments are not common to the Company's existing portfolio. The value attributed to the Additional Investments will be determined as at the Calculation Date, in accordance with the Company's usual valuation policies save that the value of the Listed Investments will be their volume weighted average traded price (**VWAP**) on the principal stock exchange on which they are traded over the 10 dealing days prior to and including the Calculation Date rather than their latest closing price as published by the relevant exchange or clearing house quoted on such exchange. The reason for using the 10 day VWAP is to account for any one day volatility on the relevant stock exchange.

Further details of the Acquisition Agreements and the Additional Investments and the Further Additional Investments proposed to be acquired are set out in Parts IV and X of this document.

The consideration payable under the Acquisition Agreements will be satisfied by the issue of fully paid Acquisition Shares. The issue price and the number of Acquisition Shares to be issued will depend on whether the Additional Investments are Unlisted Investments or Listed Investments:

- in the case of Unlisted Investments, the Acquisition Shares will be issued at an issue price equal to the prevailing Net Asset Value per Ordinary Share as at the Calculation Date and the value of the Unlisted Investments used to calculate the consideration will be their fair value as at 31 December 2014, as determined by the Investment Manager, in consultation with the Directors, in accordance with the Company's usual valuation policies, subject to adjustment if there is a significant change in value between such date and the Calculation Date. The Investment Manager's valuation process will be subject to an independent review by Grant Thornton UK LLP; and
- in the case of Listed Investments, and any cash attributable to those GNR Shareholders who elect to rollover their investment (to the extent it is not distributed to those shareholders) the Acquisition Shares will be issued at an issue price equal to 85 per cent. of the prevailing Net Asset Value per Ordinary Share as at the Calculation Date and the value of the Listed Investments used to calculate the consideration will be their VWAP on the principal stock exchange on which they are traded over the 10 dealing days prior to and including the Calculation Date, as determined by the Administrator. The Board believes it is appropriate to apply a 15% discount to the Net Asset Value per Ordinary Share in respect of the Listed Investments being acquired so as not to dis-incentivise their prospective vendors, who could otherwise reasonably expect to realise market value for them. Accordingly they have been treated in the same manner as funds proposed to be raised through the Initial Issue. The valuation process will be subject to an independent review by Grant Thornton UK LLP.

The Acquisition Shares will rank *pari passu* in all respects with the existing Ordinary Shares, save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the Acquisition Shares.

Application will be made to the FCA for admission of all the Acquisition Shares to the premium segment of the Official List and to the London Stock Exchange for the Acquisition Shares to be admitted to trading on the Main Market of the London Stock Exchange. It is expected that Admission of the Acquisition Shares will become effective and that unconditional dealings in the Acquisition Shares issued in respect of Additional Investments will commence on the Main Market of the London Stock Exchange at 8.00 a.m. on 25 February 2015.

The Acquisition Agreements are conditional on Admission of the relevant Acquisition Shares and on Shareholders approving certain resolutions which are to be proposed at the Extraordinary General Meeting referred to below.

#### **Further Additional Investments**

In addition to the Additional Investments which will be acquired under the Acquisition Agreements, the Investment Manager has also identified a number of holdings of common assets which it believes the Company will be able to acquire on the same terms as the Additional Investments. In particular, the Company is in negotiations with Salamanca Group Advisers Limited to acquire certain assets owned in common from Salamanca's clients which, if completed, is expected to result in Salamanca becoming an additional Investment Adviser. All of the Further Additional Investments fall within the Company's investment policy and all of the 8 Further Additional Investments which might be acquired, are in investee companies in which the Company has already made an investment or in which the Company will be interested following completion of the Acquisitions. As at 31 December 2014, the Further Additional Investments had an aggregate value of £60.7 million (unaudited)

The Investment Manager has not yet been able to finalise these further potential acquisitions to the stage that the Company has been able to sign acquisition agreements prior to the publication of this Prospectus but expects to do so by 31 July 2015, in which case the consideration payable for such acquisitions will be satisfied by the issue of fully paid Acquisition Shares. However, there can be no assurance that all or any of the Further Additional Investments will be acquired. The Further Additional Investments will be acquired on the same basis as the Additional Investments and the issue price and the number of Acquisition Shares to be issued will depend on whether the Further Additional Investments are Unlisted Investments or Listed Investments as set out above.

Applications will be made to the FCA for admission of all the Acquisition Shares to the premium segment of the Official List and to the London Stock Exchange for the Acquisition Shares to be admitted to trading on the Main Market of the London Stock Exchange. It is expected that Admission of the relevant Acquisition Shares will become effective, and that unconditional dealings



in such Acquisition Shares issued will commence, approximately three Business Days after completion of the relevant Further Additional Investments.

### **The Initial Placing and Open Offer**

The Company is seeking to raise up to £100 million (before expenses) pursuant to the Initial Placing and Open Offer. The Open Offer ensures that all of the New Ordinary Shares to be issued under the Initial Issue are reserved in the first instance for existing Shareholders.

Under the Open Offer, Qualifying Shareholders will be entitled to subscribe for the New Ordinary Shares to be issued under the Initial Issue *pro rata* to their holdings of Ordinary Shares on the Record Date (being 23 January 2015) as follows:

#### **3.65 New Ordinary Shares for every 1 Ordinary Share held at the Record Date based on an indicative issue price of 38.2p per New Ordinary Share (being equal to 85 per cent. of the Net Asset Value of an Ordinary Share as at 31 December 2014)**

New Ordinary Shares not taken up by Qualifying Shareholders in accordance with their Open Offer Entitlement will be made available under the Initial Placing and the Excess Application Facility (as described in Part VI of this Prospectus).

The actual issue price of the New Ordinary Shares to be issued under the Initial Placing and the Open Offer (the **Initial Issue Shares**) will be equal to 85 per cent. of the prevailing Net Asset Value per Ordinary Share as at the Calculation Date (the **Initial Issue Price**) and accordingly will be the same as the issue price for the Acquisition Shares, as calculated on the Calculation Date, which are to be issued in respect of the Listed Investments to be acquired under the Acquisition Agreements (as described above).

If the Net Asset Value per Ordinary Share as at the Calculation Date is less than 44.9p per (being the Net Asset Value per Ordinary Share as at 31 December 2014 on which the Open Offer Entitlement to subscribe for the number of New Ordinary Shares set out above has been calculated), every Qualifying Shareholders' Open Offer Entitlement will be adjusted on a *pro rata* basis to reflect the resulting lower Initial Issue Price and the number of New Ordinary Shares which each Qualifying Shareholder will be entitled to subscribe for on a pre-emptive basis will be increased accordingly. Conversely, if the Net Asset Value per Ordinary Share as at the Calculation Date is more than 44.9p per Ordinary Share, every Qualifying Shareholders' Open Offer Entitlement will be adjusted on a *pro rata* basis to reflect the resulting higher Initial Issue Price and the number of New Ordinary Shares which each Qualifying Shareholder will be entitled to subscribe for on a pre-emptive basis will be decreased accordingly.

Applications will be made to the FCA for admission of the Initial Issue Shares to the premium segment of the Official List and to the London Stock Exchange for the Initial Issue Shares to be admitted to trading on the Main Market of the London Stock Exchange. It is expected that Admission of the Initial Issue Shares will become effective and that unconditional dealings in the Initial Issue Shares will commence on the Main Market of the London Stock Exchange at 8.00 a.m. on 25 February 2015.

Further information on the Initial Issue is set out in Part VI of this document and the terms and conditions of the Initial Placing and the terms and conditions of the Open Offer are set out respectively in Appendices I and II to this document.

### **The Placing Programme**

To the extent that the Company raises less than £100 million under the Initial Issue, it is proposed that the Company should be able to raise the balance (being £100 million less the gross proceeds of the Initial Issue) on a non-pre-emptive basis pursuant to the Placing Programme. Any New Ordinary Shares issued under the Placing Programme will be issued at a premium to the prevailing Net Asset Value at the time of the relevant Placing as described below.

New Ordinary Shares will be available for issue under the Placing Programme from 25 February 2015 until 22 January 2016. The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue New Ordinary Shares over a period of time and the issue of the New Ordinary Shares under the Placing Programme will be at the discretion of the Directors.

All New Ordinary Shares issued pursuant to the Placing Programme will be issued at a premium to the prevailing Net Asset Value per Ordinary Share at least sufficient to cover the costs and

expenses of the relevant Placing. The issue price of any Placing Programme Shares will be announced through a Regulatory Information Service as soon as is practicable following the allotment of such Placing Programme Shares.

Applications will be made on an *ad hoc* basis to the FCA for admission of the Placing Programme Shares to the premium segment of the Official List and to the London Stock Exchange for such Placing Programme Shares to be admitted to trading on the Main Market of the London Stock Exchange. It is expected that Admission of the relevant Placing Programme Shares will become effective, and that unconditional dealings in such Placing Programme Shares issued will commence, approximately three Business Days after each Placing is announced.

Further information on the Placing Programme is set out in Part VII of this document and the terms and conditions of the Placing Programme are set out in Appendix III to this document.

### **Amendment of the Articles**

The Company's Existing Articles require that at the Annual General Meeting of the Company falling in 2015 and each third Annual General Meeting thereafter, the Board is required to propose a special resolution to the effect that the Company shall be wound-up.

In view of the Proposals which are intended to significantly increase the size of the Company and attract new investors and because the Proposals are subject to Shareholder approval at the Extraordinary General Meeting, the Board believes it is appropriate to amend the Existing Articles so that the first Discontinuation Vote will be put to Shareholders at the Company's Annual General Meeting in 2018 and, if the Company is not then liquidated or reorganised, at each third Annual General Meeting thereafter.

In addition to postponing the first Discontinuation Vote until the 2018 Annual General Meeting, the Existing Articles will also be amended so that the special resolution that the Directors are required to put to the relevant Annual General Meeting will provide that, if passed, the Directors will then be required, within 6 months of the passing of the special resolution, to formulate and submit proposals to Shareholders that will provide Shareholders with an opportunity to realise the value of their Ordinary Shares at Net Asset Value per Ordinary Share (less relevant costs and expenses).

If the Amendment Resolution is not passed, none of the Acquisitions, the Initial Issue or the Placing Programme will proceed. In these circumstances the Company will continue in existence in its present form and in accordance with the Existing Articles, Shareholders would retain the opportunity to vote on the continuation of the Company at the Annual General Meeting in 2015.

### **Approval of Rule 9 Waiver**

In the event that Existing Shareholders do not take up any of their entitlement pursuant to the Open Offer and no Initial Issue Shares are issued pursuant to the Initial Issue, and on the basis of (i) the Net Asset Value of the Ordinary Shares and (ii) the value of the Additional Investments, each as at 31 December 2014, 42,772,053 Acquisition Shares would be issued as consideration for the Additional Investments. Accordingly the Deemed Concert Party would hold 51,991,984 Ordinary Shares representing 45.53 per cent. of the ordinary share capital which, without a waiver of the obligations under Rule 9 of the Takeover Code, would oblige the Deemed Concert Party to make a general offer to Shareholders under Rule 9 of the Takeover Code.

Following an application to the Takeover Panel, the Takeover Panel has agreed to waive this obligation, subject to the approval of the Independent Shareholders (on a poll) at the Extraordinary General Meeting. Accordingly, the Whitewash Resolution is being proposed at the EGM to approve the waiver granted by the Takeover Panel.

If the Whitewash Resolution is not passed, the Acquisition Shares to be issued pursuant to the GNRMF Acquisition Agreement and the GDGF Acquisition Agreement will be scaled back under the terms of those agreements to ensure that the Deemed Concert Party would not be directly or indirectly interested in shares carrying 30 per cent. or more of the voting rights in the Company as at Admission.

### **Extraordinary General Meeting**

An Extraordinary General Meeting has been convened for 9.30 a.m. on 23 February 2015 in connection with the implementation of the Proposals.

The resolutions to be proposed at the Extraordinary General Meeting are as follows:

- a special resolution to approve the disapplication of pre-emption rights in respect of the Initial Issue and the issue of the New Ordinary Shares for cash pursuant to the Initial Issue at an issue price reflecting a 15 per cent. discount to the Net Asset Value per Ordinary Share prevailing as at the Calculation Date (the **Initial Issue Resolution**);
- a special resolution to approve the disapplication of pre-emption rights in respect of the New Ordinary Shares to be issued pursuant to the Placing Programme (the **Placing Programme Resolution**);
- an ordinary resolution to be held on a poll by the Independent Shareholders to approve the waiver granted by the Takeover Panel of any requirement under Rule 9 for the Deemed Concert Party to make a general offer to Shareholders as a result of the issue and allotment of the Acquisition Shares (the **Whitewash Resolution**);
- the renewal of the Company's general authority to issue up to 500,000,000 Ordinary Shares for a period of five years (the **Authority Resolution**); and
- a special resolution to approve the proposed amendments to the Existing Articles, *inter alia* in respect of the Discontinuation Vote provisions (the **Amendment Resolution**).

The Acquisitions and the Initial Issue are conditional upon each of the Initial Issue Resolution and the Amendment Resolution being passed.

The Placing Programme is conditional upon each of the Placing Programme Resolution, the Authority Resolution and the Amendment Resolution being passed.

The Authority Resolution is not conditional upon any other Resolution being passed.

The changes to the Existing Articles are conditional upon each of the Initial Issue Resolution and the Amendment Resolution being passed. If the Initial Issue Resolution and the Amendment Resolution are not passed, the Existing Articles will remain in place and Shareholders will be given the opportunity to vote on the continuation of the Company at the Annual General Meeting in 2015.

## PART II – INFORMATION ON THE COMPANY

### Investment objective

The Company's investment objective is to seek capital growth over the long-term through a focused, global portfolio consisting principally of the equities, or related instruments, of natural resources companies. The Company invests in unlisted companies (i.e. those companies that have not yet made an initial public offering or **IPO**) and in listed securities (including special situations opportunities and less liquid securities) with a view to making attractive investment returns through the uplift in value from development progression of the investee companies' projects and through exploiting value inherent in market inefficiencies and pricing anomalies.

### Investment policy

The core of the Company's strategy is to invest in natural resources companies, predominantly unlisted, that the Investment Manager considers to be undervalued and have strong fundamentals and attractive growth prospects.

Natural resources companies, for the purposes of the investment policy, are those involved in the exploration for and production of base metals, precious metals, bulk commodities, thermal and metallurgical coals, industrial minerals, energy and uranium and include single-asset as well as diversified natural resources companies.

It is intended that unlisted investments be realised through an IPO, trade sale, management repurchase or other methods.

The Company focuses primarily on making investments in companies with producing assets and/or tangible assets such as resources and reserves that have been verified under internationally recognised standards for reporting, such as those of the Australasian Joint Ore Reserves Committee. The Company may also invest from time to time in exploration companies whose activities are speculative by nature.

The Company has the flexibility to invest in a wide range of investments in addition to unlisted and listed equities and equity-related securities, including but not limited to commodities, convertible bonds, debt securities, royalties, options, warrants and futures. Derivatives may be used for efficient portfolio management, hedging and for the purposes of obtaining investment exposure. The Company may also have exposure from time to time to other companies within the wider resources and materials sector, including services companies, transport and infrastructure companies, utilities and downstream processing companies.

The Company may take legal or management control of a company from time to time. The Company may invest in other investment funds or vehicles, including any managed by the Manager or Investment Manager, where such investment would be complimentary to the Company's investment objective and policy.

### Limits

There are no fixed limits on the allocation between unlisted and listed equities or equity-related securities and cash although, as a guideline, typically the Investment Manager will aim for the Company to be invested over the long-term as follows:

- between 40 and 100 per cent. of the value of its gross assets in unlisted equities or equity-related securities;
- up to 50 per cent. of the value of its gross assets in listed equities or equity-related securities;
- up to 10 per cent. of the value of its gross assets in cash or cash-like holdings; and
- typically in between 10 to 20 core positions to provide adequate diversification whilst retaining a focused core approach. Core positions will typically be between 5 per cent. and 15 per cent. of the NAV as at the date of acquisition.

The actual percentage of the Company's gross assets invested in listed and unlisted equities and equity-related securities and cash and cash-like holdings and the number of positions held may fall outside these ranges from time to time. For example, listed securities might exceed the above guideline following a significant number of IPOs or in certain market conditions and likewise cash balances may exceed the above guideline following the realisation of one or more investments or following the issue of new equity in the Company, pending investment of the proceeds.

The investment policy has the following limits:

- Save in respect of cash and cash-like holdings awaiting investment, the Company will invest or lend no more than 20 per cent. in aggregate of the value of its gross assets in or to any one particular company or group of companies, as at the date of the relevant transaction.
- No more than 10 per cent. in aggregate of the value of the gross assets of the Company may be invested in other listed closed-ended investment funds, except for those which themselves have stated investment strategies to invest no more than 15 per cent. of their gross assets in other listed closed-ended investment funds.

Where derivatives are used for investment exposure, these limits will be applied in respect of the investment exposures so obtained.

The Company will avoid (a) cross-financing between the businesses forming part of its investment portfolio and (b) the operation of common treasury functions as between it and the investee companies.

### **Gearing**

When deemed appropriate, the Company may borrow up to 10 per cent. of NAV for temporary purposes such as settlement mismatches. Borrowings will not however be incurred for the purposes of any Share repurchases.

The Investment Manager will not normally hedge the exposure of the Company to currency fluctuations.

### **Amendments to and compliance with the Investment Policy**

Material changes to the Company's investment policy may only be made with the approval of the Shareholders by way of an ordinary resolution and (for so long as the Ordinary Shares are listed on the Official List) in accordance with the Listing Rules.

The investment limits detailed above apply at the time of the acquisition of the relevant investment.

The Company will not be required to dispose of any investment or to rebalance its investment portfolio as a result of a change in the respective valuations of its assets. Non-material changes to the investment policy must be approved by the Board, taking into account advice from the Investment Manager.

### **Risk management**

All investment decisions are subject to approval of an investment committee of the Investment Manager (the **Investment Committee**) and will take into account, *inter alia*, the need for diversification with respect to sub-sector allocation within the natural resources sector. The Investment Committee comprises representatives of the Investment Manager and the Investment Advisers and may include other individuals with expertise in the natural resources sector and/or who have experience in identifying investment opportunities, and conducting research, due diligence, valuation and execution in this respect.

Investment opportunities are subject to extensive due diligence and are typically supported by valuations, meetings with management, internal and external research, site visits and the experience of the Investment Manager and its advisers.

Investments are subject to regular monitoring overseen by the Investment Committee and the Investment Committee is active in reviewing and approving exit strategies.

The Investment Manager monitors the Company's investments so that the investment limits are not breached. In the event of any breach of the investment limits, the Directors will make an announcement on a Regulatory Information Service as soon as practicable.

### **Capital structure**

The Company's issued share capital immediately following Admission will comprise the Existing Ordinary Shares, the Management Ordinary Shares (see below) and the New Ordinary Shares to be issued pursuant to the Initial Placing and Open Offer and the Acquisitions; subsequently New Ordinary Shares may be issued in consideration of the acquisition of the Further Additional Investments and/or pursuant to the Placing Programme. The New Ordinary Shares will be and the Existing Ordinary Shares are denominated in Sterling.

The Existing Ordinary Shares are, and it is intended that the New Ordinary Shares will be, listed on the Official List with a premium listing and traded on the Main Market.

Ordinary Shareholders are entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each Ordinary Share held.

In addition to the Existing Ordinary Shares, the Company has 10,000 Management Ordinary Shares in issue, which are held by the Investment Manager. The holder of the Management Ordinary Shares has the same voting, dividend, capital and other rights as the holders of Ordinary Shares (except that the holders of Management Ordinary Shares are not entitled to vote on any resolution relating to Reserved Matters). No application has been or will be made to have the Management Ordinary Shares admitted to listing on the Official List or to trading on the London Stock Exchange's Main Market.

On a winding-up of the Company, once the Company has satisfied all of its liabilities, the Ordinary Shareholders and the Management Ordinary Shareholders are entitled to all of the surplus assets of the Company attributable to the Ordinary Shares and the Management Ordinary Shares.

### **Discount management policy**

Subject to the passing of the Initial Issue Resolution and the Amendment Resolution and completion of the Acquisition Agreements and to the Company having the appropriate authorities in place at the relevant time to purchase its own shares, the Company will introduce a discount management mechanism from August 2015. Beginning from the publication of the Company's Net Asset Value as at 31 July 2015, the Company will on a monthly basis, following publication of its monthly Net Asset Value, calculate the aggregate net cash proceeds of realisation over the immediately preceding six month period. If the Ordinary Shares are trading at a discount in excess of 15 per cent. to their Net Asset Value, the Board intends to allocate at least 50 per cent. of such realisation proceeds (less the aggregate value of any Ordinary Shares already bought back during the six month period) to buy back its own Ordinary Shares.

### **Capital returns policy**

Subject to the passing of the Initial Issue Resolution and the Amendment Resolution and completion of the Acquisition Agreements, in respect of each financial year of the Company (the **Relevant Year**) commencing with the year to 31 December 2015, the Board intends to allocate cash for distribution to Shareholders (the **Distributable Amount**). The Distributable Amount for each Relevant Year will be calculated following the publication of the Company's audited financial statements for the Relevant Year.

Such Distributable Amount shall be no less than 15 per cent. of the aggregate net realised cash gains achieved in the Relevant Year. Such net realised cash gains will be calculated after deducting any losses realised in the Relevant Year.

The Board will retain discretion for determining the most appropriate manner by which to distribute any Distributable Amount, which may include but will not be limited to, share buybacks, tender offers and dividend payments.

### **Valuation policy**

The Net Asset Value is determined as at the close of business on the last Business Day of each calendar month or on any other Valuation Day or at such other times as the Directors may determine. The Net Asset Value is equal to the value of the Company's total assets less its liabilities.

Details of each monthly valuation, and of any suspension in the making of such valuations are announced by the Company on a Regulatory Information Service as soon as practicable after the relevant Valuation Day.

Subject to the discretions referred to in the paragraphs below, the Directors have delegated to the Investment Manager the calculation of the Net Asset Value and the Net Asset Value per Share. Notwithstanding this, the Directors, with the consent of the Investment Manager, have appointed the Administrator to perform these calculations.

For the avoidance of doubt, the Administrator and/or the Sub-Administrator is/are not responsible for the valuation or pricing of the private equity investments of the Company, or the verification of such valuations or pricing information, and will rely solely upon any valuations or pricing information

provided to it by the Board or the Investment Manager or any valuer, third party valuation agent or other third party which in each such case is appointed or authorised by the Board or the Investment Manager to provide valuations or pricing information of the Company's private equity investments to the Sub-Administrator. The Administrator and/or the Sub-Administrator shall not be liable for any loss suffered by any person as a result of the Sub-Administrator not valuing or pricing the private equity investments of the Company, or not verifying the valuations or pricing information of the private equity investments of the Company or relying on such valuations or pricing information as may be received by it.

Assets of the Company are valued in accordance with the following principles:

- any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon will be valued at its latest closing price as published by the relevant exchange or clearing house quoted on such exchange;
- any security which is not listed or quoted on any securities exchange or similar electronic system or if, being so listed or quoted, is not regularly traded thereon or in respect of which no prices as described above are available, will be valued at its fair value as determined by the Investment Manager, in consultation with the Directors, having regard to its cost price, the price at which any recent transaction in the security may have been effected, the change in value of comparable listed shares, the size of the holding, having regard to the total amount of such security in issue, and such other factors as the Investment Manager in its sole discretion (in consultation with the Directors) deems relevant in considering a positive or negative adjustment to the valuation;
- securities that do not have a readily ascertainable value will be valued as the Investment Manager (in consultation with the Directors), determines in good faith as being fair value in accordance with IFRS, having regard to such factors as it deems relevant. These may include the investee company's resources, reserve estimates, associated operating and cost projections, market prices for products produced and comparison with comparable transactions and listed companies multiples. The pricing policy for such securities will be consistently applied over the life of the relevant investment, unless the Investment Manager (in consultation with the Directors) considers the resulting price does not accurately reflect fair value;
- investments, other than securities, which are dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued by reference to the latest closing price published by that clearing house, exchange or financial institution or on any market on which such investments are dealt in or traded;
- investments, other than securities, which are not dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued as the Investment Manager (in consultation with the Directors) determines as being fair value, having regard to market conditions and in accordance with IFRS;
- deposits will be valued at their cost plus accrued interest; and
- any value (whether of an investment or cash) otherwise than in Sterling or other applicable currency unit will be converted into Sterling or other applicable currency unit at the rate (whether official or otherwise) which the Investment Manager (in consultation with the Directors) deems applicable as at the close of business on the relevant Valuation Day, having regard, among other things, to any premium or discount which the Investment Manager considers may be relevant and to the costs of exchange.

The Investment Manager (in consultation with the Directors) may, at its discretion, permit other methods of valuation to be used if it considers that such method of valuation better reflects value generally or in particular markets or market conditions and is in accordance with good accounting practice. In considering any value, the Directors are entitled to rely on any valuations provided or attributed to any asset or liability by the Investment Manager.

The Net Asset Value per Ordinary Share on any Valuation Day will be calculated by dividing the Net Asset Value by the number of Ordinary Shares and Management Ordinary Shares in issue as at the close of business on that Valuation Day and rounding up or down to the nearest tenth of one penny.

The Board may at any time temporarily suspend the calculation of the Net Asset Value attributable to the Ordinary Shares and Management Ordinary Shares during any period when the Board,

following consultation with the Investment Manager, considers it to be in the best interests of the Company.

In the event of such a suspension, the holders of Ordinary Shares will be informed by way of an announcement on a Regulatory Information Service. Ordinary Shares will not be issued for the duration of the period of suspension.

In calculating the Net Asset Value and Net Asset Value per Share, the Administrator will not (in the absence of fraud, negligence or wilful default on the part of the Administrator or its affiliate) be liable or otherwise responsible for any loss suffered by the Company or any other person.

#### **Purchases of Ordinary Shares by the Company in the market**

The Company may purchase Ordinary Shares in the market from time to time, when it has sufficient cash resources to do so and in accordance with applicable law, including the Law, with a view to addressing any imbalance between the supply of and demand for Ordinary Shares, to increase the Net Asset Value per Ordinary Share and to assist in minimising any discount to the Net Asset Value per Ordinary Share at which the Ordinary Shares may be trading. The Company's discount management policy is set out above.

If the Company does repurchase Ordinary Shares, purchases will only be made through the market for cash at prices below the estimated prevailing Net Asset Value per Ordinary Share and where the Board believes such purchases will result in an increase in the Net Asset Value per Share. Such purchases will only be made in accordance with the Law and the Listing Rules, which currently provide that the maximum price to be paid per Ordinary Share must not be more than the higher of (i) five per cent. above the average of the mid-market values of the Ordinary Shares for the five Business Days before the purchase is made and (ii) the higher of the last independent trade and the highest current independent bid for the Ordinary Shares.

#### **Treasury shares**

The Company is permitted to hold Ordinary Shares acquired by way of market purchase in treasury, rather than having to cancel them. Such Ordinary Shares may be subsequently cancelled or sold for cash. Holding Ordinary Shares in treasury would give the Company the ability to sell Ordinary Shares from treasury quickly and in a cost efficient manner, and would provide the Company with additional flexibility in the management of its capital base. However, unless authorised by Shareholders by special resolution in accordance with the Articles, the Company will not sell Ordinary Shares out of treasury for cash at a price less than the Net Asset Value per Ordinary Share unless they are first offered *pro rata* to existing Shareholders.

#### **Further issues of Ordinary Shares**

The Directors have wide powers to issue further Ordinary Shares either pre-emptively or non-pre-emptively, further details of which are set out in paragraph 6.2(e) under the heading "Issue of shares" in Part X of this document.

Save with the approval of Ordinary Shareholders in general meeting, further Ordinary Shares will not be issued at a price that is less than the then prevailing estimated Net Asset Value per Share and may, at the Directors' discretion, be issued at or above the relevant estimated Net Asset Value per Share. Further Shares may be issued in different denominations and may have different rights to the Ordinary Shares.

#### **Life of the Company**

The Existing Articles require that at the Annual General Meeting of the Company falling in 2015 and each third Annual General Meeting thereafter, the Board is required to propose a special resolution to the effect that the Company shall be wound-up.

Conditional on approval of the Amendment Resolution, the Articles will contain the following provision as to the life of the Company:

"At the annual general meeting of the Company falling in the year 2018 and at each third annual general meeting convened by the Board thereafter, the Board shall propose a special resolution which if passed will require the Directors, within 6 months of the passing of the special resolution, to formulate and submit proposals to Shareholders that will provide Shareholders with an opportunity to realise the value of their Ordinary Shares at Net Asset Value per Ordinary Share."



If such special resolution is not passed, the Company shall continue as an investment company for a further three year period.

### **Reports and accounts**

The audited accounts of the Company are drawn up in Sterling and prepared in accordance with IFRS.

The Company's annual report and accounts are prepared up to 31 December each year. Copies of the annual report and accounts are sent to each Shareholder within four months of the Company's financial year end.

Shareholders also receive an unaudited half yearly report covering the six month period to 30 June in each year. A copy of the interim report is sent to each Shareholder within two months of the half year end.

The Company's annual report and accounts and its unaudited half yearly report covering the six months to 30 June each year are available on the Company's website [www.bakersteelresorcestrust.com](http://www.bakersteelresorcestrust.com) on or around the date on which publication of such documents is notified to Shareholders.

## PART III – INVESTMENT RATIONALE

The core of the Company's strategy is to invest in natural resources companies that the Investment Manager considers to be undervalued and that have strong fundamentals and attractive growth prospects.

Natural resources companies, for the purposes of the investment policy, are those involved in the exploration for and extraction of base metals, precious metals, bulk commodities, thermal and metallurgical coals, industrial minerals, energy including oil and gas, electricity generation and uranium and include single asset as well as diversified natural resources companies.

### The development curve

Natural resources projects typically progress through several stages of development in a sequence known as the "development curve". Each stage reached is considered to merit an increasing investment value as a percentage of the project's overall worth. This is a function of the perceived reduction in the project's risk that is associated with progress towards full production.

In summary:

- the development curve represents fair risk-adjusted value for resource assets;
- investment value increases as a result of the progression of resource assets up the curve to production;
- the 'normal' development curve is defined by long term incentive prices for commodities;
- currently the development curve is below 'normal' levels and its gradient has steepened considerably at the financing stage;
- attractive investment returns are implied by a normalisation of development curve valuations due to a potential cyclical upswing in commodity prices; and
- currently there is an unusual opportunity to capitalise on the greater than 'normal' uplift in valuation associated with resource projects securing finance.

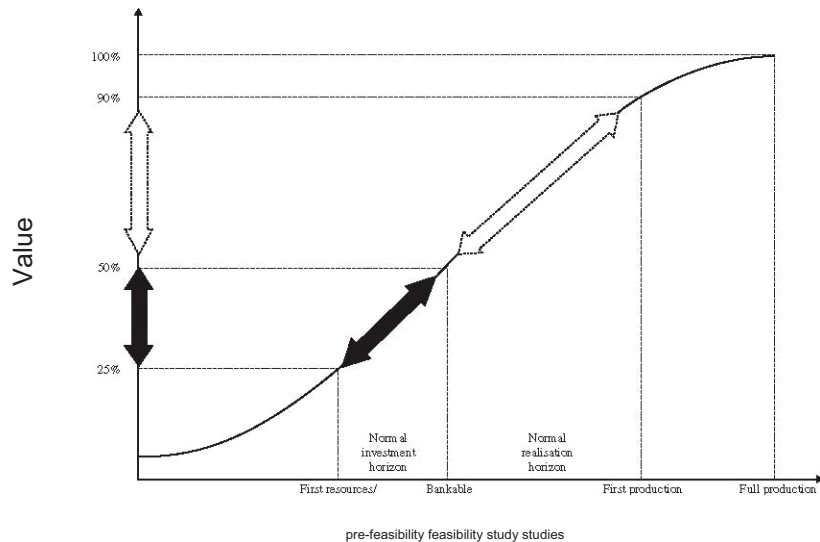
The first stage following the discovery of a natural resource deposit is known as "first resources", when the extent of the resource is first estimated. At the first resources stage, investments are generally made at a price in the region of 25 per cent. of the project's potential net present value based on management's operating and cost assumptions.

The next stage occurs when feasibility studies have been completed. It is at this point that natural resources projects frequently seek further financing, often by way of a trade sale or initial public offering (**IPO**). Such further financing may occur at a price in the region of 50 per cent. of the project's estimated net present value.

Following the financing, the project is developed to a stage known as "first production" when the natural resource deposit is extracted in meaningful quantities for the first time. This stage on the development curve marks a significant increase in value and the project might be valued in the region of 90 per cent. of its estimated net present value.

Once the project is in full production, its worth is considered to have reached the full net present value. The diagram below illustrates the development curve and indicates how the value of a project typically increases towards its full production value (or net present value) as it reaches the various stages in development.

**Figure 1: Development curve**



Source: "Financing the Development of Mining Projects", RFC, 12 July 2001, Expo Minerva, Venezuela; AWR Lloyd Limited and the Investment Manager

At the current phase of the market cycle, companies are generally valued well below the net present value of their underlying projects. In particular, the availability of new equity since 2007 has been more restricted and therefore significant emphasis is placed on whether a project is financed through to production. This has led to the initial part of the above curve flattening out until financing is in place for a project's development. As such the development curve has steepened considerably from the stage of securing finance to production, implying that greater than 'normal' returns are available for investors providing the last tranche of capital to complete the financing of a mine. The Investment Manager is likely to focus on new investments in this later stage of development whilst these market conditions persist. In addition, in the current market conditions, many companies with producing assets are being valued at well below their inherent net present value and as such they are of greater interest to the Investment Manager for potential investment, relative to 'normal' market conditions and associated classical development curve shape.

### Investment process

In summary the investment process involves:

- systematic evaluation of project opportunities using the Investment Manager's proprietary approach and extensive network;
- discounted cash flow based financial evaluation and analysis incorporating development and political risk adjustments;
- disciplined investment selection process with emphasis on quality low cost projects;
- negotiation of entry price incorporating a safety margin relative to the development curve implied fair value;
- optimising the structure of investments aimed at an early return of principal with on-going equity and/or revenue related element;
- close on-going monitoring template for investments including Board representation and strategic advisory role as required;
- equity investment realisations through trade sale or IPO, or in the case of listed investments event-driven;
- multiple sources of investment return including a safety margin given discounted entry price, value creation from progression up the development curve and potential re-rating of the development curve above long term fair value arising from cyclical of capital markets;
- bottom-up focused investment approach emphasising alpha generation from projects;
- an approach to valuation based on long-term fair commodity price assumptions; and

- commodity diversification mitigates the risk of commodity price spikes due to exceptional market conditions for a specific commodity.

The investment process commences with the selection of mining and associated projects that, in the opinion of the Investment Manager, have a strong likelihood of progressing to production. These projects are identified using the Investment Manager's strong network of contacts, including the Investment Advisers, and its own technical expertise.

Before making an investment the Investment Manager prepares a valuation, normally using discounted cash flow (**DCF**) techniques. These valuations are prepared using best industry practices and long term commodity forecasts and conducting due diligence, including discussions with management and site visits, if possible. Such valuations are then adjusted for political risk (reflecting the country in which the project is located) and then further discounted to take into account where a project is on the development curve. The resulting figure is a risk-adjusted valuation. The Investment Manager aims to negotiate entry prices for investments at below its risk-adjusted valuations to provide an additional "safety margin".

It should be noted that the full production value of a project is itself sensitive to the market price for the commodity in question. In assessing the full production value, the Investment Manager uses long term forecasts for commodity prices in order to address this risk.

This investment discipline results in only a small proportion of the "pipeline" of investment ideas being implemented. The Investment Manager typically expects that approximately 4 per cent. of projects that are initially reviewed would reach the detailed evaluation stage and of these only 50 per cent. might result in an investment. Where possible the Investment Manager seeks to structure new investments to provide some downside protection by subscribing through convertible debt or similar instruments.

Once an investment has been made in a project it will be proactively monitored and, depending on the circumstances, the Investment Manager may seek board representation on the company holding the project so that it can be more fully informed. The Investment Manager frequently revises its valuation model of investments, taking account of project development progress and market conditions, in order to re-evaluate return expectations.

The first opportunity to realise unlisted investments will usually be on an IPO, subject to any lock-up arrangements imposed by the investee company or stock exchange on which it is listing, or a trade sale. Dependent on market conditions and the evaluation by the Investment Manager of the risk-adjusted valuation of a project, all or part of an investment might be sold at this stage or alternatively the project may continue to be held until first production in order to maximise the value of the opportunity. The typical entry and exit points for an investment are indicated on Figure 1 by "Normal investment horizon" and "Normal realisation horizon".

This approach results in two, or potentially three, sources of value appreciation. The first is the safety margin, being the difference between the price paid for an investment and the Investment Manager's assessment of its value at the time. The second is the value creation target corresponding to the development between first resources and an IPO or trade sale, or through market appreciation to fair value in the case of a listed investment. The third potential source of return stems from the cyclical nature of commodity prices and markets and the possibility that realisable values of mining assets may significantly exceed that view of value commensurate with the development curve and risk adjusted value. Such conditions can develop particularly if actual or perceived shortages of specific commodities exist and the price of a commodity may rise well above a fair long term price or incentive price. Predicting such specific commodity price moves is very challenging, however the Investment Manager seeks to maintain optionality to excess returns offered by such events by having a reasonable degree of diversification to different commodities within the portfolio. Notwithstanding this the Investment Manager adopts a bottom-up focused approach to investment based on the specific merits of a mining project or asset and is otherwise typically commodity agnostic. The Investment Manager is expected to target an exit value, based on the first two sources of return alone, in the region of two to four times the price paid for an investment and the holding period will generally be in the region of one to five years.

The structure of the Company as a closed-ended investment company allows the Investment Manager to choose the optimal time for exiting an investment without an obligation to sell an investment prematurely to realise funds, as might be the case with an open-ended investment vehicle.

In addition to investing in unlisted opportunities, the Company is likely to invest in certain special situations in listed markets where it can capitalise on the Investment Manager's expertise and network. The same investment criteria will be brought to bear as for unlisted opportunities although the exit from such investments is more likely to be event-driven, such as recapitalisation or award of specific licences. The Company may be proactive in such special situations, assisting a company in which it invests to attract additional management or finance.

The Investment Manager seeks to optimise the risk-adjusted returns sought from the Company's investment portfolio and where possible aims to structure investments to achieve an early return of capital whilst retaining optionality to underlying equity value. Investing in companies with assets at the lower end of the cost curve serves as the best insurance against the inevitable downturns in commodity prices that accompany investment in an inherently cyclical sector such as mining and resources. Additionally, investments that provide returns related to revenues, such as royalties and offtake arrangements, will be increasingly sought since these are inherently less volatile through the cycle when compared to equity values which are related to net profits. Revenue related investments will also enhance sources of regular income into the Company which in due course will be more supportive of a regular returns policy such as a dividend.

Given the anticipated acquisition of the Additional Investments (see Part IV of this document) and the high degree of commonality between the assets being acquired and the Company's existing portfolio, it is expected that the Company will have additional exposure to partially mature investments which the Investment Manager has followed for some time and a number of which are considered suitable for additional investment by the Company in the near term. The Directors and the Investment Manager believe that these investments are closer to realisation than new investments would be and, further, that the Additional Investments should, upon realisation, create considerable value for the Company. The Investment Manager currently expects to be in a position to be able to realise between 30-60 per cent. of the Enlarged Portfolio during 2015-16, market conditions being supportive.

There may be an opportunity for the Company to increase its investments in the companies that form part of the Enlarged Portfolio. The Company will also have the benefit of a pipeline of opportunities built up by the Investment Manager in the course of its management of the Company.

### **Investment outlook**

The Directors consider that:

- the Enlarged Portfolio has substantial potential for value realisation;
- the pipeline of investments identified by the Investment Manager should, if they reach the investment stage, provide further opportunities to deploy the Company's capital profitably; and
- the Investment Manager's network of contacts should result in further investment opportunities becoming available to the Company for evaluation.

### **Outlook for Commodities**

In summary the Investment Manager believes:

- commodity prices and assets are at or close to cyclical lows caused by short-term oversupply;
- global urbanisation trends remain structurally supportive for commodity prices given the implication that longer term global demand requirements will exceed currently identified supply;
- a moderation of Chinese growth rates still implies very robust global demand for commodities;
- demand for steel is anticipated to rise by 75% by 2030 from 1316 Mtpa to 2312 Mtpa (source: McKinsey);
- demand for copper is anticipated to rise by 33% by 2023 from 21Mtpa to 28Mtpa (source: World Bank);
- new mining projects have considerable lead times to come to production which means that meeting projected demand will be challenging and may lead to supply deficits;
- new technologies may increase the requirements for certain commodities well above traditional levels of supply;

- cyclical oversupply has generally reduced prices, margins and cashflows for commodity producers which has in turn led to a significant reduction in capital allocated to new projects;
- resources companies are also increasingly demonstrating capital discipline and a focus on returns which is beneficial to their shareholders;
- the recent reduction in global oil prices is supportive of lower production costs and improved margins for mining companies;
- precious metals are viewed as both financial assets and commodities and therefore levels of investment demand are as important as physical demand to their prices; and
- notwithstanding the Investment Manager's positive outlook for commodities, the main risk to the thesis is that future global growth may be more subdued than currently anticipated by market commentators.

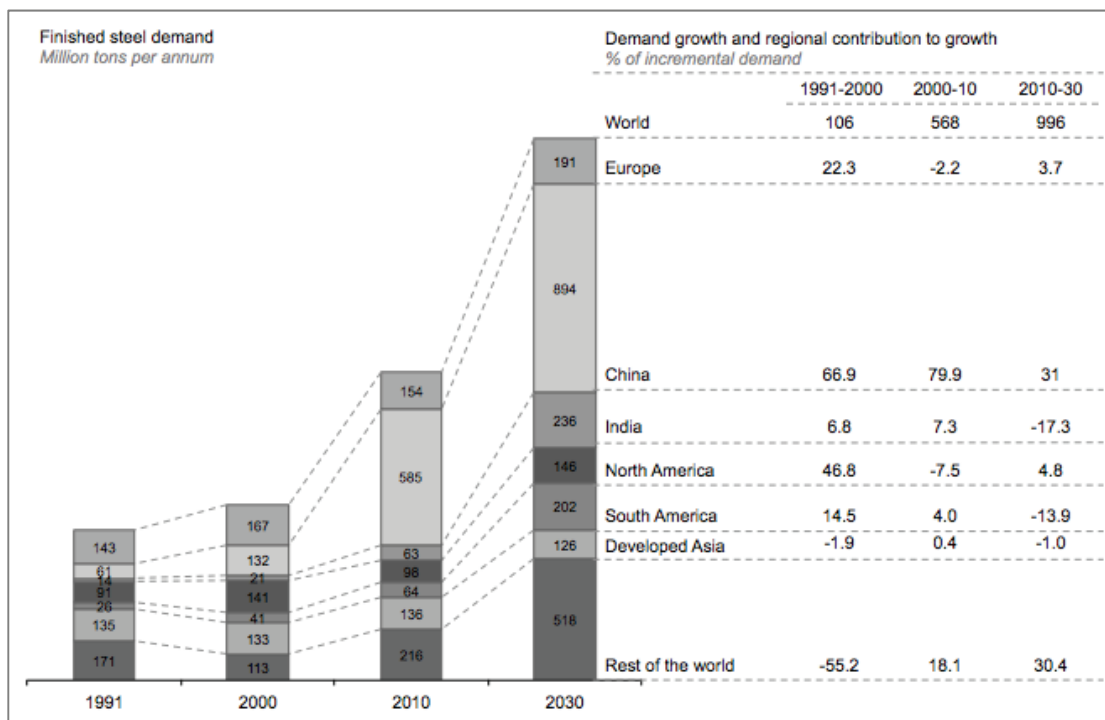
The Investment Manager believes that the prices of mined commodities and mining companies have reached or are nearing the low point of a cyclical downturn in a long term bull market which started in the early 2000's, which is driven by above-average demand growth for commodities such as iron ore, copper and coal by developing countries, in particular Brazil, Russia, India and China (the **BRIC Countries**). These emerging nations are forecast to continue to drive commodities demand through growing urbanization rates and per capita consumption.

Over the past decade or so China has become the largest consumer of the many mined commodities and it is believed that China's commodity consumption is unlikely to have peaked given the still relatively low current level of income per capita. It is probable that the composition of Chinese demand for commodities will shift with an increase in the personal wealth of China's population and the burgeoning of the middle classes. Chinese demand growth rates for the metals that fuel industrial growth, such as iron ore, are now likely to be surpassed by consumer-driven metals such as copper and aluminium. Urbanisation is not limited to China as the size of the 'global middle class' is forecast to increase from 1.8 billion in 2009 to 3.2 billion in 2020 and 4.9 billion by 2030, supported by India and Africa.

Furthermore, new technologies such as electric vehicles and other renewable technologies are expected to increase demand for certain metals. Likewise, new technologies for increasing energy efficiency, improving telecommunications and computer networks, and for sequestering and reducing carbon dioxide emissions will require extensive use of certain minerals and metals at rates well above traditional levels of supply.

Demand growth rates for industrial commodities such as coal and copper are expected to be sustained at current levels, and the demand growth rate for iron ore is expected to reduce relative to the preceding decade. However, this lower growth is building on a much larger base and the absolute growth in terms of units of metal will be more significant to the market balance – Figure 2 below shows McKinsey's research forecasts for steel demand. As illustrated, demand is forecast to increase by in excess of 75% between 2010 and 2030, principally driven by continued demand growth in the BRIC Countries. Continued urbanization in China and India, where McKinsey project that a combined 750 million more people will reside in cities by 2030, could generate 50% of the demand growth for steel alone.

**Figure 2: Finished steel demand**



Similarly CRU in a recent presentation to the World Copper Conference on 8 April 2014 highlighted that, despite a fall in Chinese growth rates, global demand for copper will increase by around 7Mt to 28Mt by 2023. By comparison, one of the largest new copper mines to be commissioned in recent years globally, is the Oyu Tolgoi copper-gold mine in Mongolia which is anticipated to produce 450ktpa of copper by 2020 when in full production, some 20 years' after its initial discovery. It is also noteworthy that due to the civil war in the Democratic Republic of Congo, which had existing infrastructure, copper production has only recently attained a record production rate of 1Mtpa. These facts evidence the lead times to bring significant new projects to production and therefore the challenge the industry will face in terms of meeting projected demand in terms of absolute tonnes of copper and number of new copper mines.

Over the decade to 2011, mining companies' race for growth in output resulted in poor control over operating and capital costs. In contrast, the mining industry today has become more austere in relation to costs. Investors have become more focused on projects that offer strong cash return and, in turn, management teams of mining companies have committed to reducing capital expenditures. Mining industry capex starvation from 2012 through to 2015 is likely to curb production growth of certain metals in the future. Indeed, with industry capex estimated to be down nearly 30% in 2015 compared to the 2012 peak, and growth capex down much more sharply (over 50%), lower volume growth is forecast to be a feature of the second half of the decade. Lower capital allocated for new projects will have an impact on long-term supply capacity, which will set up the next bull market in the pricing of key commodities.

The growth in demand for mined commodities has also driven mining companies to seek projects in ever increasingly distant, challenging locations and in less developed nations. Additionally, lower-grade and geologically complex reserves are being exploited as higher-grade resources are depleted. This trend is expected to result in prices of commodities to support new investment decisions remaining at higher levels in the coming decade relative to the last decade. Indeed as a result of these factors, for many metals, depletion rates are now double the rate of demand growth. These challenges could result in a mismatch, where miners are not able to expand output through development of new mines and expansion of existing mines, at a rate that can satisfy demand.

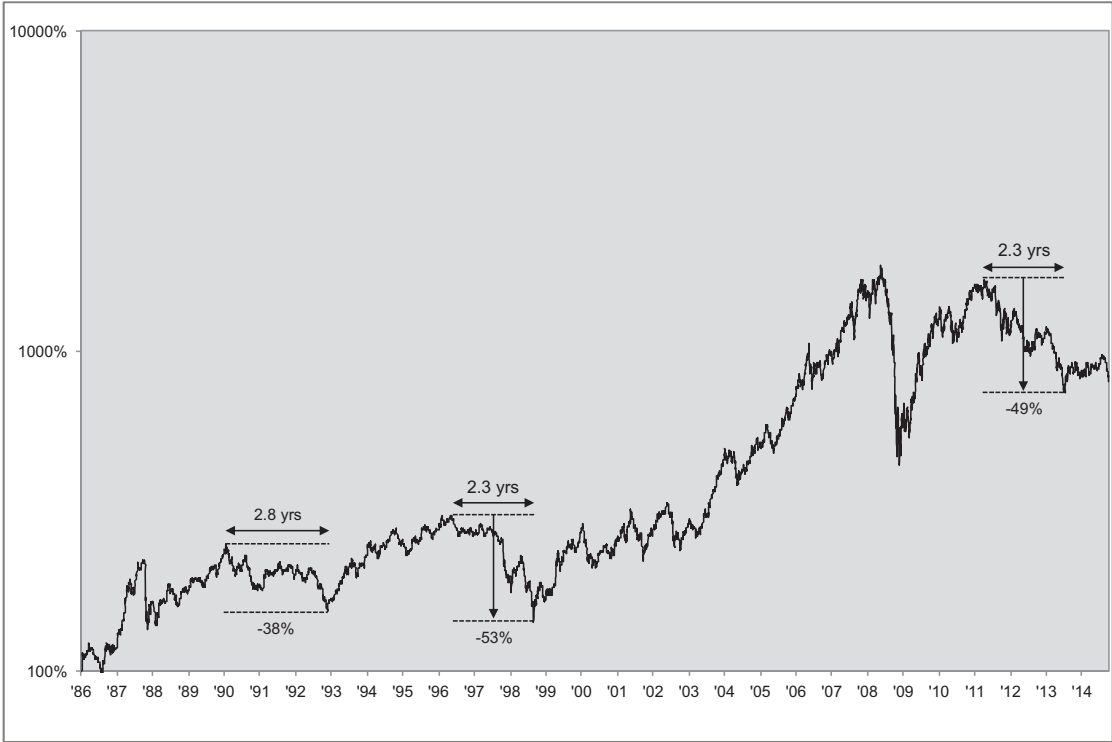
Where strengthening demand drove the bull-market in mining equities over the decade to 2011, higher capacity, a result of years of investment, brought this to an end and commodity prices began to fall. This downturn in prices fed through to reduce the profitability of the miners and, in turn, the market value of mining companies. The Investment Manager believes that the current

market valuations of mining companies have largely 'priced-in' the decline in prices. The downturn in equity market valuations from December 2010 to date has been longer than and as severe as the last two downturns in the sector. The sharp fall in 2008 and recovery in 2009 was more a general risk and liquidity issue resulting from the Global Financial Crisis. Continued growth in demand combined with a downturn in supply growth resulting from the current downturn in investment should result in resurgence in commodity prices and thus the profitability and valuations of the companies that produce them. In the last two upcycles the Euromoney Mining 100 Index has outperformed S&P 500 by an average of 305 per cent.

The recent reduction in global oil prices is beneficial to mining companies given that energy costs are a significant cost component in production and lower prices are supportive of lower operating costs, higher operating margins and improved profitability.

Whilst medium to long term demand prospects for commodities appears robust driven by structural urbanisation trends led by the BRIC nations, the key risk to the thesis is subdued economic growth in the shorter term from the developed economies, particularly in Europe, where there are concerns about high levels of debt and deflation. However, although market commentators have recently moderated their shorter term forecasts for global economic growth, these still remain robust, for example with the IMF forecasting global GDP growth of 3.5% in 2015.

**Figure 3: Euromoney Global Mining 100 Index Return over previous 25 years (GBP based)**



The Company intends to spread individual commodity risk by investing in projects in a wide range of commodities and paying particular attention to those commodities constrained by supply and those required for the next phase of development of the BRIC Countries.

**Responsibility**

The Investment Manager has given and not withdrawn its consent to the inclusion of the references to its statements of opinion in this Part III in the form and context in which they appear, and has authorised the contents of this Part III which comprises its expert statements for the purposes of Rule 5.5.3R(2)(F) of the Prospectus Rules.



## PART IV – THE CURRENT PORTFOLIO, ADDITIONAL INVESTMENTS AND FURTHER ADDITIONAL INVESTMENTS

The Current Portfolio comprises the assets currently owned by the Company.

The Additional Investments comprise investments which the Company has agreed to acquire pursuant to the Acquisition Agreements.

The Further Additional Investments comprise investments which the Investment Manager believes the Company will acquire on the same terms as the Additional Investments. The Investment Manager has not yet been able to finalise these potential acquisitions to the stage that the Company has been able to sign Acquisition Agreements prior to the publication of this Prospectus, but expects to do so by 31 July 2015, in which case the consideration payable will be satisfied by the issue of fully paid Acquisition Shares. However, there can be no assurance that all or any part of the Further Additional Investment will be acquired by the Company.

All references in this Part IV to Joint Ore Reserves Committee (“**JORC**”) compliant mineral resource estimates or Canadian National Instrument 43-101 (“**NI 43-101**”) compliant mineral resource estimates are to the most recent estimates and, unless specifically disclosed, there have been no material changes since the date of those estimates.

### Current Portfolio

As at the date of this document, the following represented the principal investments of the Current Portfolio by value:

**Figure 1:**

	<b>Asset</b>	<b>Sector</b>	<b>Location</b>	<b>Nature of Investment</b>	<b>Listed/ Unlisted Investment</b>	<b>Value (£m) (unaudited)*</b>	<b>% of Gross Assets</b>
1	Black Pearl Limited Partnership	Iron Ore	Indonesia	Loan Notes	Unlisted	6.47	19.9
2	Polar Silver Resources Limited	Silver	Russia	Shares and Loan Notes	Unlisted	5.53	17.0
3	Bilboes Gold Limited	Gold	Zimbabwe	Shares and Loan Notes	Unlisted	4.68	14.4
4	Ivanhoe Mines Limited	Copper, Zinc, Platinum Group Metals and Nickel	DRC	Shares and Warrants	Listed	3.25	10.0
5	Gobi Coal & Energy Limited	Coal	Mongolia	Shares	Unlisted	2.72	8.4
6	Metals Exploration plc	Gold	Philippines	Shares	Listed	2.59	8.0
7	Global Oil Shale Group plc	Oil Shale	Australia and Morocco	Shares	Unlisted	2.11	6.5
8	China Polymetallic Mining Limited	Silver, Lead and Zinc	China	Shares	Listed	1.62	5.0
9	Ironstone Resources Limited	Iron Ore	Canada	Shares, Loan Notes and Warrants	Unlisted	1.50	4.6
10	Ferrous Resources Limited	Iron Ore	Brazil	Shares	Unlisted	0.95	2.9
11	Archipelago Metals Limited	Chrome	Vietnam	Shares	Unlisted	0.44	1.3
Total % of Current Portfolio							98.0

\* the value of the Current Portfolio is shown as at 31 December 2014, being the latest practicable date prior to publication of this Prospectus.

As set out in Part 1 of this Prospectus, the value attributed to the Additional Investments will depend on whether the Additional Investments are Unlisted Investments or Listed Investments and will be determined as at the Calculation Date, in accordance with GNRMF's and the Company's usual valuation policies, save that the value attributed to the Listed Investments will be their volume weighted average traded price (**VWAP**) on the principal stock exchange on which they are traded over the 10 dealing days prior to and including the Calculation Date rather than their latest closing price as published by the relevant exchange or clearing house. The reason for using the VWAP is to account for any one day volatility on the relevant stock exchange. Grant Thornton UK LLP will review the valuation process applied to the Additional Investments.

#### ***Black Pearl Limited Partnership ("Black Pearl")***

Black Pearl is a Cayman Islands exempted limited partnership which invests in the Black Pearl beach placer iron sands project in West Java, Indonesia. The Company's investment is in the form of a limited partnership interest in Black Pearl. Black Pearl holds an exchangeable loan note issued by a holding company of the mine group, Rui Tong Limited. The loan note is exchangeable for shares in Rui Tong's wholly-owned subsidiary Oriental Mining and Mineral Resources Co Ltd (**OMMR**), either (a) at the election of Black Pearl at any time prior to redemption of the note, or (b) on a listing of OMMR, or (c) on a trade sale of OMMR or the mine business. The repayment date of the note has been extended from November 2014 to March 2015.

The Black Pearl concession area is 15,000 ha of which 1,600 ha has been drilled. A JORC compliant resource report dated December 2009 estimated that mineral resources stand at 572 million tonnes, grading 10% Fe.

Black Pearl received the export permit required following changes to the Indonesian mining regulations at the beginning of December 2014 and made its first shipment of concentrate later that month. Off-take agreements have been signed with a number of Chinese steel mills for the full planned production of 20 million tonnes per annum.

#### ***Polar Silver Resources Limited/ZAO Argentum ("Polar Silver")***

Polar Silver is a private British Virgin Islands company that owns 100 per cent. of ZAO Argentum (**Argentum**), which in turn holds a 50 per cent. indirect interest in the Prognoz silver project, 444km north of Yakutsk in Russia (**Prognoz**). The Company's investments are in the form of shares in Polar Silver and loan notes in Argentum and Polar Silver (both of which are convertible into Polar Silver Shares).

An NI 43-101 compliant resource report published in July 2009 estimated that the Prognoz project has an Indicated Mineral Resource of 5.86 million tonnes of ore grading 773 g/t of silver containing 146 million ounces of silver and inferred resources of 9.64 million tonnes of ore grading 473g/t of silver and containing 147 million ounces of silver at Prognoz. An NI 43-101 compliant preliminary economic assessment by Micon International Limited in January 2012 envisaged a mine producing an average of 13 million ounces of silver per annum over a 16 year mine life.

#### ***Bilboes Gold Limited ("Bilboes")***

Bilboes is a private Mauritian company which owns four producing oxide gold mines in Zimbabwe, currently producing at the rate of approximately 10,000 ounces of gold per annum.

A JORC compliant resource report published in December 2012 estimated Indicated Mineral Resources of 29.3 million tonnes grading 2.12 g/t in the underlying sulphide mineralisation and Inferred Mineral Resources of 30.0 million tonnes grading 2.03 g/t. Contained gold in the combined Indicated and Inferred Resources of sulphide totals 3,964,000 ounces of gold. The mineralisation is open along strike and at depth so there is good potential for these mineral resources to be increased. A feasibility study is underway to investigate a mine producing 100,000 to 200,000 ounces of gold per annum, initially from open pit.

Francis Johnstone, a principal of Rock Capital Partners Limited, an Investment Adviser to the Investment Manager, is a non-executive director of Bilboes.

#### ***Ivanhoe Mines Limited ("Ivanhoe") [www.ivanhoemines.com](http://www.ivanhoemines.com)***

Ivanhoe is a Canadian company listed on the Toronto Stock Exchange which holds the Kamoa copper project (95% owned) (the **Kamoa Project**) and Kipushi zinc mine (68% owned) (the **Kipushi Mine**), both in the Democratic Republic of Congo (**DRC**), and the Platreef nickel, platinum, palladium, copper and gold project (64% owned) in South Africa. (the **Platreef Project**).

The Kamoia Project is located in the Kolwezi District of Katanga Province, the DRC's copper mining hub. An NI 43-101 compliant report by independent technical consultants AMEC was published in December 2012. Using a 1% copper grade cut-off, Indicated Mineral Resources were estimated at 739 million tonnes grading 2.67% copper containing 19.7 million tonnes of copper. The resource statement also included 4.4 million tonnes of copper in Inferred Mineral Resources providing combined contained copper of 24.1 million tonnes, establishing Kamoia as the largest high-grade copper discovery in Africa and one of the largest in the world.

The Kipushi Mine produced 60 million tonnes of ore at 11% zinc and 7% copper between 1925-1993. It also produced 12,673 tonnes of lead and approximately 278 tonnes of germanium between 1956 and 1978. Ivanhoe has dewatered the existing shaft and is undertaking a drilling programme in order to extend the known mineralisation and define the mineral resources to NI 43-101 standards.

The Platreef Project is located on the Northern Limb of the PGM-bearing Bushveld Complex in South Africa. A revised NI 43-101 compliant report by AMEC was published in March 2013. Indicated Mineral Resources were estimated at 214 million tonnes grading 4.1 grams per tonne (g/t) 4PE (platinum, palladium, gold and rhodium), 0.34% nickel and 0.17% copper, at a 2.0 g/t 4PE cut-off grade and at a cumulative, average true thickness of 24 metres. In addition, the estimate included Inferred Mineral Resources of 415 million tonnes grading 3.5 g/t 4PE, 0.33% nickel and 0.16% copper, at an average true thickness of 18.0 metres. The combined Indicated and Inferred Resources amount to 75.7 million ounces of 4PE. The Mining Right was issued in November 2014. The results of a positive pre-feasibility study were published on 8 January 2015 which envisaged a first phase development to produce 433,000 4PE plus 31 million pounds of nickel and copper per annum.

***Gobi Coal & Energy Limited (“Gobi”) [www.gobicoal.com](http://www.gobicoal.com)***

Gobi is a British Virgin Islands private limited company which holds 100% of three open cut coal development projects in south western Mongolia. The Company's projects contain approximately 322 million tonnes of JORC compliant resources and include more than 500,000 hectares of tenements.

Gobi's first project, Shinejinst, contains approximately 95 million tonnes of JORC compliant reserves and 229 million tonnes of JORC compliant mineral resources (report October 2008) and it has completed site works in anticipation of the start of production, which will depend on a recovery of the price of coking coal delivered to the Mongolian/Chinese border. At full production, Shinejinst is planned to produce approximately 5 million tonnes per annum of high quality, semi-soft coking coal product.

***Metals Exploration plc (“Metals Exploration”) [www.metalsexploration.com](http://www.metalsexploration.com)***

Metals Exploration is a public company incorporated in England and Wales and quoted on the AIM market of the London Stock Exchange (AIM), which owns the Runruno gold project in the Philippines. A JORC compliant report in March 2011 estimated defined mineral resources of 1.39 million ounces (Moz) of gold, and 25.6 million pounds (Mlb) of molybdenum with 1,050,000oz gold reporting to the Measured Mineral Resource and Indicated Mineral Resource categories and 900,000oz gold within the Proven Reserve and Probable Reserve category. Full construction commenced in July 2013 for a mine producing approximately 100,000 ounces of gold per annum. Commissioning and first production is scheduled for mid 2015.

Jeremy Ayre, a director of AWR Lloyd Capital Limited, an Investment Adviser to the Investment Manager, is a non-executive director of Metals Exploration.

***Global Oil Shale Group plc (“GOS”) [www.globaloilshale.com](http://www.globaloilshale.com)***

GOS is a private oil shale explorer and developer whose key assets are the Julia Creek oil shale project in Queensland Australia which has a JORC Compliant Indicated Resource of 240 million barrels published in May 2013 and an Inferred Resource of 1.9 billion barrels of shale oil and the Tarfaya project in Morocco containing JORC compliant measured resources of 308 million barrels of shale oil (November 2014). GOS has undertaken a preliminary economic assessment on Tarfaya which estimates a first phase development with a capital cost of US\$322 million, producing 4,100 barrels of oil equivalent per day at an operating cost of US\$27.9 per barrel. It envisages a second phase raising total production to 26,500 barrels of oil equivalent per day.

The Company has agreed to subscribe for £585,000 as part of a pre-IPO fundraising of up to £15 million currently being undertaken by GOS. The indicated GOS subscription price is 70 pence

per share. The final subscription price will be determined by the pre-IPO round and in consultation with existing and potential new investors, co-ordinated by Strand Partners and ABG Sundal Collier (with a minimum subscription price of 40 pence per share, being the level of GOS's previous financing). The fundraising is expected to close during the first quarter of 2015, and the Company will have the option to settle its subscription commitment either in cash or through the issue of new Ordinary Shares in the Company at the most recent unaudited NAV per Ordinary Share.

***China Polymetallic Mining Limited (“CPM”) [www.chinapolymetallic.com](http://www.chinapolymetallic.com)***

CPM is an emerging Chinese mining company listed on the Hong Kong Stock Exchange. The Company's investment is via a special purpose vehicle, F.S.B.S Limited Partnership. CPM has a number of development projects in the Yunan province of China. The first of these, the Shizishan lead-zinc-silver mine, started production in 2011 and reached its full production rate of 2,000 tonnes per day in December 2012. A JORC compliant report published in November 2011 estimated resources totalling 9.3 million tonnes grading 256g/t silver, 9.4% lead and 6.0% zinc for contained metal of 77 million ounces silver, 878,500 tonnes lead and 563,000 tonnes zinc. In 2013 it produced 1.68 million ounces of silver, 23,643 tonnes lead and 17,757 tonnes zinc in concentrate.

CPM's second project, the Dakuangshan silver lead-zinc mine, started commercial production in December 2012 and produced 42,000 ounces of silver, 905 tonnes lead and 1,838 tonnes zinc in concentrate in 2013.

***Ironstone Resources Limited (“Ironstone”) [www.ironstoneresources.com](http://www.ironstoneresources.com)***

Ironstone is a private Canadian company which owns the Clear Hills Iron Ore/Vanadium Project (**Clear Hills**) in Alberta, Canada. An NI 43-101 compliant resource report published in July 2012 estimated Indicated Mineral Resource of 557.7Mt at 33.3% iron and 0.2% vanadium and an Inferred Mineral Resource of 94.7Mt at 34.1% iron at Clear Hills.

In conjunction with pyrotechnology experts HATCH of Toronto, Ironstone is developing a proprietary metallurgical process to refine the ore into direct reduced iron. Once demonstrated commercially, this process could be applied not only to Clear Hills, but also to other significant iron ore deposits globally.

Stephen Fabian, a principal of Rock Capital Partners Limited, an Investment Adviser to the Investment Manager, is a non-executive director of Ironstone.

***Ferrous Resources Limited (“Ferrous”) [www.ferrous.com.br](http://www.ferrous.com.br)***

Ferrous is an Isle of Man private limited company with five iron-ore projects in the iron quadrilateral region in the Minas Gerais state and one in the Bahia state in Brazil. As at January 2014, it had JORC compliant resources of 5 billion tonnes of iron ore from six projects.

Production of iron ore product totalled 5.1 million tonnes in 2013 from two of its mines, Emesa and Viga. In June 2013 Ferrous completed a feasibility study to increase production at Viga to 15 million tonnes of product per annum for which it has already received the requisite permits.

***Archipelago Metals Limited (“Archipelago Metals”)***

Archipelago Metals is an Australian private company which holds a 50% joint venture interest in the Co Dinh chromite project in northern Vietnam. A JORC compliant report dated September 2010 estimated JORC compliant resources containing 3.9 MT chromite and a positive pre-feasibility study has suggested pre-production capital costs of US\$100 million for production rising to a rate of approximately 300,000 tonnes of chromite concentrate per annum with a mine life of 16 years. The partners are currently negotiating a formal joint venture agreement following which the mining licence will be issued and the partners will seek to install a pilot plant on site.

**Additional Investments**

The Company has entered into the Acquisition Agreements in relation to the acquisition of the Additional Investments. All of the Additional Investments are common to the Current Portfolio with the exception of Red 5 Limited, Nussir ASA, Midway Resources International, Brazil Tungsten Holdings Limited, Mag Industries Corporation Auzex Exploration Limited, Salmon River Resources Ltd, Straits Resources Ltd. and Buryatzoloto.

Details of those Additional Investments to be acquired and not described above which will represent in excess of 1 per cent. of the value of the Enlarged Portfolio are set out below.

**Red 5 Ltd (“Red 5”) www.red5limited.com**

Red 5 is an Australian listed company whose principal asset is the Siana Gold Project situated on the island of Mindanao in the Philippines. The Siana mine has an operating history which goes back to the 1930s, and was recommenced by Red 5 in April 2012 although production was suspended pending the lifting of a Cease and Desist Order (**CDO**), which was imposed following a movement in Siana’s tailings storage facility (although there was no spillage) which required remediation work.

The deposit is currently mined by open pit methods with a planned transition to underground mining in the future. The remediation work was completed in December 2014 and the CDO was lifted in January 2015 allowing the commencement of final commissioning of the plant following which the ramp up to steady state operations is expected to take 3 to 6 months.

The second principal asset is the Mapawa MPSA, 20km north of Siana which has the potential to provide satellite ore to the Siana processing plant. The property hosts a known gold porphyry system with numerous high grade gold occurrences throughout the project area though it has had little exploration activity to date.

Following the completion of the Acquisition Agreements, the Enlarged Portfolio will, comprise the investments in the following table:

**Figure 2:  
Enlarged Portfolio**

Investment	Current Portfolio £m (unaudited)*	% Gross Assets	Additional Investments £m (unaudited)*	Pro-forma £m (unaudited)	Pro-forma Gross Assets (%)	Further Additional Investments £m (unaudited)*	Pro-forma £m (unaudited)	Pro-forma Gross Assets %
Black Pearl	6.47	19.9%	—	6.47	12.7%	14.56	21.03	18.8%
Polar Silver	5.53	17.0%	6.15	11.68	22.8%	7.57	19.25	17.2%
Bilboes	4.68	14.4%	—	4.68	9.2%	—	4.68	4.2%
Ivanhoe	3.25	10.0%	1.38	4.63	9.1%	—	4.63	4.1%
Gobi	2.72	8.4%	—	2.72	5.3%	—	2.72	2.4%
Metals Exploration	2.59	8.0%	0.93	3.52	6.9%	14.51	18.03	16.1%
GOS	2.11	6.5%	6.55	8.66	16.9%	—	8.66	7.7%
CPM	1.62	5.0%	—	1.62	3.2%	14.77	16.39	14.7%
Ironstone	1.50	4.6%	0.05	1.54	3.0%	—	1.54	1.4%
Ferrous	0.95	2.9%	—	0.95	1.9%	0.10	1.06	0.9%
Archipelago Metals	0.44	1.3%	1.72	2.16	4.2%	0.60	2.76	2.5%
Red 5	—	—	0.68	0.68	1.3%	6.26	6.94	6.2%
Other	0.49	1.5%	1.14	1.63	3.2%	2.35	3.98	3.6%
Cash	0.09	0.3%	—	0.09	0.2%	—	0.09	0.1%
Interest Receivable	0.08	0.2%	—	0.08	0.1%	—	0.08	0.1%
Gross Assets	32.52	100.0%	18.59	51.11	100.0%	60.72	11.83	100.0%
Accruals	-0.35		—	-0.35		—	-0.35	
Net Assets	32.17		18.59	50.77		60.72	111.48	

\* the value of the Current Portfolio, the Additional Investments and Further Additional Investments is shown as at 31 December 2014, being the latest practicable date prior to the publication of this Prospectus.

The acquisition of Additional Investments will be limited so that no asset represents more than 20 per cent. of the Company's Net Asset Value.

### **Further Additional Investments**

The Further Additional Investments are further investments which may be acquired from other Baker Steel managed funds, clients of Salamanca and other third parties. All of the Further Additional Investments represent further interests in investments contained in the Current Portfolio or in new Additional Investments to be acquired under the Acquisition Agreements.

The Further Additional Investments will be valued on the same basis and using the same methodology as the Additional Investments as set out in Part I and page 48 of this Prospectus, save that Grant Thornton UK LLP will not review the valuation process applied to the Further Additional Investments.

As at the date of this Prospectus, none of these Further Additional Investments are subject to legally binding acquisition agreements but they have been identified by the Investment Manager as being investments which may be acquired by 31 July 2015. However, there can be no assurance that all or any part of the Further Additional Investments will be acquired by the Company.

#### ***Black Pearl***

The Further Additional Investment represents an indirect interest in an additional 11.3 per cent. interest in Black Pearl and together with the Company's existing indirect interest would result in the Company holding an aggregate 14.8 per cent. interest in Black Pearl.

#### ***Polar Silver***

The Further Additional Investment represents an additional 9.9 per cent. interest in Polar Silver on conversion of all convertible loans.

#### ***Metals Exploration***

The Further Additional Investment represents an additional 19.6 per cent. interest in Metals Exploration.

#### ***Red 5***

The Further Additional Investment represents an additional 17.1 per cent. interest in Red 5.

#### ***CPM***

The Further Additional Investment represents an additional 24.9 per cent. interest in CPM.

#### ***Archipelago Metals***

The Further Additional Investment represents an additional 5.3 per cent. interest in Archipelago Metals.

#### ***Aquila Resources Inc ("Aquila") [www.aquilaresources.com](http://www.aquilaresources.com)***

Aquila is a Canadian company listed on the Toronto Stock Exchange. Aquila's flagship Back Forty Project is a volcanogenic massive sulphide deposit located along the mineral-rich Penokean Volcanic Belt in Michigan, USA and currently estimates a 15.1Mt Measured and Indicated resource containing close to 1 million ounces of gold and 1 billion pounds of zinc. Stephen Fabian, a principal of Rock Capital Partners Limited, an Investment Adviser to the Investment Manager, is a non-executive director.

The Further Additional Investment represents an additional 22.1 per cent. interest in Aquila.

#### ***Ferrous***

The Further Additional Investment represents an additional 0.1 per cent. interest in Ferrous.

### **Acquisition Agreements**

The Acquisition Agreements comprise the following:

#### **GNRMF Acquisition Agreement**

Genus Natural Resources Master Fund (**GNRMF**) is a Cayman Islands exempted company and is managed by Baker Steel Capital Managers (Cayman) Limited, the Company's Manager, which has

delegated investment management to Baker Steel Capital Managers LLP, the Company's Investment Manager. GNRMF, together with Genus Natural Resources Fund (**GNRF**), forms a master/feeder fund structure, whereby all of GNRMF's assets (to the extent not retained in cash) are invested in the ordinary shares of GNRMF.

Pursuant to the GNRMF Acquisition Agreement, the Company has agreed to acquire a portfolio of up to 18 assets from GNRMF in connection with a proposed scheme of reorganisation of GNRMF and GNRF (the **Scheme of Reorganisation**). Of these Additional Investments, 92 per cent. by value of the Additional Investments are common to the Company's existing portfolio and, as at 31 December 2014, these Additional Investments had an aggregate value of approximately £13.3 million (unaudited). Common investments will be acquired at the same valuation as that of the Company. Non-common Unlisted Investments will be acquired on the basis of the Company's valuation policy. Non-common Listed Investments will be valued based upon the 10 day VWAP.

Pursuant to the Scheme of Reorganisation, GNRF Shareholders will be given the option to roll-over their investment in GNRF into New Ordinary Shares and/or to elect to redeem their GNRF Shares for cash. To the extent that GNRF Shareholders elect to redeem their GNRF Shares, the cash sum payable to them will be funded using GNRF's own cash resources. No cash payable to GNRF Shareholders pursuant to the Scheme of Reorganisation will be funded out of the net proceeds of the Initial Issue.

GNRF Shareholders who do not elect to redeem their GNRF Shares for cash will receive fully paid New Ordinary Shares in consideration for the transfer of the relevant proportion of the GNRMF Additional Investments (including any residual cash held by GNRMF, to the extent not distributed to its shareholders) commensurate with their shareholdings in GNRF.

The GNRMF Acquisition Agreement provides that in the event that (i) the Whitewash Resolution is not passed at the Extraordinary General Meeting and (ii) the number of Acquisition Shares to be issued under the GNRMF Acquisition Agreement would, immediately following Admission and after taking into account the Acquisition Shares to be issued under the GDGF Acquisition Agreement and the New Ordinary Shares to be issued under the Initial Issue, result in the Deemed Concert Party being directly or indirectly interested in shares carrying 30 per cent. or more of the voting rights in the Company as at Admission, the investments to be sold to the Company shall be scaled back in a manner to be agreed between the parties so as to ensure that the aggregate shareholding of the Deemed Concert Party is less than 30 per cent. of the voting rights in the Company.

The GNRMF Acquisition Agreement also provides for the scaling back of investments to be sold to the Company in a manner to be agreed between the parties where necessary in order to avoid the investment restrictions of the Company being breached which would otherwise occur as a result of the acquisition of such investments.

In addition, the GNRMF Acquisition Agreement also provides for the scaling back of any of the investments to be sold to the Company in a manner to be agreed between the parties to ensure that there are no circumstances, following the Calculation Date, in which the aggregate shareholding of the Deemed Concert Party would exceed 49.99 per cent. of the voting rights in the Company.

### **GDGF Acquisition Agreement**

Genus Dynamic Gold Fund (**GDGF**) is a Cayman Islands exempted company and is managed by Baker Steel Capital Managers (Cayman) Limited, the Company's Manager, which has delegated investment management to Baker Steel Capital Managers LLP, the Company's Investment Manager.

Pursuant to the GDGF Acquisition Agreement, the Company has agreed to acquire 3 assets from GDGF. All of these Additional Assets are common to the Company's existing portfolio and, as at 31 December 2014, these Additional Investments had an aggregate value of approximately £5.3 million (unaudited).

The GDGF Acquisition Agreement provides that in the event that (i) the Whitewash Resolution is not passed at the Extraordinary General Meeting and (ii) the number of Acquisition Shares to be issued under the GDGF Acquisition Agreement would, immediately following Admission and after taking into account the Acquisition Shares to be issued under the GNRMF Acquisition Agreement and the New Ordinary Shares to be issued under the Initial Issue, result in the Deemed Concert Party being directly or indirectly interested in shares carrying 30 per cent. or more of the voting

rights in the Company as at Admission, the investments to be sold to the Company shall be scaled back in a manner to be agreed between the parties so as to ensure the aggregate shareholding of the Deemed Concert Party is less than 30 per cent. of the voting rights in the Company.

The GDGF Acquisition Agreement also provides for the scaling back of the investments to be sold to the Company in a manner to be agreed between the parties where necessary in order to avoid the investment restrictions of the Company being breached which would otherwise occur as a result of the acquisition of such investments.

In addition, the GDGF Acquisition Agreement also provides for the scaling back of the investments to be sold to the Company in a manner to be agreed between the parties to ensure that there are no circumstances, following the Calculation Date, in which the aggregate shareholding of the Deemed Concert Party would exceed 49.99 per cent. of the voting rights in the Company.



## PART V – DIRECTORS, MANAGEMENT AND ADMINISTRATION

### Directors

The Directors are responsible for the determination of the Company's investment objective and policy and have overall responsibility for the Company's activities including the review of investment activity and performance and the control and supervision of the AIFM.

The Directors have delegated responsibility for managing the assets comprised in the Company's Portfolio to the Investment Manager who acts as AIFM.

As at the date of this Prospectus there were 5 Directors of the Company. They are all non-executive and are all independent of the Manager and the Investment Manager. The Directors are listed below and details of their current and recent directorships and partnerships are set out in paragraph 4.8 of Part X of this Prospectus.

The Directors are as follows:

**Howard Myles** (Chairman – aged 65): Howard Myles currently acts as a non-executive director of a number of investment companies. Howard was a partner in Ernst & Young from 2001 until 2007 and was responsible for the Investment Funds Corporate Advisory team. He was previously with UBS Warburg from 1987 to 2001. Howard began his career in stockbroking in 1971 as an equity salesman and joined Touche Ross in 1975 where he qualified as a chartered accountant. In 1978 he joined W. Greenwell & Co. in the corporate broking team and in 1987 moved to SG Warburg Securities where he was involved in a wide range of commercial and industrial transactions in addition to leading UBS Warburg's corporate finance function for investment funds. He is a fellow of the Institute of Chartered Accountants and of The Chartered Institute for Securities and Investments.

**R. Edward Flood** (Director – aged 68): From March 2007 to December 2009, Edward Flood acted as Managing Director of Investment Banking at Haywood Securities (UK) Limited. He currently serves as Co-Chairman of Western Lithium USA Corp. Following graduation from university Edward enjoyed a career as an economic geologist with several different companies in the mining industry over a 20-year period. In the 1980's at Nerco Minerals he was a member of the Company's acquisition team during a period of rapid growth fuelled by the purchase of a number of operating precious metal mines. This experience enabled him to make a transition to the financial community as a principal at Robertson Stephens investment bank in San Francisco in 1992. He initially worked as a securities analyst following the gold mining industry before becoming a member of the firm's investment management team for the Contrarian Fund, a public mutual fund concentrated on natural resource opportunities in emerging markets around the world and the Orphan Fund, a similarly structured hedge fund. The funds managed a portfolio of approximately US\$2 billion. He was then a founder and President of Turquoise Hill Resources Limited (formerly Ivanhoe Mines) from 1994 to 1999 when he joined Haywood Securities in Vancouver as a senior mining analyst. He returned to Ivanhoe in 2001 where he served as Deputy Chairman until 2007 but remained on the Ivanhoe board until 2012 when Rio Tinto assumed control of the company. Edward holds a Masters' of Science (Geology) degree from the University of Montana and is a member of the Geological Society of London and the Society of Economic Geologists.

**Charles Hansard** (Director – aged 66): Charles Hansard has over 30 years' experience in the investment industry as a professional and in a non-executive capacity. He currently serves as a non-executive director on a number of boards which include certain Moore Capital funds, AAA-rated Deutsche Bank Global Liquidity Fund, and Electrum Ltd., a privately owned gold exploration company. He formerly served as a director of Apex Silver Mines Ltd., where he chaired the finance committee during its capital raising phase and as chairman of the board of African Platinum Plc, which he led through reorganisation and feasibility prior to its sale to Impala Platinum. He commenced his career in South Africa with Anglo American Corporation and Fleming Martin as a mining analyst. He subsequently worked in New York as an investment banker for Hambros before returning to the UK to co-found IFM Ltd., one of the earliest European hedge fund managers. Charles holds a B.B.S. from Trinity College Dublin.

Charles is a director of Midway Resources International in which GNRIF holds a 0.31 per cent. interest and is to be acquired by the Company pursuant to the GNRMF Acquisition Agreement. Members of Charles' family are beneficiaries of a discretionary trust which holds 0.61 per cent. of the interests of Midway Resources International. Charles is also the beneficial owner of a 0.06 per

cent. interest in Metals Exploration plc. Following completion of the GNRMF Acquisition Agreement the Company will hold a 4.76 interest in Metals Exploration plc.

**Clive Newall** (Director – aged 64): Clive Newall graduated from the Royal School of Mines, University of London, England in 1971 with an honours degree in Mining Geology, and was awarded an MBA from the Scottish Business School at Strathclyde University. He has worked in mining and exploration throughout his career, having held senior management positions with Amax Exploration Inc. and the Robertson Group plc. Clive has been a director of a number of public companies in the United Kingdom and Canada. He is the founder of First Quantum Minerals Ltd and has been its President and a director since its incorporation.

**Christopher Sherwell** (Director – aged 67): Christopher Sherwell has worked since 2004 as a senior Non-Executive Director based in Guernsey with roles in the offshore finance industry and is a director of a number of listed investment companies. Prior to January 2004, Christopher was a Managing Director of Schroders' offshore investment and private banking operations in the Channel Islands. Christopher was previously Investment Director from 1993-2000 and also served on the boards of various Schroder group companies and funds during his period there. Prior to Schroders he worked at Smith New Court as a research analyst specialising in asset allocation for Asian markets. Christopher is a Rhodes Scholar with degrees in science and in economics and politics. He has worked as a university lecturer and was for sixteen years a journalist, most of them working for the Financial Times.

### **Corporate governance**

The Company is committed to maintaining high standards of corporate governance and the Board is responsible for ensuring the appropriate level of corporate governance is met.

The Board has put in place a framework for corporate governance which it believes is suitable for an investment company and which enables it to comply with the relevant provisions of the UK Corporate Governance Code released in September 2012 which became effective on 1 January 2013.

### **Information and training**

The Board receives full details of the Company's assets, liabilities and other relevant information in advance of Board meetings. Typically, the Board meets formally four times a year; however, the Investment Manager and Company Secretary stay in more regular, less formal contact with the Directors. Individual Directors have direct access to the Company Secretary and may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. New Directors will receive an induction from the Investment Manager and Company Secretary on joining the Board, and all Directors receive other relevant training as necessary.

### **Guernsey Code**

The Commission's "Finance Sector Code of Corporate Governance" (the **GFSC Code**) applies to all companies that hold a licence from the Commission under the regulatory laws or which are registered or authorised as collective investment schemes. The Commission has stated in the GFSC Code that companies which report against the UK Corporate Governance Code or the AIC Code are deemed to meet the requirements of the GFSC Code.

### **Senior Independent Director**

In view of its non-executive nature, the Board considers that it is not appropriate for a Senior Independent Director to be appointed.

### **Audit Committee**

The Board has established an Audit Committee. The Audit Committee meets at least twice a year and is responsible for ensuring that the financial performance of the Company is properly reported on and monitored and provides a forum through which the Company's external auditors may report to the Board. The Audit Committee operates within established terms of reference and reviews the annual and interim accounts, results, announcements, internal control systems and procedures and accounting policies of the Company. The Audit Committee is composed of all of the members of the Board (except for Edward Flood and Charles Hansard) and is chaired by Christopher Sherwell.

## ***Remuneration, Nomination and Management Engagement Committees***

Given the size and nature of the Company and the fact that all the Directors are independent and non-executive it is not deemed necessary to form separate Nomination, Remuneration, and Management Engagement Committees. The Board, as a whole, will consider new Board appointments, remuneration and the engagement of service providers.

### ***Diversity***

The Directors recognise the benefits of diversity in terms of gender and ethnicity and will take these into account when considering future appointments to the Board. However their principal criteria will remain skills and experience with the objective of maximising Shareholder value.

## **Management of the Company**

### **The Manager**

The Manager was appointed pursuant to a management agreement with the Company dated 31 March 2010 (the **Management Agreement**). Under the Management Agreement, the Manager acts as manager of the Company, subject to the overall control and supervision of the Directors and was authorised to appoint the Investment Manager to manage and invest the assets of the Company. The Manager has agreed that it will not carry on mutual fund administration services (within the meaning of the Mutual Funds Law (2007 Revision) of the Cayman Islands) in relation to the Company. The Manager is registered as an excluded person under the Securities Investment Business Law (2004) Revision of the Cayman Islands. The Manager is responsible for the payment of the fees of the Investment Manager. The Manager is a company incorporated in the Cayman Islands on 10 April 2002 with registration number 117030 and is an affiliate of the Investment Manager.

The Company may in the future appoint a new manager in relation to the Company in replacement of the Manager, such new manager being a joint venture between Baker Steel and the Investment Advisers. In such event, the Company will send a notice to all Shareholders as soon as reasonably practicable following the decision to appoint the new manager.

For the avoidance of doubt, the appointment of any such new manager will have no impact on the manner of calculation and payment of the Performance Fee described under “Fees and expenses” below (except that the new manager will be the sole recipient of any Performance Fee which relates to the Performance Period during which the new manager is appointed and any subsequent Performance Period during the new manager’s term of office), which shall continue to be calculated as though the Management Agreement were still continuing and in full force and effect (in particular with reference to the level of the Hurdle).

The directors of the Manager are Jeremy Ayre, David Baker, Andrew Lampert and Trevor Steel. Their biographical details are set out below:

**Jeremy Ayre:** Jeremy Ayre has more than 25 years’ experience in both technical and financial aspects of the industry. In the mid 90’s he worked at Rio Tinto as a member of its London-based Business Evaluation team, which advised Rio’s board on major capital expenditure projects, corporate finance issues and strategy. Then, after working as an investment banker for Paribas for three years in Paris, he co-founded AWR Lloyd in 2000, a specialist corporate finance firm providing advisory services to the energy, mining and metals sectors in the Asia-Pacific region ([www.awrlloyd.com](http://www.awrlloyd.com)). Since 2008 he has been working with Baker Steel and Rock Capital on various private equity fund mandates and transactions. Mr. Ayre is a non-executive director of Metals Exploration PLC and Archipelago Resources PLC, Baker Steel Capital Managers (Cayman) Ltd, GDGF, GNR and GNRMF.

**David Baker:** David Baker is a Managing Partner and Portfolio Manager of the Investment Manager and heads the company’s Sydney office. Prior to founding Baker Steel in 2001, David was part of the award-winning Merrill Lynch Investment Management (“MLIM”, formerly Mercury Asset Management) natural resources team, successfully managing the Mercury Gold Metal Open Fund, the largest precious metals fund in Japan, from its launch in 1995 until his departure in 2001. Prior to joining MLIM in 1992, David was a gold and mining analyst for James Capel Stockbrokers in London from 1988 and held a similar role at Capel Court Powell in Sydney from 1986 to 1988. David started his career in 1981 as a metallurgist at CRA Broken Hill, Australia. He holds a degree in Mineral Processing and a Masters in Mineral Production Management from Imperial College, London.

**Andrew Lampert:** Andrew Lampert spent nearly 25 years as a stockbroker specialising in advising UK and European institutional and private clients on North American mining shares. Andrew retired in November 1998 from Canadian Brokers Midland Walwyn Capital Inc (acquired by Merrill Lynch in 1998), having moved to Guernsey in 1986 to open an office for Dean Witter Reynolds (Canada) Inc which merged 5 years later with Midland Walwyn Capital. Prior to that, in 1981, he helped set up the London office of Gardiner Watson, which subsequently merged with Dean Witter Reynolds (Canada) Inc. From 1976-81 he worked for Canadian brokers Wood Gundy in London having begun his stockbroking career in 1974 with Phillips & Drew. Andrew holds a BSc. (Hons) in Aeronautical Engineering from Southampton University).

**Trevor Steel:** Trevor Steel is a Managing Partner, Portfolio Manager and the Chief Investment Officer at the Investment Manager, which he co-founded in 2001. From 1992 until 2001 Trevor was a senior portfolio manager at MLIM where he specialised in the natural resources sector and worked alongside David Baker within MLIM's award-winning natural resources team. Prior to joining the natural resources team, Trevor worked with various teams at MLIM, having joined in 1991 as a graduate trainee. He holds a degree in Geology from the Royal School of Mines, Imperial College, London. He is a Regular Member of the CFA Institute and CFA UK Society. Trevor often participates as a panel member and is a keynote speaker at international gold and mining conferences.

### **The Investment Manager**

Baker Steel Capital Managers LLP acts as Investment Manager of the Company and was incorporated in England and Wales on 19 December 2001. It is authorised and regulated by the Financial Conduct Authority in the United Kingdom. The Investment Manager is a limited liability partnership with registration number OC301191 and is an affiliate of the Manager.

The Company has appointed the Investment Manager to act as its alternative investment fund manager. The Investment Manager is responsible for the portfolio management and risk management of the Company. The Investment Manager acts as the AIFM of the Company in accordance with the AIFM Directive.

The Investment Manager is a specialist natural resources asset management and advisory firm, operating from its head office in London and its branch office in Sydney. It has an experienced team of analysts and fund managers covering the precious metals, base metals and minerals sectors worldwide, both in relation to commodity equities and the commodities themselves. As at 31 December 2014, the Investment Manager had assets under management of approximately US\$365 million.

The key principals at the Investment Manager are David Baker and Trevor Steel, details of whom are set out above.

The Investment Manager was appointed pursuant to an investment management agreement with the Manager dated 31 March 2010 and which was amended and restated, with the Company joining as a party, on 14 November 2014 (the **Investment Management Agreement**). Pursuant to the terms of the Investment Management Agreement, the Investment Manager has full discretion, subject to compliance with the Company's investment objective, investment approach, investment restrictions and the AIFMD Rules, to manage and invest the assets of the Company.

The Investment Manager has been appointed as the AIFM of the Company and has been given sole responsibility for the Company's portfolio and risk management functions. The Investment Manager is also responsible for the valuation of the assets of the Company, the calculation and publication of the Net Asset Value and the Net Asset Value per Share (the **Valuation Services**). The Company may, with the consent of the Investment Manager appoint one or more third parties to perform any of such Valuation Services where permitted by and in accordance with the AIFMD Rules.

The Company, with the consent of the Investment Manager, has delegated the responsibility for the calculation and publication of the Net Asset Value and the Net Asset Value per Share to HSBC Securities Services (Guernsey) Limited.

The Investment Manager holds the Management Ordinary Shares.

## **The Investment Advisers**

### ***AWR Lloyd Capital Limited and Rock Capital Partners Limited***

AWR Lloyd Capital and Rock Capital have been appointed by the Investment Manager to provide it with investment advice in relation to the Company.

Jeremy Ayre, whose biographical details are set out above under the heading **The Manager**, is a director and founder of AWR Lloyd Capital Limited.

Stephen Fabian and Francis Johnstone are partners in and co-founders of Rock Capital Partners Limited. Their biographical details are set out below:

**Stephen Fabian:** Stephen Fabian co-founded Rock Capital in 1996 as a specialist resources boutique, advising clients in strategic development, financing and mergers and acquisitions and has been involved in the development and financing of various mining projects, specialising in South America. Prior to this and from 1993, he worked for NatWest Markets, heading the Australian mine financing team in London. Steve worked as a mining analyst with County NatWest in Australia and as a mining analyst and portfolio manager at Bankers Trust Australia from 1985. He recently returned to London after living in Brazil for 14 years where he was the CEO of a publicly listed mining company and involved in initiating new mining projects in the country. He is a non-executive director of South American Ferro Metals Limited and Aquila Resources Inc.

**Francis Johnstone:** Francis Johnstone co-founded Rock Capital in 1996. Having trained in corporate finance and mergers and acquisitions at Citibank he entered the mining business in 1989 with Cluff Resources plc and became Group Projects and Operations Manager. Prior to Cluff's takeover by Ashanti Goldfields in 1996, Francis was a key member of the team who built Freda Rebecca, the largest gold mine in Zimbabwe, the Ayanfuri Gold Mine in Ghana and negotiated for and discovered the Geita Gold Mine in Tanzania. In 2003, he joined Ridge Mining plc as Commercial Director, and was an integral member of the team that undertook a feasibility study, financed and developed the Blue Ridge Platinum Mine in South Africa. Ridge Mining was acquired by Aquarius Platinum Ltd in July 2009 for £134 million. He is currently a non-executive director of Sunrise Resources plc.

### ***Further Investment Advisers***

The Investment Manager may also appoint additional or replacement investment advisers from time to time. Should the Company acquire Further Additional Investments from clients of Salamanca, the Investment Manager intends to appoint Salamanca as an additional Investment Adviser. Salamanca Group Advisers Limited is a privately owned company integrating traditional merchant banking practices and values with Operational Risk Management expertise, incorporating Investment and Advisory Services; Corporate Risk Services; Business Intelligence and Investigation and Private Office Services. Its offices established in Accra, Athens, Barcelona, Bucharest, Cape Town, Copenhagen, Geneva, Houston, Limassol, London, Lubumbashi, Madrid, Mauritius, Natal, Rio de Janeiro, St Helier, Tripoli and Warsaw, as well as a network in Dubai, Karachi and Sana'a, provide a strong local network globally. The Investment Manager is responsible for the remuneration payable to all such investment advisers (except as to fees and expenses payable by the Company as described under the section entitled Fees and expenses on page 79).

### **The Administrator and Sub-Administrator**

The Company has appointed HSBC Securities Services (Guernsey) Limited as administrator and company secretary pursuant to the Administration Agreement.

HSBC Securities Services (Guernsey) Limited was registered in Guernsey in 1979 and is a wholly owned subsidiary of HSBC Holdings Plc, a company incorporated in England. The Administrator's registered office is at Arnold House, St Julian's Avenue, St Peter Port, Guernsey, GY1 3NF. The ultimate holding company of the Administrator is HSBC Holdings Plc, a public limited company incorporated in England and Wales. The HSBC Group has major commercial and investment banking business in the Asia Pacific region, Europe, the Americas, the Middle East and Africa, with over 10,000 offices in 86 countries/territories world-wide and assets of over US\$2,753 billion as at 30 June 2014.

The Administrator is licensed by the Guernsey Financial Services Commission under the provisions of the POI Law to conduct certain restricted investment activities in relation to collective investment schemes.

The Administrator performs, or will procure the performance of, all general administrative and company secretarial tasks for the Company, including maintaining its financial records and the organising of shareholder meetings.

The Administrator may, with the approval of the Directors, delegate some or all of its functions to the Sub-Administrator, HSBC Securities Services (Ireland) Limited. The Administrator has delegated certain of its functions to HSBC Securities Services (Ireland) Limited. The Administrator is responsible for the actions of HSBC Securities Services (Ireland) Limited. For the avoidance of doubt, any such delegation will not relieve the Administrator of its obligations to the Company.

For the purposes of the POI Law, the Administrator is the designated manager of the Company.

The Sub-Administrator was incorporated in Ireland as a limited liability company on 29 November 1991 and is an indirect wholly owned subsidiary of HSBC Holdings plc, a public company incorporated in England and Wales.

The Sub-Administrator is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the assets of the Company and is not responsible for the preparation of this document other than the preparation of the above description and accepts no responsibility or liability for any information contained in this document except disclosure relating to it.

### **Safekeeping and Monitoring Agent**

The Company has appointed HSBC Institutional Trust Services (Ireland) Limited as the safekeeping and monitoring agent of the Company pursuant to the Services Agreement.

The Safekeeping and Monitoring Agent was incorporated in Ireland on 29 November 1991 and is regulated by the Central Bank of Ireland. The Safekeeping and Monitoring Agent is an indirect wholly owned subsidiary of HSBC Holdings plc, a public limited company incorporated in England and Wales. The Safekeeping and Monitoring Agent is an affiliate of the Administrator.

The Safekeeping and Monitoring Agent provides such services as have been agreed in the Services Agreement and subject to such terms set out therein including: safekeeping of the Company's assets; cash monitoring; oversight functions and such other services as are agreed. The Safekeeping and Monitoring Agent will have certain tax information-gathering, reporting and withholding obligations relating to payments arising in respect of assets held by the Safekeeping and Monitoring Agent or a sub-custodian.

The Safekeeping and Monitoring Agent may delegate any services on the terms set out in the Services Agreement. The Safekeeping and Monitoring Agent will exercise reasonable skill, care and diligence in the selection, appointment and periodic review and on-going monitoring of its delegates, and has accepted responsibility for the acts of a delegate that is an affiliate (as defined in the Services Agreement).

The Safekeeping and Monitoring Agent is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the Company and is not responsible for the preparation of this document other than the preparation of the above description or the activities of the Company and accepts no responsibility or liability for any information contained in this document. The Company may appoint additional safekeeping and monitoring agents, custodians and/or prime brokers and the Company acknowledges that such additional or other custodians and/or prime brokers shall not be a sub-custodian, agent or delegate of the Safekeeping and Monitoring Agent and that the Safekeeping and Monitoring Agent shall have no responsibility whatsoever for the acts or omissions of such additional or other custodians and/or prime brokers or the cash or the assets held by them. The Safekeeping and Monitoring Agent has no control over such cash or assets of the Company held by such other custodians or prime brokers and will have no responsibility or liability for any losses which the Company may suffer as a result of the liquidation, bankruptcy or insolvency of any other custodian and/or prime broker or any other broker which is not an affiliate of the Safekeeping and Monitoring Agent.

### **Fees and expenses**

#### ***Costs of the Proposals***

The costs of the Proposals are those costs necessary for the Proposals to be implemented, and include the fees payable in relation to Admission, as well as the fees due under the Placing Agreement, legal and other advisory fees, registration, printing, advertising and distribution costs

and any other applicable expenses. The costs of the Proposals also include the costs of the Acquisitions (predominantly stamp duty, documentation and due diligence costs), incurred by the Company in connection with the Acquisitions.

The costs of the Proposals will be met by the Company from the proceeds of the Initial Issue or otherwise met from its resources. The costs of the Proposals (excluding VAT) are estimated to be approximately £2.8 million on the basis of Gross Issue Proceeds of £100 million.

### **Total expense ratio**

The total expense ratio of the Company (which excludes the costs of the Proposals and any performance fee which may be payable), assuming Gross Proceeds of £100 million, is estimated to be approximately 1.8 per cent. per annum.

### **Management and performance fees**

#### **Management Agreement**

The Manager is paid by the Company a management fee equal to 1/12 of 1.75 per cent. of the Market Capitalisation per month from which it may, at its discretion, pay an annual trail commission to one or more strategic investors.

The management fee is calculated and accrued as at the last Business Day of each month and is paid monthly in arrears. The Manager may in certain circumstances also be entitled to be paid a performance fee (subject, as provided in the following paragraph, to the availability of Net Realised Gains) if the Net Asset Value at the end of any Performance Period (as defined below) (having made adjustments for any issue and/or repurchase of Ordinary Shares) exceeds the Hurdle as at the end of the Performance Period. For this purpose the **Hurdle** means an amount equal to the IPO Issue Price of £1 per Ordinary Share multiplied by the number of Ordinary Shares and Management Ordinary Shares in issue as at the IPO Admission, as increased at a rate of 8 per cent. per annum compounded to the end of the relevant Performance Period. In respect of any Performance Period which is less than a full 12 months, the Hurdle will be applied *pro rata*. The performance fee is subject to adjustments for any issue and/or repurchase of Ordinary Shares. The Manager may, at its discretion pay trail commissions to one or more strategic investors, from the performance fee.

The performance fee, if any, in respect of any Performance Period shall be accrued in the Company's NAV calculation each month and, save as provided in respect of repurchases during a Performance Period, shall, in whole or in part, become due and be paid only after the end of the Performance Period upon the first day as of which there are Net Realised Gains (as adjusted for performance fees previously paid otherwise than on repurchases) from which such fee or part of it may be paid. For this purpose, **Net Realised Gains** means all of the Company's realised gains net of all realised losses from time to time, measured in accordance with the accounting policies.

The amount of the performance fee (if any) is equal to 15 per cent. of the total increase in the Net Asset Value at the end of the relevant Performance Period over the highest previously recorded Net Asset Value as at the end of a Performance Period in respect of which a performance fee was last accrued, (or the IPO Issue Price multiplied by the number of Ordinary Shares and Management Ordinary Shares in issue as at the IPO Admission, if no performance fee has been so accrued), having made adjustments for any Ordinary Shares issued and/or repurchased as described above.

Each performance period is a 12 month period ending on 31 December in each year (the **Performance Period**). The last Performance Period will end on the date on which the Management Agreement is terminated or the Company is wound up.

Where Ordinary Shares are repurchased during a Performance Period, the accrued performance fee, if any, in respect of the assets attributable to such Ordinary Shares will be payable on the date of repurchase on the basis set forth above and below.

If the Company wishes to terminate the Management Agreement without cause it is required to give the Manager 12 months' prior notice or pay to the Manager an amount equal to: (a) the aggregate investment management fee which would otherwise have been payable during the 12 months following the date of such notice (such amount to be calculated for the whole of such period by reference to the Market Capitalisation prevailing on the Valuation Day on or immediately prior to the date of such notice); and (b) any performance fee accrued at the end of any Performance Period which ended on or prior to termination and which remains unpaid at the date

of termination which shall be payable as soon as, and to the extent that, sufficient cash or other liquid assets are available to the Company (as determined in good faith by the Directors), provided that such accrued performance fee shall be paid prior to the Company making any new investment or settling any other liabilities; and (c) where termination does not occur at 31 December in any year, any performance fee accrued at the date of termination shall be payable as soon as and to the extent that sufficient cash or other liquid assets are available to the Company (as determined in good faith by the Directors), provided that such accrued performance fee shall be paid prior to the Company making any new investment or settling any other liabilities.

The Company reimburses to the Manager the investment expenses referred to in paragraphs (a) and (d) under **Expenses** below and such other expenses as are agreed between them, but subject thereto the Manager is responsible for its expenses and for the fees and expenses of the Investment Manager and any agents and/or employees the Manager may appoint but for the avoidance of doubt not the fees of any of the Administrator, Safekeeping and Monitoring Agent, valuation agent or any auditor.

#### ***Investment Management fees***

The Investment Manager is paid by the Manager and is not separately remunerated by the Company. The Manager also reimburses to the Investment Manager the expenses referred to in paragraph (a) under **Expenses** below.

#### ***Investment Advisory fees***

The Investment Advisers are paid by the Investment Manager and are not separately remunerated by the Company or the Manager. The Investment Manager also reimburses to the Investment Advisers the expenses referred to in paragraph (a) under **Expenses** below.

#### ***Administrator's fees and Sub-Administrator's fees***

The fees paid to the Administrator are equal to (i) 7 basis points of gross asset value in respect of gross asset value of up to US\$250 million and (ii) 5 basis points of gross asset value in respect of gross asset value in excess of US\$250 million, subject to a minimum of €60,000 per annum or such other amount as may be agreed between the Company and the Administrator from time to time in accordance with the Administration Agreement. The Administrator will also be reimbursed by the Company for reasonable out-of-pocket expenses.

These fees accrue and are calculated as at the last Business Day of each month and are paid monthly in arrears.

The Administrator is also entitled to a fee for its provision of corporate secretarial services provided to the Company on a time spent basis, subject to a minimum annual fee of £40,000.

The Company is also responsible for any sub-administration fees as agreed in writing from time to time, and reasonable out-of-pocket expenses. The Administrator is also entitled to fees of €5,000 for preparation of the financial statements of the Company.

#### ***Safekeeping and monitoring fees***

The Safekeeping and Monitoring Agent, in respect of its services as described above under "Safekeeping and Monitoring Agent" above, receives such fees from the Company as may be agreed from time to time at commercial rates. The Safekeeping and Monitoring Agent will also be reimbursed by the Company for all reasonable fees, costs, charges and other expenses properly incurred by the Safekeeping and Monitoring Agent or its delegates appointed, or any settlement system used, by the Safekeeping and Monitoring Agent in performing its services under the Services Agreement.

#### ***Expenses***

All of the expenses of the Company will be paid by the Company. The expenses comprise the expenses incurred in connection with the Proposals described in this document and the Circular and the ongoing general expenses of the Company. The ongoing general expenses include (but are not limited to):

- (a) investment expenses, including due diligence expenses, incurred by the Manager, the Investment Manager and/or the Investment Advisers (with the prior approval of the Directors) after the relevant investment has been approved by the Investment Manager's investment committee;



- (b) administrative expenses;
- (c) the charges and expenses of any valuation agent appointed by the Company or the Investment Manager;
- (d) the charges and expenses of legal advisers (including charges for assistance provided by a consultant to the Investment Manager), accountants and independent auditors;
- (e) brokers' commissions and any issue or transfer taxes chargeable in connection with any securities transactions;
- (f) all taxes and corporate fees payable to governments or agencies;
- (g) Directors' fees and travelling and other out-of-pocket expenses;
- (h) interest on borrowings;
- (i) communication expenses with respect to investor services (such as the costs of preparing, printing, publishing and distributing annual reports and financial statements, half-yearly accounts and other notices and communications to shareholders as a whole) and the costs of convening and holding the annual general meetings of the Company;
- (j) auditor's fees and fees of other professional advisers (including, for example, legal fees associated with entering into any banking facilities and investments);
- (k) the cost of insurance;
- (l) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, and
- (m) all other organisational and operating expenses (including marketing).

### **Conflicts of Interest**

The Investment Manager and its officers and employees may from time to time act for other clients or manage other funds, which may have a similar investment objective and policy to that of the Company. Circumstances may arise where investment opportunities will be available to the Company and which are also suitable for one or more clients of the Company or such other funds. The Directors have satisfied themselves that the Investment Manager has procedures in place to address potential conflicts of interest and that, where a conflict arises, the Investment Manager will allocate the opportunity on a fair basis.

The Investment Manager has established procedures to address any potential conflict of interest and pursuant to such procedures, where a conflict arises, the Investment Manager will allocate the opportunity on a fair basis and in accordance with its conflicts of interest policy. The Investment Manager's conflict of interest policy sets out the types of actual or potential conflicts of interest which affect the Investment Manager's business and provides details of how these are managed. Conflicts, if any, which the Investment Manager is not able to manage effectively will be disclosed in writing.

The Administrator, the Sub-Administrator and the Safekeeping and Monitoring Agent may act as administrator and custodian to other funds which have the same or similar investment policies to the Company. It is, therefore, possible that the Administrator, Sub-Administrator and the Safekeeping and Monitoring Agent may, in the course of their business have potential conflicts of interest with the Company.

### **Interests in the Additional Investments**

Trevor Steel and David Baker, both of whom are principals of the Manager and the Investment Manager, have an interest in over 75% of GNRFF Shares.

The registered holders of the interests of Trevor Steel and David Baker have confirmed to the Company that they do not intend from the period of Admission to 31 December 2016, to dispose of such Acquisition Shares which are issued to them pursuant to the GNRMF Acquisition Agreement (save for the possible transfer of such shares to the Investment Advisers in part consideration for the services provided by them under their investment advisory agreements).

Trevor Steel and David Baker are also indirectly interested in GNRFF Shares through their respective interests in BS Cayman which holds 6.9 per cent. of GNRFF Shares. Baker Steel Limited (a subsidiary of BS Cayman) also holds a further 0.5 per cent. of GNRFF Shares. As BS Cayman already holds 504,832 Ordinary Shares (representing 0.7 per cent. of the Company's issued share

capital as at the date of this document), the boards of directors of BS Cayman and Baker Steel Limited have informed the Directors that BS Cayman and Baker Steel Limited will both elect to redeem all of their GNRF Shares for cash.

### **Dealing commissions**

The Investment Manager may effect transactions or arrange for the effecting of transactions through brokers with whom it has arrangements whereby the broker agrees to use a proportion of the commission earned on such transactions to discharge the broker's own costs or the costs of third parties in providing certain services to the Investment Manager. The services which can be paid for under such arrangements are those permitted under the rules of the FCA, namely those that relate to the execution of transactions on behalf of customers or the provision of investment research to the Investment Manager. The benefits provided under such arrangements will assist the Investment Manager in the provision of investment management services to the Company and to other third parties. Specifically, the Investment Manager may agree that a broker shall be paid a commission in excess of the amount another broker would have charged for effecting such transaction so long as, in the good faith judgement of the Investment Manager, the amount of the commission is reasonable in relation to the value of the brokerage and other services provided or paid for by such broker. Such services, which may take the form of research, analysis and advisory services, including (depending on the precise nature of the services) market price services, electronic trade confirmation systems or third party electronic dealing or quotation systems, may be used by the Investment Manager in connection with transactions in which the Company will not participate.

## PART VI – THE ISSUES

### The Initial Issue

The Company is proposing to raise £100 million (before expenses) through the Initial Placing and Open Offer of New Ordinary Shares.

If the Initial Issue meets its target size of £100 million, it is expected that the Company will receive approximately £97.2 million from the Initial Issue, net of fees and expenses associated with the Initial Issue, which are anticipated to amount to approximately £2.8 million.

The Company intends to invest the net proceeds of the Initial Issue in accordance with the Company's investment objective and investment policy as soon as reasonably practicable following Admission of the Initial Issue Shares as described below.

The Initial Issue Shares will rank *pari passu* in all respects with the existing Ordinary Shares, save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the Initial Issue Shares.

The Initial Issue, which is not underwritten is conditional, *inter alia*, on:

- (i) each of the Initial Issue Resolution and the Amendment Resolution being passed at the EGM;
- (ii) the Whitewash Resolution being passed at the EGM or in the event that the Whitewash Resolution is not passed, the Deemed Concert Party not being interested directly or indirectly in shares carrying 30 per cent. or more of the voting rights in the Company;
- (iii) the Placing Agreement becoming wholly unconditional (save as to Admission of the Initial Issue Shares) and not having been terminated in accordance with its terms prior to such Admission; and
- (iv) Admission of the Initial Issue Shares occurring by 8.00 a.m. on 25 February 2015 (or such later date as the Company, the Investment Manager and Numis may agree in writing, not being later than 8.00 a.m. on 31 March 2015).

If these conditions are not met, the Initial Issue will not proceed and an announcement to that effect will be made via a Regulatory Information Service.

Application will be made for the Initial Issue Shares to be admitted to the premium segment of the Official List of the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange.

### The Open Offer

#### **Open Offer Entitlement**

On and subject to the terms and conditions of the Open Offer (as set out in Appendix II to this document) Qualifying Shareholders are being given the opportunity to apply for any number of New Ordinary Shares at the Initial Issue Price (payable in full on application and free of all expenses) up to a maximum of their Open Offer Entitlement which shall be calculated on the basis of:

**3.65 New Ordinary Shares for every 1 Ordinary Share held at the Record Date based on an indicative issue price of 38.2p per New Ordinary Share (being equal to 85 per cent. of the Net Asset Value of an Ordinary Share as at 31 December 2014)**

registered in the name of each Qualifying Shareholder on the Record Date and so in proportion for any other number of Existing Ordinary Shares then registered.

Open Offer Entitlements will be rounded down to the nearest whole number and any fractional entitlements to New Ordinary Shares will be disregarded in calculating Open Offer Entitlements and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue and Open Offer Application Forms cannot be traded.

Applications by Qualifying Shareholders made and accepted in accordance with the Terms and Conditions of the Open Offer will be satisfied in full up to the amount of their individual Open Offer Entitlement.

The actual issue price of the New Ordinary Shares to be issued under the Open Offer will be equal to 85 per cent. of the prevailing Net Asset Value per Ordinary Share as at the Calculation Date. If the Net Asset Value per Ordinary Share as at the Calculation Date is less than 44.9p per

(being the Net Asset Value per Ordinary Share as at 31 December 2014 on which the Open Offer Entitlement to subscribe for the number of New Ordinary Shares set out above has been calculated), every Qualifying Shareholders' Open Offer Entitlement will be adjusted on a *pro rata* basis to reflect the resulting lower Initial Issue Price and the number of New Ordinary Shares which each Qualifying Shareholder will be entitled to subscribe for on a pre-emptive basis will be increased accordingly. Conversely, if the Net Asset Value per Ordinary Share as at the Calculation Date is more than 44.9p per Ordinary Share, every Qualifying Shareholders' Open Offer Entitlement will be adjusted on a *pro rata* basis to reflect the resulting higher Initial Issue Price and the number of New Ordinary Shares which each Qualifying Shareholder will be entitled to subscribe for on a pre-emptive basis will be decreased accordingly.

For illustrative purposes only, the effect of these adjustments on the indicative Initial Issue Price referred to above and the total number of New Ordinary Shares subscribed by a Qualifying Shareholder is shown in the examples below. The following examples are unaudited and are not intended to be a forecast of the Net Asset Value per Ordinary Share as at the Calculation Date nor the actual Initial Issue Price. The actual Initial Issue Price will be calculated as at the Calculation Date by reference to the Net Asset Value per Ordinary Share prevailing as at that date.

The following examples assume that the Qualifying Shareholder referred to in the examples is entitled under his Open Offer Entitlement to subscribe for 1000 New Ordinary Shares under the Open Offer (calculated on the basis of a Net Asset Value per Ordinary Share as at 31 December 2014 of 44.9p) and wishes to take up his Open Offer Entitlement in full:

*Example of adjustments if Net Asset Value per Ordinary Share on the Calculation Date falls to 40p*

	<b>As at date of this Prospectus</b>	<b>As at the Calculation Date</b>
Net Asset Value per Ordinary Share	44.9p	40.0p
Initial Issue Price (being a 15% discount to NAV)	38.2p	34.0p
No. of New Ordinary Shares to be subscribed by the Qualifying Shareholder	1,000	1,123
Total amount invested	£382.00	£382.00

*Example of adjustments if Net Asset Value per Ordinary Share on the Calculation Date rises to 50p*

	<b>As at date of this Prospectus</b>	<b>As at the Calculation Date</b>
Net Asset Value per Ordinary Share	44.9p	50.0p
Initial Issue Price (being a 15% discount to NAV)	38.2p	42.5p
No. of New Ordinary Shares to be subscribed by the Qualifying Shareholder	1,000	898
Total amount invested	£382.00	£382.00

To the extent that the adjustment would result in the issue of a fraction of a New Ordinary Share to the Qualifying Shareholder, the number of New Ordinary Shares subscribed will be rounded down to the nearest whole number and the balance of the subscription amount which would otherwise have been used to subscribe for such fractional entitlement shall be retained by the Company for its own account and will not be refunded to the Qualifying Shareholder.

As can be seen from the illustrative examples set out above, the adjustments to reflect any decrease or increase in the Net Asset Value per Ordinary Share will only affect the Initial Issue Price and the consequential number of New Ordinary Shares subscribed, but will not alter the total amount invested. Each Qualifying Shareholder will remain entitled to subscribe for his *pro rata* share of the total number of New Ordinary Shares available for issue under the Initial Issue.

The latest time and date for acceptance and payment in full in respect of the Open Offer will be 11.00 a.m. on 20 February 2015. Valid applications under the Open Offer will be satisfied in full up to applicants' Open Offer Entitlements. Qualifying Shareholders are also being offered the

opportunity to subscribe for New Ordinary Shares in excess of their Open Offer Entitlements under the Excess Application Facility, described below.

The terms and conditions of application under the Open Offer are set out in Appendix II to this document. These terms and conditions should be read carefully before an application is made. Investors who are in any doubt about the Open Offer should consult their stockbroker, bank manager, solicitor, accountant or other financial advisor if they are in doubt.

### ***Excess Application Facility under the Open Offer***

Qualifying Shareholders who take up all of their Open Offer Entitlements may also apply under the Excess Application Facility for additional New Ordinary Shares in excess of their Open Offer Entitlement. The Excess Application Facility, will comprise whole numbers of New Ordinary Shares under the Open Offer which are not taken up by Qualifying Shareholders pursuant to their Open Offer Entitlements save to the extent that those New Ordinary Shares have been placed firm with Placees pursuant to the Initial Placing and fractional entitlements under the Open Offer (together, **Excess Shares**).

Qualifying Non-CREST Shareholders who wish to apply to subscribe for more than their Open Offer Entitlement should complete the relevant sections on the Open Offer Application Form.

Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4.2(c) of the “Terms and Conditions of the Open Offer” in Appendix II of this Prospectus for information on how to apply for Excess Shares pursuant to the Excess Application Facility.

Excess Shares under the Excess Application Facility will be allocated to Qualifying Shareholders that have taken up all of their Open Offer Entitlements on a *pro rata* basis to their respective holdings of Existing Ordinary Shares as at the Record Date. If a Qualifying Shareholder who has taken up all of its Open Offer Entitlement applies for less than its *pro rata* entitlement of the Excess Shares that are available under the Excess Application Facility, such number of Excess Shares as such Qualifying Shareholder is entitled to be allocated but does not apply for, shall be added to the number of Excess Shares that are available for allocation to other Qualifying Shareholders that apply for more than their respective *pro rata* entitlements to Excess Shares which shall in turn be allocated on a *pro rata* basis to the respective holdings of Existing Ordinary Shares of such Qualifying Shareholders who apply for more than their respective *pro rata* entitlements to Excess Shares. To the extent any New Ordinary Shares remain unallocated pursuant to Open Offer Entitlements and under the Excess Application Facility, such New Ordinary Shares will be allocated to Placees under the Initial Placing.

Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by the CREST Claims Processing Unit. Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer.

### **Action to be Taken under the Open Offer**

#### ***Non-CREST Shareholders***

Qualifying Non-CREST Shareholders are being sent an Open Offer Application Form giving details of their Open Offer Entitlement.

Persons that have sold or otherwise transferred all of their Existing Ordinary Shares held in certificated form before 23 January 2015 should forward this Prospectus, together with any Open Offer Application Form (duly renounced), if and when received, at once to the purchaser or transferee, or the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee, except that this Prospectus and the Open Offer Application Form should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including, but not limited to, the United States and the Excluded Territories subject to certain limited exceptions.

Any Existing Shareholder that has sold or otherwise transferred only some of their Existing Ordinary Shares held in certificated form on or before 23 January 2015, should refer to the

instructions regarding split applications in the “Terms and Conditions of the Open Offer” in Appendix II to this Prospectus and in the Open Offer Application Form.

#### *CREST Shareholders*

Qualifying CREST Shareholders will not be sent an Open Offer Application Form. Instead, Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlement and their Excess CREST Open Offer Entitlement as soon as practicable after 8.00 a.m. on 28 January 2015.

In the case of any Existing Shareholder that has sold or otherwise transferred only part of their holding of Existing Ordinary Shares held in uncertificated form on or before 28 January 2015, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate Open Offer Entitlement to the purchaser or transferee. Automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlement security.

Full details of the Open Offer are contained in the Terms and Conditions of the Open Offer in Appendix II to this Prospectus. If you have any doubt what action you should take, you should seek your own financial advice from your stockbroker, solicitor or other independent financial adviser duly authorised under FSMA who specialises in advice on the acquisition of shares and other securities immediately.

#### **The Initial Placing**

The Company, Numis, the Manager and the Investment Manager have entered into the Placing Agreement, pursuant to which Numis has agreed, subject to certain conditions, to use reasonable endeavours to procure subscribers and placees for the New Ordinary Shares made available in the Initial Placing at the Initial Issue Price. The Initial Placing is not underwritten.

Except as described below, New Ordinary Shares allocated to Placees under the Initial Placing will be subject to clawback to meet valid applications made by existing Shareholders under the Open Offer in respect of their Open Offer Entitlement and, if applicable, the Excess Application Facility.

The Company has received irrevocable undertakings from certain Shareholders not to take up their Open Offer Entitlements representing in aggregate 122,007,363 New Ordinary Shares available for issue, based on the Open Offer Entitlements as at the date of this document. The entitlements to New Ordinary Shares to which these undertakings relate may be placed firmly with Placees under the Initial Placing and will not be subject to clawback in respect of valid applications under the Open Offer.

Applications under the Placing will be subject to the terms and conditions set out in Appendix I to this Prospectus. Further details of the terms of the Placing Agreement, including the fee and commission payable to Numis, are set out in paragraph 7.5 of Part X of this Prospectus.

#### **General**

The results of the Initial Placing are expected to be announced via a Regulatory Information Service on 23 February 2015.

To the extent that any application for subscription is rejected in whole or in part, or if the Initial Issue does not proceed, monies received will be returned to each relevant applicant by electronic transfer to the account from which payment was originally received or by cheque (as applicable) at the applicant's risk and without interest.

The ISIN for the New Ordinary Shares is GG00B6686L20 and the SEDOL is B6686LS. The ISIN for the Open Offer Entitlement is GG00BS7K5R06 and the SEDOL is B57K5R0. The ISIN for the Excess Open Offer Entitlement is GG00BS7K5V42 and the SEDOL is B57K5V4.

The Initial Issue Shares will be issued in registered form and may be held in uncertificated form. The Initial Issue Shares will be issued to Placees through the CREST system unless otherwise stated. The Initial Issue Shares will be eligible for settlement through CREST with effect from their Admission.

Subject to their statutory right of withdrawal pursuant to section 87(Q)(4) of FSMA, in the event of the publication of a supplementary prospectus, applicants may not withdraw their applications for New Ordinary Shares.

Applicants wishing to exercise their statutory right of withdrawal pursuant to section 87(Q)(4) of FSMA after the publication of a supplementary prospectus must do so by lodging a written notice of withdrawal (which shall include a notice sent by any form of electronic communication) which must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the Participant ID and Member Account ID of such CREST member by post or by hand (during normal business hours only) with Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Kent BR9 4TU, or by email to [withdraw@capitaregistrars.com](mailto:withdraw@capitaregistrars.com) so as to be received not later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received by Capita Asset Services after expiry of such period will not constitute a valid withdrawal. The Company will not permit the exercise of withdrawal rights after payment by the relevant applicant of his subscription in full and the allotment of the New Ordinary Shares to such applicant becoming unconditional and in such event Shareholders are recommended to seek independent legal advice.

#### *Use of net proceeds of the Initial Issue*

The Directors intend to apply the net proceeds of the Initial Issue in making investments in accordance with the Company's investment objective and investment policy.

As a result of the limited availability of capital in the mining and resources sector over the past several years, certain of the Company's assets have not been able to progress their projects as fast as they could have, had finance been available. Part of the Company's investment approach is to hold strategic stakes in investments and be in a position to influence investee company management such that they do not pursue financing strategies which might be unduly dilutive to the Company's interest.

The Investment Manager intends to invest up to £20 million in investments which are held in the Current Portfolio in order to unlock the value inherent in their projects. The Initial Issue will also give the Company the capacity to subscribe for its rights in cases where any of its investee companies considers an otherwise dilutive issue.

The Investment Manager has also identified a pipeline of potential new investments which the Investment Manager has been unable to pursue due to lack of available funds. In view of the high number of projects chasing a limited amount of capital in the sector, the Investment Manager intends to make new investments through structures which give the Company an element of downside protection whilst still maintaining equity upside, such as investments through convertible debt. Subject to retaining a cash reserve of up to 10 per cent. of the proceeds from the Initial Issue, the Investment Manager expects the Company to be fully invested within a year of completion of the Proposals.

#### **Overseas investors**

The attention of persons resident outside the UK is drawn to the notices to investors set out on pages 40 to 42 of this Prospectus which contains restrictions on the holding of Initial Issue Shares by such persons in certain jurisdictions.

In particular investors should note that the Initial Issue Shares have not been and will not be registered under the Securities Act or under the applicable state securities laws of the United States, and the Company has not registered, and does not intend to register, as an investment company under the U.S. Investment Company Act. Accordingly, subject to certain limited exceptions, the Initial Issue Shares may not be offered, sold, pledged or otherwise transferred directly or indirectly in or into the United States or to, or for the account or benefit of any US Person or to, or for the account or benefit of, any US Persons

#### **Dealing arrangements**

Applications will be made for the Initial Issue Shares to be admitted to the premium segment of the Official List and to trading on the Main Market of the London Stock Exchange. It is expected that Admission of the Initial Issue Shares will become effective, and that dealings in the Initial Issue Shares will commence, at 8.00 a.m. on 25 February 2015.

#### **Settlement**

Payment for the New Ordinary Shares applied for under the Open Offer should be made in accordance with the instructions contained in the Terms and Conditions of the Open Offer set out

in Appendix II to this Prospectus and, in the case of certificated Ordinary Shares, in the Open Offer Application Form. Payment for the New Ordinary Shares to be acquired under the Initial Placing should be made in accordance with settlement instructions provided to investors by Numis. To the extent that any application or subscription for New Ordinary Shares is rejected in whole or in part, monies will be returned to the applicant(s) within 14 days at the risk of the applicant(s) without interest.

CREST accounts will be credited on the date of Admission of the Initial Issue Shares and it is expected that, where Shareholders have requested them, certificates in respect of the Initial Issue Shares to be held in certificated form will be despatched during the week commencing 2 March 2015. Pending receipt by Shareholders of definitive share certificates, if issued, the Registrar will certify any instruments of transfer against the register of members.

### **Money laundering**

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK and/or Guernsey, any of the Company and its agents, including the Administrator, the Registrar, the Receiving Agent and Numis, may require evidence in connection with any application for New Ordinary Shares, including further identification of the applicant(s), before any Initial Issue Shares are issued.

Each of the Company and its agents, including the Administrator, the Registrar, the Receiving Agent, and Numis reserves the right to request such information as is necessary to verify the identity of a Shareholder or prospective Shareholder and (if any) the underlying beneficial owner or prospective beneficial owner of a Shareholder's Ordinary Shares. In the event of delay or failure by the Shareholder or prospective Shareholder to produce any information required for verification purposes, the Directors, in consultation with the Company's agents, including the Administrator, the Registrar, the Receiving Agent and Numis, may refuse to accept a subscription for Initial Issue Shares, or may refuse the transfer of Ordinary Shares held by any such Shareholder.

### **ISA, SSAS and SIPP**

The Initial Issue Shares will be "qualifying investments" for the stocks and shares component of an ISA (subject to applicable subscription limits) provided that they have been acquired by purchase in the market (which, for these purposes, will include any Initial Issue Shares acquired directly under the Open Offer but not any Initial Issue Shares acquired directly under the Placing).

Save where Initial Issue Shares are being acquired using available funds in an existing ISA, an investment in Initial Issue Shares by means of an ISA is subject to the usual annual subscription limits applicable to new investments into an ISA (for the tax year 2014/15 an individual may invest £15,000 worth of stocks and shares in a stocks and shares ISA). The Initial Issue Shares will be permissible assets for SIPPs and SSAS.

The Board will use its reasonable endeavours to manage the affairs of the Company so as to enable this status to be maintained.



## PART VII – THE PLACING PROGRAMME

### The Placing Programme

To the extent that the Company raises less than £100 million under the Initial Issue, it is proposed that the Company should be able to raise the balance (being £100 million less the gross proceeds of the Initial Issue) on a non-pre-emptive basis pursuant to the Placing Programme. Any New Ordinary Shares issued under the Placing Programme will be issued at a premium to the prevailing Net Asset Value at the time of the relevant Placing as described below.

New Ordinary Shares will be available for issue under the Placing Programme from 25 February 2015 until 22 January 2016. The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue New Ordinary Shares over a period of time and the issue of the Placing Programme Shares will be at the discretion of the Directors.

New Ordinary Shares issued pursuant to the Placing Programme will be issued at a premium to the prevailing Net Asset Value per Ordinary Share at least sufficient to cover the costs and expenses of the relevant Placing. The issue price of any Placing Programme Shares will be announced through a Regulatory Information Service as soon as is practicable following the allotment of such Placing Programme Shares.

The Company intends to invest the net proceeds of each Placing under the Placing Programme in accordance with the Company's investment objective and investment policy as described in Part VI of this document under the heading "Use of net proceeds of the Initial Issue".

The Placing Programme Shares will rank *pari passu* in all respects with the existing Ordinary Shares, save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the Placing Programme Shares.

The Placing Programme, which is not underwritten is conditional, *inter alia*, on:

- (a) each of the Placing Programme Resolution, the Authority Resolution and the Amendment Resolution being passed at the EGM;
- (b) Admission of the Placing Programme Shares occurring at such time and on such date as the Company, the Investment Manager and Numis may agree prior to the closing of that Placing, not being later than 8.00 a.m. on 22 January 2016;
- (c) if a supplementary prospectus is required in accordance with FSMA, such supplementary prospectus having been approved by the FCA and published by the Company in accordance with the Prospectus Rules; and
- (d) the Placing Agreement becoming otherwise unconditional and not having been terminated in accordance with its terms before Admission of the relevant Placing Programme Shares becomes effective.

If these conditions are not satisfied in respect of any Placing under the Placing Programme, the relevant issue of Placing Programme Shares will not proceed.

In the event that there are any significant changes affecting any of the matters described in this document or where any significant new matters have arisen after the publication of this Prospectus and prior to Admission of the Placing Programme Shares, the Company will publish a supplementary prospectus. Any supplementary prospectus published will give details of the significant change(s) or the significant new matter(s).

### Admission, settlement and dealing arrangements

Applications will be made on an *ad hoc* basis to the FCA for admission of the Placing Programme Shares to the premium segment of the Official List and to the London Stock Exchange for such Placing Programme Shares to be admitted to trading on the Main Market of the London Stock Exchange. It is expected that Admission of the Placing Programme Shares will become effective, and that unconditional dealings in the Placing Programme Shares issued will commence during the period from 25 February 2015 to 22 January 2016.

Payment for any New Ordinary Shares issued under the Placing Programme should be made in accordance with settlement instructions provided to investors by Numis.

The Placing Programme Shares will be issued in registered form and may be held in uncertificated form. The Placing Programme Shares will be issued to Placees through the CREST system unless

otherwise stated. The Placing Programme Shares will be eligible for settlement through CREST with effect from their Admission.

The Company will arrange for CREST to be instructed to credit the appropriate CREST accounts of the Placees concerned or their nominees with their respective entitlements to the Placing Programme Shares. The names of the Placees or their nominees that invest through their CREST accounts will be entered directly on to the share register of the Company.

Dealing in the Placing Programme Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned.

### **Overseas investors**

The attention of persons resident outside the UK is drawn to the notices to investors set out on pages 40 to 42 of this Prospectus which contains restrictions on the holding of New Ordinary Shares by such persons in certain jurisdictions.

In particular investors should note that the Placing Programme Shares have not been and will not be registered under the U.S. Securities Act or under the applicable state securities laws of the United States, and the Company has not registered, and does not intend to register, as an investment company under the U.S. Investment Company Act. Accordingly, subject to certain limited exceptions, the Placing Programme Shares may not be offered, sold, pledged or otherwise transferred directly or indirectly in or into the United States or to, or for the account or benefit of any US Person or to, or for the account or benefit of, any US Persons.

### **Money laundering**

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK and/or Guernsey, any of the Company and its agents, including the Administrator, the Registrar and Numis, may require evidence in connection with any application for Placing Programme Shares, including further identification of the applicant(s), before any Placing Programme Shares are issued to the applicant(s).

Each of the Company and its agents, including the Administrator, the Registrar and Numis reserves the right to request such information as is necessary to verify the identity of a Shareholder or prospective Shareholder and (if any) the underlying beneficial owner or prospective beneficial owner of a Shareholder's Ordinary Shares. In the event of delay or failure by the Shareholder or prospective Shareholder to produce any information required for verification purposes, the Directors, in consultation with the Company's agents, including the Administrator, the Registrar and Numis, may refuse to accept a subscription for Placing Programme Shares, or may refuse the transfer of Ordinary Shares held by any such Shareholder.

## PART VIII – FINANCIAL INFORMATION RELATING TO THE COMPANY

The financial information contained in this Part VIII (Financial Information relating to the Company) in respect of the Company has been extracted without material adjustment from the reports and audited accounts of the Company in respect of the financial years ended 31 December 2011, 31 December 2012 and 31 December 2013 and in respect of the half-yearly report and unaudited condensed interim financial statements for the six month periods ending 30 June 2013 and 2014.

### 1 Statutory Accounts

Statutory accounts of the Company for the 12 month periods from 1 January 2011 to 31 December 2011 (the **2011 Annual Accounts**), 1 January 2012 to 31 December 2012 (the **2012 Annual Accounts**) and 1 January 2013 to 31 December 2013 (the **2013 Annual Accounts**), together the **Annual Accounts**, in respect of which the Company's auditor Ernst & Young LLP, have given an unqualified opinion that the accounts give a true and fair view of the state of affairs of the Company for the periods set out above and that the accounts have been properly prepared in accordance with the Companies (Guernsey) Law, 2008, as amended and that part of the Directors' Remuneration Report that is stated as having been audited shows the fees paid by the Company, have been incorporated into this document by reference.

The financial statements for the 6 month periods ended 30 June 2013 (the **2013 Interim Accounts**) and 30 June 2014 (the **2014 Interim Accounts**) (together, the **Interim Accounts**) are unaudited and have been incorporated into this document by reference.

Ernst & Young LLP is a member of the Institute of Chartered Accountants in England and Wales.

### 2 Published report and accounts

#### 2.1 Historical financial information

The Annual Accounts and the Interim Accounts, which have been incorporated into this document by reference, included, on the pages specified below, the following information:

	<b>2011 Annual Accounts</b>	<b>2012 Annual Accounts</b>	<b>2013 Annual Accounts</b>	<b>2013 Interim Accounts</b>	<b>2014 Interim Accounts</b>
Independent Auditor's Report	19	19	22-23	NA	NA
Statement of Changes in Equity	23	23	27	13	14
Income Statement	21-22	21-22	25-26	11-12	12-13
Balance Sheet	20	20	24	10	11
Cash Flow Statement	24	24	28	14	15
Notes to the Accounts	25-39	25-38	29-45	15-21	16-24
Accounting Policies	26-27	25-27	29-32	15-16	16
Chairman's Statement	4	4	4	NA	NA
Investment Manager's Report	5-9	5-9	5-9	5-6	6-7
Report of the Directors	10-15	10-15	10-15	3-4	3-5

## 2.2 Selected Financial Information

The key figures that summarise the Company's financial period in respect of the periods covered by the Annual Accounts and the Interim Accounts, which have been extracted without material adjustment from the historical financial information referred to in paragraph 2.1 of this Part VIII, are set out in the following table:

	<b>2011 Annual Accounts (Audited)</b>	<b>2012 Annual Accounts (Audited)</b>	<b>2013 Annual Accounts (Audited)</b>	<b>2013 Interim Accounts (Unaudited)</b>	<b>2014 Interim Accounts (Unaudited)</b>
Net assets (£'m)	86.7	72.2	41.0	46.0	36.2
Net asset value per share (pence)	131.3	109.1	62.0	69.6	53.0
Total operating income/loss (£'m)	24.5	(13.0)	(29.9)	(25.4)	(5.8)
Profit and comprehensive income/loss for the period (£'m)	18.4	(14.6)	(31.2)	(26.2)	(6.2)
Earnings per share (pence)	27.9	(22.1)	(47.2)	(39.6)	(9.3)

## 2.3 Operating and Financial Review

The Annual Accounts and the Interim Accounts included, on the pages specified in the table below: descriptions of the Company's financial condition (in both capital and revenue terms); details of the Company's investment activity and portfolio exposure; and changes in its financial condition for such period.

	<b>2011 Annual Accounts (Audited)</b>	<b>2012 Annual Accounts (Audited)</b>	<b>2013 Annual Accounts (Audited)</b>	<b>2013 Interim Accounts (Unaudited)</b>	<b>2014 Interim Accounts (Unaudited)</b>
Overview of financial results	5	5	5	3	3
Chairman's statement	4	4	4	N/A	N/A
Investment Manager's Report	5-9	5-9	5-9	5-6	6-7
Portfolio analyses	17-18	17-18	20-21	8-9	9-10

## 2.4 Availability of annual reports and accounts for inspection

Copies of the Annual Accounts and the Interim Accounts are available for inspection at the address set out in paragraph 16.1 of Part X of this document and also at [www.bakersteelresourcestrust.com](http://www.bakersteelresourcestrust.com).

## 3 Capitalisation and indebtedness

### 3.1 Set out below are statements of capitalisation and net indebtedness in relation to the Company.

The capitalisation information set out below has been extracted without material adjustment from the Company's last published financial information, being the half yearly report for the period from 1 January 2014 to 30 June 2014

	<b>As at 30 June 2014 (unaudited) £000s</b>
<b>Capitalisation</b>	
Shareholders' Equity	
Share capital	66,241
Reserves	(29,998)
Total	<u>36,244</u>

There has been no material change in the capitalisation of the Company since 30 June 2014 except for the impact on the reserves due to the change in Net Asset Value and the issue of 3,301,886 Ordinary Shares on 2 July 2014 as consideration for an acquisition of Global Oil

Shale Shares which resulted in the total capitalisation of the Company as at 31 December 2014 of approximately £67,991,000 million (based on the Company's unaudited management accounts).

- 3.2 Although the Company had no gross indebtedness as at 23 January 2015 (being the latest practicable date prior to publication of this document) it has pledged its equity interest in Bilboes Gold Limited as part of a larger security package for a loan from the Industrial Development Corporation of South Africa to Bilboes Holdings Limited. The guarantee is limited to the Company's equity interest in Bilboes Gold Limited.
- 3.3 The following table shows the Company's unaudited net indebtedness as at 31 December 2014 (being the latest practicable date prior to publication of this document for which unaudited management accounts are available), such information having been extracted without material adjustment:

	<b>£'000</b>
A Cash	94
B Cash equivalent	NIL
C Trading securities	13,756
D Liquidity (A+B+C)	13,850
E Current financial receivable	76
F Current bank debt	—
G Current portion of non-current debt	—
H Other current financial debt	—
I Current financial debt (F+G+H)	—
J Net current financial assets (I-E-D)	13,926
K Non-current bank loans	—
L Bonds issued	—
M Other non-current loans	—
N Non-current financial debt (K+L+M)	—
O Net financial assets (J+N)	13,926

#### **4 Working capital**

In the Company's opinion, the Company has sufficient working capital for its present requirements, that is, for at least 12 months following the date of this document.

## PART IX – TAXATION

### 1 Taxation

#### *General*

The receipt of dividends (if any) by Shareholders, the transfer of Shares and any distribution on a winding-up of the Company may result in a tax liability for the Shareholders according to the tax regime applicable in their various countries of residence, citizenship or domicile. Shareholders resident in or citizens of certain countries which have anti-offshore fund legislation may have a current liability to tax on the undistributed income and gains of the Company. The Directors, the Company and each of the Company's agents shall have no liability in respect of the individual tax affairs of Shareholders. Shareholders should consult their professional advisers on the possible tax and other consequences of their subscribing for, purchasing, holding or selling Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

The following summary is based on the Company's understanding of certain aspects of the law and practice currently in force in Guernsey and the United Kingdom applicable to the Company and to persons who are resident or ordinarily resident and, where relevant, domiciled in Guernsey or the United Kingdom for taxation purposes and who hold Shares as an investment.

This summary does not constitute legal or tax advice and there can be no guarantee that the tax position or proposed tax position at the date of this document or at the time of an investment will endure indefinitely.

If you are in any doubt about your tax position, or if you may be subject to tax in a jurisdiction other than Guernsey or the United Kingdom, you should consult your professional adviser.

#### **Guernsey**

The information below, which relates only to Guernsey taxation, summarises the advice received by the Directors. It is applicable to the Company and to persons who are resident or ordinarily resident in Guernsey for taxation purposes and who hold Shares in the Company as an investment. It is based on current Guernsey revenue law and published practice, which law or practice is, in principle, subject to any subsequent changes. The following information does not deal with certain types of person, such as persons holding or acquiring Ordinary Shares in the course of trade, collective investment schemes or insurance companies.

#### **(A) The Company**

The Company is eligible for exemption from income tax in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 (the **Ordinance**). Under the provisions of the Ordinance, exemption is granted by the States of Guernsey Treasury and Resources Department (the **Treasury Department**) annually provided the Company continues to comply with the requirements of the Ordinance and upon the payment of an annual fee which is currently fixed at £600. It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it retains such exempt status.

#### **(B) Shareholders**

Payments made by the Company to non-Guernsey resident shareholders, whether made during the life of the Company or by distribution on the liquidation of the Company, will not be subject to Guernsey income tax. Whilst exempt the Company is not required to deduct Guernsey income tax from distributions paid on any Ordinary Share to Guernsey residents, however the Company is required annually to furnish certain particulars to the Treasury Department and also make a return when renewing the Company's exempt tax status of the names, addresses and gross amounts of distributions paid to Guernsey resident shareholders during the previous year.

#### **(C) Capital Taxes and Stamp Duty**

Guernsey does not currently levy taxes upon capital inheritances, capital gains or gifts, nor are there any estate duties (save that *ad valorem* fees are payable in respect of the grant of any probate).

No stamp duty is chargeable in Guernsey on the issue, transfer, switching or redemption of Shares.

#### **(D) Implementation of the EU Savings Directive in Guernsey**

Although not a Member State of the European Union, Guernsey, in common with certain other jurisdictions, entered into bilateral agreements with EU Member States on the taxation of savings income. Paying agents in Guernsey must automatically report to the Director of Income Tax in Guernsey any interest payment to individuals resident in the contracting EU Member States which falls within the scope of the EU Savings Directive (2003/48/EC) (the **EU Savings Directive**) as applied in Guernsey. However, whilst such interest payments may include distributions from the proceeds of shares or units in certain collective investment schemes which are, or are equivalent to, UCITS, in accordance with guidance notes issued by the States of Guernsey on the implementation of the bilateral agreements, the Company should not be regarded as, or as equivalent to, a UCITS. Accordingly, any payments made by the Company to Shareholders will not be subject to reporting obligations pursuant to the agreements between Guernsey and EU Member States to implement the EU Savings Directive in Guernsey.

The operation of the EU Savings Directive is currently under review by the European Commission and a number of changes have been outlined which, if agreed, will significantly widen its scope. These changes could lead to the Company being required to comply with the EU Savings Directive in the future.

#### **FATCA**

The Company and/or interests in the Company could be subject to the application of FATCA. FATCA generally imposes a new reporting regime and potentially a 30% withholding tax with respect to certain US source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce US source interest or dividends (**Withholdable Payments**). As a general matter, the new rules are designed to require US persons' direct and indirect ownership of non-US accounts and non-US entities to be reported to the US Internal Revenue Service (the **Service**). The 30% withholding tax regime applies if there is a failure to provide required information regarding US ownership.

Generally, the new rules will subject all Withholdable Payments received by the Company to 30% withholding tax (including the share that is allocable to non-US persons) unless compliance with the new rules by the Company is pursuant to an intergovernmental agreement between the jurisdiction in which the Company is based and the United States or the Company enters into an agreement (an **FFI Agreement**) with the Service to provide information, representations and waivers of non-US law as may be required to comply with the provisions of the new rules, including, information regarding its direct and indirect US accountholders.

**FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE COMPANY, THE ORDINARY SHARES OR THE SHAREHOLDERS IS UNCERTAIN AT THIS TIME. EACH POTENTIAL INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND HOW THIS US LEGISLATION MIGHT AFFECT EACH POTENTIAL INVESTOR IN ITS PARTICULAR CIRCUMSTANCE.**

#### ***US-Guernsey Intergovernmental Agreement***

On 13 December 2013, the governments of the United States and Guernsey announced that they had entered into an intergovernmental agreement (the **US-Guernsey IGA**) related to implementing the Foreign Account Tax Compliance Act. The US Guernsey IGA has been implemented through Guernsey's domestic legislation, in accordance with regulations and guidance (such guidance has yet to be published in finalised form). Accordingly, the full impact of the US-Guernsey IGA on the Company and the Company's reporting responsibilities pursuant to the US-Guernsey IGA as implemented in Guernsey is currently uncertain.

However, on 12 July 2013 the United States Department of Treasury and the Internal Revenue Service issued Notice 2013-43 (a **Notice**) which, *inter alia*, refers to the treatment of financial institutions operating in jurisdictions that have signed an intergovernmental agreement to implement FATCA. According to the Notice, a jurisdiction will be treated as having in effect an intergovernmental agreement if the jurisdiction is listed on the US Treasury website as a jurisdiction that is treated as having an intergovernmental agreement in effect. In general, the US Treasury and the Internal Revenue Service intend to include on this list jurisdictions that have signed but

have not yet brought into force an intergovernmental agreement. A financial institution resident in a jurisdiction that is treated as having an intergovernmental agreement in effect will be permitted to register on the FATCA registration website as a registered deemed-compliant financial institution (which would include all reporting Model 1 foreign financial institutions) or participating foreign financial institution (which would include all reporting Model 2 foreign financial institutions). The US-Guernsey IGA is based on Model 1 and is listed on the US Treasury website as a jurisdiction that is treated as having an intergovernmental agreement in effect.

#### *United Kingdom-Guernsey Intergovernmental Agreement*

On 22 October 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the UK (**UK-Guernsey IGA**) under which certain disclosure requirements will be imposed in respect of certain investors in the Company who are resident in the UK or which are entities that are controlled by one or more residents of the UK. The UK-Guernsey IGA has been implemented through Guernsey's domestic legislation, in accordance with regulations and guidance (such guidance has yet to be published in finalised form). Accordingly, the full impact of the UK-Guernsey IGA on the Company and its reporting responsibilities pursuant to the UK-Guernsey IGA is currently uncertain.

#### *Request for Information*

The Company reserves the right to request from any investor or potential investor such information as the Company deems necessary to comply with FATCA, any FFI Agreement from time to time in force, or any obligation arising under the implementation of any applicable intergovernmental agreement, including the US-Guernsey IGA and the UK-Guernsey IGA.

#### **United Kingdom taxation**

The following paragraphs are intended only as a general guide and are based on current legislation and HM Revenue & Customs (**HMRC**) published practice, which is subject to change at any time (possibly with retrospective effect). They are of a general nature and do not constitute tax advice and apply only to Shareholders who are resident in the UK, who are the absolute beneficial owners of their New Ordinary Shares and who hold their shares as an investment. They do not address the position of certain classes of Shareholders such as dealers in securities, insurance companies or collective investment schemes.

If you are in any doubt as to your tax position or if you are subject to tax in a jurisdiction outside the UK, you should consult an appropriate professional adviser without delay.

#### *The Company*

The Directors intend that the affairs of the Company should be managed and conducted so that it does not become resident in the UK for UK taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the UK through a permanent establishment, the Company will not be subject to UK income tax or corporation tax on its profits other than on any UK source income.

Certain interest and other income received by the Company which has UK source may be subject to withholding taxes in the UK.

#### *Shareholders*

##### *Income*

Shareholders who are resident in the UK for taxation purposes may, depending on their circumstances, be liable to UK income tax or corporation tax in respect of dividends paid by the Company.

UK resident individual Shareholders who are additional rate taxpayers will be liable to income tax at 37.5 per cent., higher rate taxpayers will be liable to income tax at 32.5 per cent. and other individual taxpayers will be liable to income tax at 10 per cent. A tax credit equal to 10 per cent. of the gross dividend (also equal to one-ninth of the cash dividend received) should be available to set off against a Shareholder's total income tax liability. The effect of the tax credit is that a basic rate taxpayer will have no further tax to pay, a higher rate taxpayer will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which also equals 25 per cent. of the net dividend received) and an additional rate taxpayer will have to account for additional tax equal to 27.5 per cent. of the gross dividend (or 30.56 per cent. of the cash dividend received). The tax credit will not be available to any individual who owns (together with connected persons) 10 per



cent. or more of the class of issued share capital of the Company in respect of which the dividend is made.

A UK resident corporate Shareholder will be liable to UK corporation tax (currently 21 per cent. but falling to 20 per cent. in April 2015) unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009. It is likely that dividends will fall within one of such exempt classes but Shareholders within the charge to UK corporation tax are advised to consult their independent professional tax advisers to determine whether dividends received will be subject to UK corporation tax.

#### *Chargeable gains*

Any gains on disposals by UK resident Shareholders or Shareholders who carry on a trade in the UK through a permanent establishment with which their investment in the Company is connected may, depending on their circumstances, give rise to a liability to UK tax on capital gains.

UK resident Shareholders who are individuals (or otherwise not within the charge to UK corporation tax) and who are basic rate taxpayers are currently subject to tax on their chargeable gains at a flat rate of 18 per cent. Individuals who are higher or additional rate taxpayers are currently subject to tax on their chargeable gains at a flat rate of 28 per cent. No indexation allowance will be available to such Shareholders but they may be entitled to an annual exemption from capital gains (this is £11,000 for the year 2014/2015 and £11,100 for the year 2015/2016).

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

Shareholders within the charge to UK corporation tax may be subject to corporation tax on chargeable gains in respect of any gain arising on a disposal of New Ordinary Shares. Indexation allowance may apply to reduce any chargeable gain arising on disposal of the New Ordinary Shares but will not create or increase an allowable loss.

The Directors have been advised that the Company should not be an offshore fund for the purposes of UK taxation and the provisions of Part 8 of the Taxation (International and Other Provisions) Act 2010 should not apply.

#### *Other UK tax considerations*

The attention of UK resident or ordinarily resident Shareholders is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 under which, in certain circumstances, a portion of capital gains made by the Company can be attributed to a Shareholder who holds, alone or together with associated persons, more than 25 per cent. of the Ordinary Shares. This applies if the Company is a close company for the purposes of UK taxation. It is not anticipated that the Company would be regarded as a close company if it were resident in the UK although this cannot be guaranteed.

The attention of individuals resident in the UK for taxation purposes is drawn to the provisions of sections 714 to 751 of the Income Tax Act 2007. These sections contain anti-avoidance legislation dealing with the transfer of assets to overseas persons in circumstances which may render such individuals liable to taxation in respect of undistributed profits of the Company.

The attention of companies resident in the UK is drawn to the controlled foreign companies legislation contained in Part 9A of the Taxation (International and Other Provisions) Act 2010. Broadly, a charge may arise to UK tax resident companies if the Company is controlled directly or indirectly by persons who are resident in the UK, it has profits which are attributable to its significant people functions and one of the exemptions does not apply.

#### *Stamp duty and stamp duty reserve tax (SDRT)*

The following comments are intended as a guide to the general UK stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services to whom special rules apply.

No UK stamp duty or SDRT will be payable on the issue of the New Ordinary Shares. UK stamp duty (at the rate of 0.5 per cent., rounded up where necessary to the next £5, of the amount of the value of the consideration for the transfer) is payable on any instrument of transfer of New Ordinary Shares executed within, or in certain cases brought into, the UK. Provided that New Ordinary Shares are not registered in any register of the Company kept in the UK and are not

paired with shares issued by a UK company, any agreement to transfer New Ordinary Shares should not be subject to SDRT and any instrument of transfer of shares which is executed and retained outside the UK should not be subject to stamp duty.

#### *ISAs and SIPPs*

##### *General*

The New Ordinary Shares will be “qualifying investments” for the stocks and shares component of an ISA. The subscription limit for an ISA account is £15,000 (for the tax year 2014/2015) and £15,240 (for the tax year 2015/2016). Where the New Ordinary Shares are held in an ISA, income and gains arising in respect of them will be exempt from UK taxation.

##### *Initial Placing and Placing Programme*

The New Ordinary Shares allotted under the Initial Placing and/or Placing Programme are not eligible for inclusion in an ISA.

##### *Open Offer*

The New Ordinary Shares acquired by a UK resident individual Shareholder in the Open Offer should be eligible to be held in an ISA, subject to applicable annual subscription limits.

##### *Secondary market purchases*

New Ordinary Shares acquired by an account manager by purchase in the secondary market, subject to applicable subscription limits, as set out above, will be eligible for inclusion in an ISA.

##### *UK small self-administered schemes and self-invested personal pensions*

New Ordinary Shares are expected to be eligible for inclusion in a UK SSAS or a UK SIPP, although this should be confirmed independently by investors with their professional tax or financial advisers before investment.

## PART X – ADDITIONAL INFORMATION

### 1 Incorporation and administration

- 1.1 The Company was incorporated with liability limited by shares in Guernsey under the Law on 9 March 2010 with registered number 51576.
- 1.2 The Company is registered as a closed-ended investment company pursuant to the POI Law, 1987, as amended, and the Registered Collective Investment Schemes Rules 2008.
- 1.3 The registered office and principal place of business of the Company is Arnold House, St. Julian's Avenue, St. Peter Port, Guernsey GW1 3NF, and the telephone number is 01481 707 000. The statutory records of the Company are kept at this address. The Company operates under the Law and ordinances and regulations made thereunder and has no employees. The Company is subject to the Listing Rules and the Disclosure and Transparency Rules of the Financial Conduct Authority.
- 1.4 Historical financial information in respect of the period from 1 January 2011 to 30 June 2014 has been incorporated by reference into this Prospectus in Part VIII. The Company's accounting period ends on 31 December of each year.
- 1.5 Ernst & Young LLP has been the only auditor of the Company since its incorporation. Ernst & Young LLP is a member of the Institute of Chartered Accountants of England & Wales.
- 1.6 The annual report and accounts are prepared according to IFRS.
- 1.7 Changes in the issued share capital of the Company since incorporation are summarised in paragraph 2 of this Part X.
- 1.8 Save for the fall in the Company's Net Asset Value from £36.2 million as at 30 June 2014 to £32.2 million as at 31 December 2014, there has been no significant change in the financial or trading position of the Company since 30 June 2014 (being the end of the last financial period of the Company for which financial information has been published).

### 2 Share Capital

- 2.1 The share capital of the Company on incorporation was represented by an unlimited number of Ordinary Shares of no par value. The Company may issue an unlimited number of shares of a nominal or par value and/or of no par value or a combination of both. 1 Management Ordinary Share was issued immediately following incorporation of the Company and 9,999 Management Ordinary Shares were issued on 26 March 2010.
- 2.2 The Company raised £30,468,865 (before costs) through the issue of 30,468,865 Ordinary Shares and 6,093,772 Subscription Shares via the IPO. In addition, the Company issued 35,554,224 Ordinary Shares and 7,110,822 Subscription Shares to the holders of shares in Genus Capital Fund pursuant to a scheme of reorganisation of Genus Capital Fund, in exchange for substantially all the non-cash assets of Genus Capital Fund.
- 2.3 With effect from 30 September 2010, 7,543 Ordinary Shares were issued as a result of the exercise of Subscription Shares. With effect from 31 March 2011, 2,429 Ordinary Shares were issued as a result of the exercise of Subscription Shares. With effect from 2 April 2012, 107,549 Ordinary Shares were issued as a result of the exercise of Subscription Shares. With effect from 1 October 2012, 1,923 Ordinary Shares were issued as a result of the exercise of Subscription Shares.
- 2.4 The final exercise date for the Subscription Shares was 2 April 2013. No Subscription Shares were issued at this time and all Subscription Shares were subsequently cancelled.
- 2.5 On 24 June 2014 the Company issued 2,259,357 Ordinary Shares as consideration for 500 Polar Silver Shares and US\$2,500,000 of convertible loan notes to ZAO Argentum. On 2 July 2014 the Company issued 3,301,886 Ordinary Shares as consideration for 5 million Global Oil Shares.
- 2.6 As at the date of this Prospectus, the Company's issued share capital comprises 71,703,776 Ordinary Shares and 10,000 Management Ordinary Shares.
- 2.7 Based upon the Net Asset Value of the Company as at 31 December 2014 (being the latest practicable date prior to the publication of this Prospectus in respect of which the Net Asset Value has been published) a maximum of 261,718,782 New Ordinary Shares will be issued pursuant to the Initial Issue.

2.8 Since the date of incorporation of the Company, the Company has not purchased any Ordinary Shares.

***Initial Issue Shares***

2.9 The Directors are seeking authority from Shareholders at the Extraordinary General Meeting to approve the disapplication of pre-emption rights in respect of the proposed fund raising by way of the Initial Issue of up to £100 million and the issue of the Initial Issue Shares for cash at an issue price reflecting a 15 per cent. discount to the NAV per Ordinary Shares prevailing as at the Calculation Date (the Issue Price).

***Placing Programme Shares***

2.10 The Directors are also seeking authority from Shareholders at the Extraordinary General Meeting to approve the disapplication of pre-emption rights in respect of the issue of New Ordinary Shares for cash pursuant to the Placing Programme to raise up to £100 million (less the amount raised under the Initial Issue) at an issue price reflecting a premium to the prevailing NAV per Ordinary Share as at the date of the relevant issue.

***Acquisition Shares***

2.11 The Company has entered into the Acquisition Agreements, details of which are set out in Part IV of this Prospectus. The consideration payable under the Acquisition Agreements will be satisfied by the issue of fully paid Acquisition Shares. The number of fully paid Acquisition Shares to be issued will depend on whether the Additional Investments are Unlisted Investments or Listed Investments and the respective valuation of these assets and the Net Asset Value per New Ordinary Share as at the Calculation Date as well as the extent to which the scaleback arrangements referred to in the Acquisition Agreements need to be implemented to avoid the Deemed Concert Party being interested (directly or indirectly) in shares carrying 30 per cent. or more of the voting rights of the Company.

2.12 The Initial Issue Shares, the Placing Programme Shares and the Acquisition Shares will be issued and created in accordance with the Articles and the Law.

2.13 Where the Ordinary Shares are held in uncertificated form through CREST, title to such Ordinary Shares may be transferred by means of a relevant system (as defined in the CREST Regulations). Where the Ordinary Shares are held in certificated form, share certificates will be sent to the registered members or their nominated agent (at their own risk) within 10 days of the completion of the registration process or transfer, as the case may be, of the Ordinary Shares. Where Ordinary Shares are held in CREST, the relevant CREST stock account of the registered members will be credited. The Registrar, whose registered address is set out on page 38 of this Prospectus, will maintain a register of Shareholders holding their Ordinary Shares in CREST.

2.14 Save as disclosed in this paragraph 2, no share or loan capital of the Company is under option or has been agreed conditionally or unconditionally to be put under option.

### 3 Directors and other interests

3.1 The Directors have confirmed to the Company that they intend to subscribe for the number of New Ordinary Shares set out in the table below. Insofar as is known to the Company, the interests of each Director, including any connected person, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director whether or not held through another party, in the share capital of the Company before and following Admission will be as follows:

Director	Number of Ordinary Shares currently held	Percentage of the issued Ordinary Share Capital	Number of New Ordinary Shares*	Percentage of the issued Ordinary Share Capital on Admission
Howard Myles	—	—	—	—
Christopher Sherwell	25,000	0.03	112,737**	0.10
Charles Hansard	—	—	—	—
Clive Newall	25,000	0.03	91,250	0.03
Edward Flood	65,000	0.09	—	0.02

\* Note: this assumes that (i) the Initial Issue is fully subscribed for and that all applications for New Ordinary Shares are satisfied in full; and (ii) the Acquisition Agreements are both completed and that the number of Acquisition Shares to be issued and the Initial Issue Price are both calculated by reference to the NAV per Ordinary Share on 31 December 2014 (being the latest practicable date prior to the publication of this Prospectus in respect of which the Net Asset Value has been published)

\*\* Note: this includes the New Ordinary Shares to be issued in respect of the transfer of Mr Sherwell's interest in GNRFF to the Company pursuant to the Scheme of Reorganisation

3.2 There are no outstanding loans from the Company to any of the Directors or any outstanding guarantees provided by the Company in respect of any obligation of any of the Directors.

3.3 Save for annual directors' fees of £35,000 per annum for the Chairman, £30,000 per annum for the Chairman of the Audit Committee and £25,000 per annum for the other Directors (payable quarterly in arrears) and the reimbursement of travelling and reasonable out-of-pocket expenses, the Directors are not entitled to any remuneration (including benefits in kind, pension contributions and any contingent or deferred compensation) from the Company, for their services in any capacity to the Company.

3.4 Chris Sherwell was appointed on 9 March 2010 and all other Directors were appointed on 12 March 2010. No Director has a service contract with the Company, nor are any such contracts proposed. The Directors' appointments can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors. The Articles provide that the office of Director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from board meetings for 12 months or more; (iii) written request of all of the other Directors; and (iv) a resolution of the Shareholders.

3.5 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.

3.6 Christopher Sherwell, a Director holds 513 US\$ class shares in GNRFF (representing 0.24 per cent. of GNRFF's net asset value as at 31 December 2014). Mr Sherwell has informed the Board that he intends to elect to roll-over his interest in GNRFF in exchange for Acquisition Shares pursuant to the Scheme of Reorganisation.

3.7 Save as set out above, as at 23 January 2015 (being the latest practicable date prior to the publication of this document), none of the Directors held or have any options over any of the shares in GNRFF.

3.8 In addition to their directorships of the Company, the Directors are or have been members of the administrative, management or supervisory bodies or partners of the following companies or partnerships, at some time in the previous five years:

	Current directorships/ partnerships	Past directorships/partnerships
Howard Myles	BlackRock Hedge Selector Limited Aberdeen Private Equity Fund Limited	Madison Harbor Property Fund Limited Jupiter Equity Income Trust plc

	<b>Current directorships/ partnerships</b>	<b>Past directorships/partnerships</b>
	JPMorgan Brazil Investment Trust plc. The World Trust Fund SICAF Small Companies Dividend Trust Plc BBGI SICAV Wicken Company Limited and its subsidiaries	Jupiter China Sustainable Growth Limited Octant Holdings Limited Faraday Yard Company Limited Ceres Agriculture Fund Limited
R. Edward Flood	East Asia Minerals Corporation Kaisen Discovery Corporation (Formerly Concordia Resource Corp.) Western Lithium USA Corp	Alexco Resource Corp Columbia Goldfields Ltd Diamond Fields Intl Ltd Ivanhoe Energy Inc Asia Gold Corp American Gold Capital Corp Jinshan Gold Mines Inc
Charles Hansard	Moore Global Investments Ltd Moore Macro Managers Fund Ltd Moore Emerging Markets Ltd Deutsche Bank Global Liquidity Fund plc Electrum Ltd AIG Asset Management (Europe) Limited Midway Resources International Limited	Apex Silver Mines Ltd African Platinum Plc Sthenos Capital Ltd Omega Trust Umbrella Ltd Boron Chemicals Ltd Tigris Financial (UK) LLP Moore Credit Fund Ltd Moore Fixed Income Fund Ltd Kingsfort Limited
Clive Newall	Adastra Minerals Inc Afro American Finance Corp Anatares Minerals Inc Cayeli Bakir Isletmeleri A.S Cobre Las Cruces S.A Faloxia (Property) Limited First Quantum Minerals (UK) Ltd First Quantum Mining and Operations Limited First Quantum Mining Ltd First Quantum Minerals SA FQM FinnEx Oy FQM Holdings Ltd FQM Kevitsa Holdings No 1 Oy FQM Kevitsa Holdings No 2 Oy FQM Kevitsa Mining Oy FQM Kevitsa Sweden Holdings AB FQM LA Services Ltd FQM (Peru) Ltd FQM Scandinavia Ltd Gemfields Idas Resources N.V Kansanshi Holdings Limited Kevitsa Mining AB Kevitsa Mining Oy Kiwara Limited Mauritanian Copper Mines S.A. Metal Corp (Sweden) AB Metal Corp Trading (UK) Pyhalsalmi Mine Oy Skyfall Holdings Ltd (Canada)	Anvil Mining NL Mill House Mining Ltd

	<b>Current directorships/ partnerships</b>	<b>Past directorships/partnerships</b>
Christopher Sherwell	Schroder Oriental Income Fund Limited Strategic Investment Portfolio GP Limited NB Private Equity Partners Limited NB Distressed Debt Investment Fund Limited Raven Russia Limited Renshaw Bay Limited Counterpoint Asian Macro Fund Teniqua Capital Limited	Burnaby Insurance (Guernsey) Limited Heritage Diversified Investments PCC Limited The Prospect Japan Fund Limited Guernsey Community Foundation LBG F&C UK Real Estate Investments Limited The Clifford Estate Company Limited The Clifford Estate (Chattels) Limited Alternative Liquidity Solutions Limited (in members' voluntary liquidation) Cayuga Global Macro Fund Limited Consulta (Channel Islands) Limited Goldman Sachs Dynamic Opportunities Limited (in members' voluntary liquidation) Consulta Alternative Strategy Fund PCC Ltd (in members' voluntary liquidation) Consulta Collateral Fund PCC Limited (in members' voluntary liquidation) Dexion Equity Alternative Limited (in members' voluntary liquidation) Collins Stewart (CI) Limited (now Canaccord Genuity Wealth Mgmt) Hermes Alternative Investment Funds plc Henderson Global Property Companies Ltd FF&P Alternative Strategy PCC Limited (in members' voluntary liquidation) Consulta Canadian Energy Fund Consulta High Yield Fund PCC Limited DP Property Europe Limited DP Property Europe Management (Guernsey) Limited Consulta Capital Fund PCC Limited Prodesse Investment Limited Corazon Capital Group Limited Mid Europa III Management Limited EMP Europe (CI) Limited JP Morgan Progressive Multi-Strategy Fund Ltd

3.9 None of the Directors (i) has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company since its incorporation, or (ii) has or has had any actual or potential conflicts of interests between their duties to the Company and their private interests or other duties.

- 3.10 If a Director has a potential conflict of interest between his duties to the Company and his private interests or other obligations owed to third parties on any matter, the relevant Director will disclose his conflict of interest to the rest of the Board, not participate in any discussion by the Board in relation to such matter and not vote on any resolution in respect of such matter, save as permitted in accordance with the Articles.
- 3.11 At the date of this Prospectus:
- none of the Directors has had any convictions in relation to fraudulent offences for at least the previous five years;
  - Mr Myles was a director of Ceres Agriculture Fund Limited, which went into solvent voluntary liquidation pursuant to a written resolution dated 30 June 2010. With this exception, none of the Directors was a director of a company, a member of an administrative, management or supervisory body or a senior manager of a company within the previous five years which has entered into any bankruptcy, receivership or liquidation proceedings;
  - none of the Directors has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years; and
  - none of the Directors is aware of any contract or arrangement subsisting in which they are materially interested and which is significant to the business of the Company which is not otherwise disclosed in this Prospectus.
- 3.12 The Company maintains directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.

#### 4 Major Interests

- 4.1 As at 23 January 2015 (being the latest practicable date prior to the publication of this Prospectus), the only persons known to the Company who, directly or indirectly, are interested in five per cent. or more of the Company's issued share capital are as set out in the following table:

Shareholder	Number of Ordinary Shares currently held	Percentage of the issued Ordinary Share Capital (%)	Number of Management Ordinary Shares currently held	Percentage of the issued Management Ordinary Share Capital (%)
Harewood Nominees Limited	14,171,300	19.76	—	—
State Street Nominees Limited	8,424,777	11.75	—	—
The Bank of New York (Nominees) Limited	6,080,000	8.48	—	—
The Bank of New York (Nominees) Limited	3,874,325	5.40	—	—
Baker Steel Capital Managers LLP	—	—	10,000	100

- 4.2 All Shareholders have the same voting rights in respect of the ordinary share capital of the Company save that the holders of the Management Ordinary Shares are not entitled to vote on any of the Reserved Matters.
- 4.3 As at 23 January 2015 (being the latest practicable date prior to the publication of this Prospectus), other than the Deemed Concert Party (if the Whitewash Resolution is passed) the Company is not aware of any person who, immediately following Admission could, directly or indirectly, jointly or severally, exercise control over the Company.
- 4.4 Other than the Deemed Concert Party (if the Whitewash Resolution is passed) the Company knows of no arrangements, the operation of which may result in a change of control of the Company.

#### 5 Memorandum of Incorporation

- 5.1 The Memorandum of Incorporation of the Company provides that the objects of the Company are unlimited. A copy of the Memorandum of Incorporation is available for inspection at the addresses specified in paragraph 16.1 of this Part X.



## **Articles of Incorporation**

5.2 Set out below is a summary of the provisions of the Articles of Incorporation of the Company on the basis that the Amendment Resolution is passed.

(a) ***Variation of Rights***

The special rights attached to any class of shares may (unless otherwise provided by the terms of issue) be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of a Special Resolution passed at a separate meeting of the holders of such shares. The necessary quorum shall be two persons holding or representing by proxy one third or more of the voting rights of the class provided that if any such meeting is adjourned for lack of a quorum, the quorum at the reconvened meeting shall be those holders of the shares of the class present in person or by proxy. The special rights conferred upon the holders of any shares or class of shares issued with preferred, deferred or other special rights shall not be deemed to be varied by the creation of or issue of further shares ranking *pari passu* therewith or the exercise of any power under the disclosure provisions requiring shareholders to disclose an interest in shares as set out in the Articles.

(b) ***Notice of General Meetings***

Any general meeting shall be called by at least ten calendar days' notice. A general meeting may be called by shorter notice if it is so agreed by all the shareholders entitled to attend and vote thereat. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the proceedings at the meeting.

(c) ***Votes of Members***

(i) Holders of Ordinary Shares will have the right to receive notice of and to attend and vote at general meetings of the Company. Each holder of Ordinary Shares being present in person or by proxy at a meeting will, upon a show of hands, have one vote and upon a poll each such holder of Ordinary Shares present in person or by proxy will have one vote for each Ordinary Share held by him.

(ii) Holders of Management Ordinary Shares will have the right to receive notice of and to attend and vote at general meetings of the Company, except that the holders of Management Ordinary Shares will not be entitled to vote on any resolution relating to Reserved Matters. Each holder of Management Ordinary Shares being present in person or by proxy at a meeting will, upon a show of hands, have one vote and upon a poll each such holder of Management Ordinary Shares present in person or by proxy will have one vote for each Management Ordinary Share held by him.

(d) ***Restrictions on Voting***

(i) Unless the Board otherwise decides, no member shall be entitled in respect of any share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the Company unless all amounts payable by him in respect of that share have been paid.

(ii) A shareholder of the Company shall not, if the Directors so determine, be entitled in respect of any share held by him to attend or vote (either personally or by proxy) at any general meeting or separate class meeting of the Company or to exercise any other right conferred by membership in relation to any such meeting if he or any other person appearing to be interested in such shares has failed to comply with a notice requiring the disclosure of shareholder interests and given under Article 11 of the Articles (see sub-paragraph (f) below) within 14 days, in a case where the shares in question represent at least 0.25 per cent. of their class, or within 28 days, in any other case, from the date of such notice. These restrictions will continue until the information required by the notice is supplied to the Company or until the shares in question are transferred or sold in circumstances specified for this purpose in the Articles.

(e) ***Issue of shares***

(i) Subject to the provisions of the Law and without prejudice to any rights attaching to any existing shares, any share in the Company may be issued with or have attached thereto such preferred, deferred, conversion or other special rights, or such restrictions whether

in regard to dividend, return of capital, voting, conversion or otherwise as the Company may from time to time by Ordinary Resolution determine or, subject to or in default of any such direction, as the Directors may determine.

- (ii) Subject to the Articles, the Listing Rules and the Law and any resolution of the Company, the Directors have general and unconditional authority to issue (or sell from treasury), allot, grant options over or otherwise dispose of shares to such persons, at such times and generally on such terms and conditions as they determine. Pursuant to the Articles and the Listing Rules, where the Company proposes to issue any equity shares or sell any equity shares from treasury for cash, it would ordinarily be required to first offer those equity shares in proportion to their existing holdings to (1) existing holders of that class of equity shares (other than the Company itself by virtue of holding treasury shares); and (2) holders of other equity shares of the Company who are entitled to be offered them. In accordance with the Listing Rules and the Articles, the Company obtained shareholder authority on 29 March 2010 (i) such that, to the extent that the authority of the Directors is at any time limited by the Law, the Directors be authorised to issue up to a maximum aggregate amount of 1,000,000,000 Subscription Shares and 1,000,000,000 Ordinary Shares provided that such authority shall expire 5 years from 29 March 2010, and (ii) to disapply the pre-emption rights so that the Directors are authorised to issue (or sell from treasury) up to 1,000 million equity shares for a period of 10 years from 29 March 2010. However, if passed (i) the Authority Resolution, will authorise the Directors to issue up to a maximum aggregate amount of 500,000,000 Ordinary Shares in substitution for the existing general authority to issue Subscription Shares and Ordinary Shares provided that such authority shall expire 5 years from the date of the Authority Resolution, (ii) the Initial Issue Resolution will, in substitution for the existing disapplication authority authorise the Directors to issue Ordinary Shares in connection with the Initial Issue, such authority to expire on 31 March 2015, and (iii) the Placing Programme Resolution will authorise the Directors to issue Ordinary Shares on a non-pre-emptive basis pursuant to the Placing Programme until 22 January 2016. Without limiting this sub-paragraph (e)(ii), the Directors may designate the unissued shares upon issue as Shares or such other class or classes of shares or as shares with special or other rights as the Directors may then determine.
- (iii) The Company may exercise the powers of paying commissions and in such an amount or at such a percentage rate as the Directors may determine. Subject to the provisions of the Law, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in another. The Company may also on issue of shares pay such brokerage as may be lawful.

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and (except as otherwise provided by the Articles or by law) the Company shall not be bound by or recognise (even when having notice thereof) any interest in any share other than an absolute right of the registered holder to the entirety of the share or fraction thereof.

(f) ***Notice requiring disclosure of interest in shares***

- (i) The Company may, by notice in writing, require a person whom the Company knows to be, or has reasonable cause to believe is, interested in any shares or at any time during the 3 years immediately preceding the date on which the notice is issued to have been interested in any shares, to confirm that fact or (as the case may be) to indicate whether or not this is the case and to give such further information as may be required by the Directors. Such information may include, without limitation, particulars of the person's status (including whether such person constitutes or is acting on behalf of or for the benefit of a Plan or is a US Person), domicile, nationality and residency, particulars of the person's own past or present interest in any shares and to disclose the identity of any other person who has a present interest in the shares held by him, where the interest is a present interest and any other interest, in any shares, which subsisted during that 3 year period at any time when his own interest subsisted to give (so far as is within his knowledge) such particulars with respect to that other interest as may be required and where a person's interest is a past interest to give (so far as is within his knowledge) like particulars for the person who held that interest immediately upon his ceasing to hold it.

- (ii) If any Shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 28 days after service of the notice or 14 days if the shares concerned represent 0.25 per cent. or more of the issued shares of the relevant class), or such other reasonable period as the Directors may determine, the Directors in their absolute discretion may serve a direction notice on the Shareholder or (subject to the rules of CREST, the Listing Rules and the requirements of the UK Listing Authority and the London Stock Exchange) take such action as is referred to in sub-paragraph (h) below. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the **default shares**) the Shareholder shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25 per cent. of the class of shares concerned, the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the default shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified. Subject always to the rules of CREST, and any other relevant system from which transfers of shares are settled, the Listing Rules and the requirements of the UK Listing Authority and the London Stock Exchange in respect of the default shares, where the Directors have any grounds to believe that such default shares are held by or for the benefit of or by persons acting on behalf of a Plan or US Persons, the Directors may at their discretion deem the default shares to be held by, or on behalf of or for the benefit of, a Plan or a US Person (as the Directors may determine) and that the provisions of the Articles (as summarised in paragraph (h) below and in the circumstances set out in paragraph (g) of this document) should apply to such default shares.

(g) ***Transfer of Shares***

- (i) Subject to the terms of the Articles any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Directors may approve. An instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. The Directors may, without assigning any reasons therefor, refuse to register the transfer of a certificated share (whether fully paid or not) unless the instrument of transfer is lodged at the registered office and is accompanied by any certificates for the shares to which it relates and such other evidence as the Directors may require to show the right of the transferor to make the transfer.
- (ii) Subject to the terms of the Articles any member may transfer all or any of his uncertificated shares by means of a relevant system authorised by the Directors in such manner provided for, and subject as provided, in any regulations issued for this purpose under the Law or such as may be otherwise from time to time be adopted by the Directors on behalf of the Company and the rules of any relevant system and accordingly no provision of the Articles shall apply in respect of an uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the shares to be transferred. The Directors may only decline to register a transfer of an uncertificated share in the circumstances set out in regulations issued for this purpose under the Law and the rules of any relevant system. No transfer of certificated shares will be registered if in the reasonable determination of the Directors, the transferee is or may be a Prohibited Person or the transferee is or may be holding such shares on behalf of a beneficial owner who is or may be a Prohibited Person.
- (iii) The Directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of the CREST UK system and such securities may be issued in uncertificated form in accordance with and subject as provided in the CREST Guernsey Requirements.
- (iv) Subject to the CREST Guernsey Requirements and/or the rules of any other relevant system, the registration of transfers may be suspended by giving such notices as may be required by the rules of any relevant system at such times and for such periods (not exceeding thirty days in any year) as the Directors may determine.

(h) **Compulsory transfer of Shares**

- (i) The Company reserves the right (to the extent permitted by the CREST Regulations in the case of uncertificated shares) to require the transfer of any shares which, in the reasonable determination of the Directors, are or may be held or beneficially owned, by a Prohibited Person. Under the Articles, such compulsory transfer may be made to a person (including, without limitation, an existing Shareholder) qualified under the Articles to hold the same at a price equal to the Net Asset Value per share in respect of that share (as at the Valuation Day preceding the date of the relevant compulsory transfer notice) or, if no purchaser of the shares at the relevant price is found by the Company at the time the Company requires the transfer to be made, the highest price that any purchaser found by the Company is willing to pay therefor. The Company shall have no obligation to the Shareholder to find the best price for the relevant shares. The Directors may, from time to time, require of a Shareholder that such evidence be furnished to them or any other person in connection with the foregoing matters as they shall in their discretion deem sufficient.
- (ii) Shareholders who do not comply with the terms of any compulsory transfer notice given by the Directors after becoming a Prohibited Person shall forfeit or be deemed to have forfeited their shares immediately. The Directors, the Company and the duly authorised agents of the Company, including, without limitation, the Registrar, shall not be liable to any Shareholder or otherwise for any loss incurred by the Company as a result of any Prohibited Person breaching the compulsory transfer restrictions referred to herein and any Shareholder who breaches such restrictions is required under the Articles to indemnify the Company for any loss to the Company caused by such breach. To the extent permitted under the CREST Regulations, the Directors may instruct Euroclear to convert any uncertificated share which is subject to a compulsory transfer notice into certificated form.
- (iii) The Directors may at any time and from time to time call upon any holder of shares by notice to provide them with such information and evidence as they shall require upon any matter connected with or in relation to such holder of or beneficial owner of shares. In the event of any failure of the relevant Shareholder to comply with the request contained in such notice within a reasonable time as determined by the Directors in their sole and unfettered discretion, the Directors may proceed to avail themselves of the rights conferred on them under the Articles as though the relevant Shareholder were a Prohibited Person.

(i) **Alteration of Capital and Purchase of Shares**

- (i) The Company may, subject to the provisions of the Law, purchase its own shares and may hold such shares as treasury shares.
- (ii) The Company may reduce its share capital and any reserve fund in any manner and subject to the Law.

(j) **Interests of Directors**

- (i) Save as mentioned below, a Director may not vote or be counted in the quorum on any resolution of the Board (or a committee of the Directors) concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party in respect of any matter in which he has (together with any interest of any person connected with him) a material interest (other than by virtue of his interest, directly or indirectly, in shares or debentures or other securities of the Company).
- (ii) A Director shall be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:
  - (A) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or benefit of the Company or its subsidiaries (if any);
  - (B) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or its subsidiaries (if any) for which the Director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;

- (C) the offer of securities of the Company or its subsidiaries (if any) in which offer he is or may be entitled to participate or in the underwriting or sub-underwriting of which he is to or may participate;
- (D) any proposal concerning any other company in which he is interested, directly or indirectly, as an officer or shareholder or otherwise, provided that he, together with persons connected with him, is not to his knowledge the holder of or beneficially interested in one per cent. or more of any class of the equity share capital of any such company (or of any third company through which his interest is derived) or of the voting rights of such company;
- (E) any arrangement for the benefit of employees of the Company or any of its subsidiaries (if any) which accords to the Director only such privileges and advantages as are generally accorded to the employees to whom the arrangement relates; and
- (F) any proposal for the purchase or maintenance of insurance for the benefit of the Director or persons including the Directors.

Any Director may continue to be or become a director, managing director, manager or other officer or member of a company in which the Company is interested, and any such Director shall not be accountable to the Company for any remuneration or other benefits received by him.

(k) ***Remuneration and Appointment of Directors***

- (i) The Directors shall be remunerated for their services at such rate as the Directors shall determine provided that the aggregate amount of such fees shall not exceed £200,000 per annum (or such sum as the Company in general meeting shall from time to time determine). The Directors shall also be entitled to be paid all reasonable out-of-pocket expenses properly incurred by them in attending general or class meetings, board or committee meetings or otherwise in connection with the discharge of their duties.
- (ii) Subject to the Law and the Articles, the Directors shall have power at any time, and from time to time, without sanction of the Company in a general meeting, to appoint any person to be a Director, either to fill a casual vacancy or as an additional Director. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election. Subject to the Law and the Articles, the Company may by Ordinary Resolution appoint any person as a Director and remove any person from office as a Director.
- (iii) The Directors may from time to time appoint one or more of their body to the office of managing director or to any other office for such term and at such remuneration and upon such terms as they determine, always having regard to the aggregate remuneration provisions set out in (k)(i) above.

(l) ***Retirement, Disqualification and Removal of Directors***

- (i) The Directors shall not be required to retire by rotation at each annual general meeting of the Company.
- (ii) A Director shall not be required to hold any qualification shares.
- (iii) The office of Director shall be vacated if the Director resigns his office by written notice, if he shall have absented himself from meetings of the Board for a consecutive period of 12 months and the Board resolves that his office shall be vacated, if he ceases to be a director by virtue of any provision of law or ceases to be eligible to be a director or is disqualified from being a director, if he becomes of unsound mind or incapable, if his affairs are declared “en desastre” or he becomes bankrupt or makes any arrangement or composition with his creditors generally or otherwise has any judgement executed on any of his assets, if he is requested to resign by written notice signed by all his co-Directors (in the case of there being more than two Directors), if the Company in general meeting so resolves by Ordinary Resolution that he shall cease to be a Director, or if he becomes resident in the United Kingdom and, as a result, a majority of the Directors would be resident in the United Kingdom.

(m) **Dividends and Distributions**

- (i) Subject to the provisions of the Law, the Company may by Ordinary Resolution declare dividends and/or make distributions but no dividend or other distribution shall exceed the amount recommended by the Directors.
- (ii) Subject to the provisions of the Law, the Directors may if they think fit from time to time pay interim dividends if it appears to them that they are justified by the assets of the Company.
- (iii) Except as otherwise provided by the rights attached to shares, all dividends or other distributions shall be declared and paid according to the amounts paid up on shares on which the dividend or other distribution is paid. All dividends or other distributions shall be apportioned and paid proportionately to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend or other distribution is paid, but, if any share is issued on terms providing that it shall rank for dividend or other distribution as from a particular date, that share shall rank for dividend or other distribution accordingly.
- (iv) Any resolution declaring a dividend or a distribution on a share, whether a resolution of the Company in general meeting or a resolution of the Directors, may specify that the same shall be payable to the person registered as the holder of the shares at the close of business on a particular date notwithstanding that it may be a date prior to that on which the resolution is passed and thereupon the dividend or distribution shall be payable to such persons in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such dividend or distribution of transferors and transferees of any such shares.
- (v) A general meeting declaring a dividend or other distribution may, upon the recommendation of the Directors, direct that it shall be satisfied wholly or partly by the distribution of assets and, where any difficulty arises in regard to the distribution, the Directors may settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to any member at the value so fixed in order to adjust the rights of members and may vest any assets in trustees.
- (vi) The Directors may deduct from any dividend or other distribution, or other monies, payable to any shareholder on or in respect of a share, all sums of money (if any) presently payable by the shareholder to the Company on account of calls or otherwise in relation to the shares of the Company.
- (vii) All unclaimed dividends or other distributions may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee thereof. Any dividend or other distribution unclaimed after a period of ten years from the date when it became due for payment shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company. No dividend or other distribution or other moneys payable in respect of a Share shall bear interest against the Company unless otherwise provided by the rights attached to the share.
- (viii) The Directors are empowered to create reserves before recommending or declaring any dividend. The Directors may also carry forward any profits which they think prudent not to divide.

(n) **Winding-up**

Subject to the Law and the Articles, on a return of capital or other return of the assets of the Company on a winding up, the assets of the Company available for distribution shall be distributed equally amongst each Shareholder *pro rata* to the number of such shares held by each Shareholder and according to the amounts paid up on such shares held by them.

- (i) If the Company shall be wound up, the Company may, with the sanction of a special resolution and any other sanction required by the Law, divide the whole or any part of the assets of the Company among the Shareholders *in specie*, and the liquidator or, where there is no liquidator, the Directors, may for that purpose value any assets and determine how the division shall be carried out as between the Shareholders or different classes of shareholders and, with the like sanction, may vest the whole or any part of

the assets in trustees upon such trusts for the benefit of the Shareholders as he or they may determine, but no Shareholder shall be compelled to accept any assets upon which there is a liability.

- (ii) Where the Company is proposed to be or is in the course of being wound up and the whole or part of its business or property is proposed to be transferred or sold to another company the liquidator may, with the sanction of an Ordinary Resolution, receive in compensation shares, policies or other like interests for distribution or may enter into any other arrangements whereby the Shareholders may, *in lieu* of receiving cash, shares, policies or other like interests, participate in the profits of or receive any other benefit from the transferee.

(o) **Borrowing Powers**

The Board may exercise all the powers of the Company to borrow money and to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking, property or assets and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any liability or obligation of the Company or of any third party.

(p) **Life of the Company**

- (i) The Articles of Incorporation of the Company contain provisions governing the life of the Company and require that at the Annual General Meeting of the Company falling in 2015 and each third Annual General Meeting thereafter, the Board is required to propose a special resolution to the effect that the Company is wound up.
- (ii) If the Amendment Resolution is passed the provision described above will be replaced with the requirement that at the Annual General Meeting falling in 2018 and each third Annual General Meeting thereafter, the Board will be required to propose a special resolution which, if passed will require the Directors, within 6 months of the passing of the special resolution, to formulate and submit proposals to Shareholders that will provide Shareholders with an opportunity to realise the value of their Ordinary Shares at Net Asset Value per Ordinary Share less applicable costs.

**Annual and extraordinary general meetings**

- 5.3 General meetings of the Company shall be held as required by the Law or, in addition, as the Directors think fit. The Directors must also call an extraordinary general meeting on the requisition in writing of one or more Shareholders representing not less than one-tenth of the capital of the Company as carries the right of voting at general meetings.

**Changes in share capital**

- 5.4 The Company may by Ordinary Resolution consolidate its shares, subdivide its shares or cancel any shares which, at the date of the passing of the Ordinary Resolution, have not been taken or agreed to be taken by any person.

**Prevention of change in control**

- 5.5 There are no provisions in the Articles which would have an effect of delaying, deferring or preventing a change in control of the Company.

**6 Material Contracts**

The following contracts, not being contracts entered into in the ordinary course of business, are contracts which (i) are or may be material and have been entered into by the Company within the two years immediately preceding the date of this document; or (ii) have been entered into by the Company at any time before the date of this document where those contracts contain provisions under which the Company has an obligation or entitlement which is or may be material to the Company as at the date of this document:

**6.1 Management Agreement**

The Management Agreement pursuant to which the Company has appointed the Manager is terminable on 12 months' notice given by either party. The Management Agreement is terminable on 90 days' notice in writing if the Manager shall commit any material breach of its

obligations under the Management Agreement and, if such breach is capable of being made good, shall fail to make good such breach within 30 days of receipt of written notice from the Company requiring it so to do.

The Management Agreement may however be terminated forthwith:

- (a) if the Company notifies the Manager of its intention to terminate the Management Agreement on less than 12 months' notice and pays the Manager an amount equal to:
  - (i) the aggregate management fee which would otherwise have been payable during the 12 months following the date of such notice (such amount to be calculated for the whole of such period by reference to the Market Capitalisation of the Company prevailing immediately prior to the date of such notice); and
  - (ii) the aggregate of any accrued performance fee in respect of the then current Performance Period which shall become due and be paid as soon as, and to the extent that sufficient cash or other liquid assets are available to the Company (as determined in good faith by the Directors), provided that such accrued performance fee shall be paid prior to the Company making any new investment or settling any other liabilities;
- (b) if the Investment Manager ceases to be authorised by the FCA;
- (c) in the case of fraud by the Manager in respect of its duties under the Management Agreement or by the Investment Manager in respect of its duties under the Investment Management Agreement;
- (d) in the case of negligence by the Manager in respect of its duties under the Management Agreement or by the Investment Manager in respect of its duties under the Investment Management Agreement which has a material adverse effect on the portfolio of the Company, the Company or its business;
- (e) on the occurrence of an insolvency, winding up, receivership or administration event (excluding a solvent reorganisation) of the Manager or Investment Manager; and
- (f) if David Baker and Trevor Steel cease to act full-time on behalf of the Investment Manager and a replacement or replacements acceptable to the Directors is/are not appointed within 90 days.

The fees payable to the Manager under the Management Agreement are described in Part V of this Prospectus.

The Company has consented to the Manager delegating its functions, powers and duties under the Management Agreement to the Investment Manager. The Investment Manager may also employ other agents to perform or advise in relation to the performance by it of any of its functions, powers and duties under the Investment Management Agreement.

The Manager has agreed to use reasonable skill and care and act diligently in performing its obligations and providing services under the Management Agreement and to procure that the Investment Manager does so in performing its obligations and providing services under the Investment Management Agreement, but is not liable to the Company, save in respect of loss suffered as a result of the Manager's negligence, fraud, wilful default or material breach under the Management Agreement or as a result of the Investment Manager's negligence, fraud, wilful default or material breach under the Investment Management Agreement.

The Company has agreed to indemnify the Manager and the Investment Manager (and their respective partners, directors, officers and employees) (each an **Indemnified Party**) against any and all liabilities, obligations, losses, damages, suits and expenses which may be incurred by or asserted against any Indemnified Party in its capacity as manager or investment manager other than those resulting from negligence, fraud, wilful default or material breach of the Management Agreement or Investment Management Agreement on the part of an Indemnified Party.

The Management Agreement is governed by the laws of England and Wales.

## 6.2 **Investment Management Agreement**

The Investment Management Agreement pursuant to which the Company and the Manager have appointed the Investment Manager is terminable by any party giving the other parties not less than 12 months' written notice.



The Investment Management Agreement may however be terminated forthwith in the event of:

- (a) the termination of the Management Agreement;
- (b) the Investment Manager ceasing to be authorised by the FCA;
- (c) by the giving of 90 days' notice if another party shall commit a material breach of the Investment Management Agreement which is capable of being remedied and such breach is not remedied within 30 days of receipt of written notice requiring it to do so; or
- (d) the FCA requiring the Investment Manager to cease to act as the AIFM of the Company or the Investment Manager is unable to ensure compliance by the Company with such AIFMD Rules that apply to it.

The Investment Manager is required to use reasonable skill and care in carrying out its duties under the Investment Management Agreement but will not be liable to the Manager or the Company save in respect of the Investment Manager's negligence, fraud, wilful default or material breach under the Investment Management Agreement.

The Investment Management Agreement is governed by the laws of England and Wales.

### 6.3 **Administration Agreement**

The Administration Agreement pursuant to which the Company has appointed the Administrator to provide company secretarial and administrative services to the Company may be terminated by one party giving to the other party 3 months' prior written notice. On termination, the Administrator is entitled to the fees and expenses and other monies accrued to the date of termination. The Administration Agreement may be terminated forthwith by notice to the other party, having immediate or subsequent effect, *inter alia*, if:

- (a) one of the parties has committed a material breach and, if capable of remedy, that party has not remedied such breach within 30 days after service of notice requiring the same to be remedied; or
- (b) one of the parties goes into liquidation (except a voluntary liquidation for the purposes of reconstruction or amalgamation on terms previously approved in writing by the other party) or has a receiver or its equivalent in any jurisdiction appointed over all or any of its assets;
- (c) the Ordinary Shares are not admitted to the Official List of the London Stock Exchange or the Main Market of the London Stock Exchange;
- (d) one of the parties is in violation or default of or in non-compliance with any applicable securities or taxation laws or regulations,

or as otherwise agreed between the parties.

The Company may terminate the Administration Agreement by notice in writing taking immediate effect if the Administrator is no longer permitted or qualified to perform its obligations and duties pursuant to any applicable law (including the POI Law) or regulation (including in circumstances where the Administrator ceases to hold any relevant licence, consent, permit or authorisation to carry on the Administrator's activities) or the Administrator is or is deemed to be resident for tax purposes elsewhere than in Guernsey or has a permanent establishment or other taxable presence elsewhere than in Guernsey.

The Company has agreed to indemnify the Administrator against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be suffered or incurred by or asserted against the Administrator performing its obligations or duties under the Administration Agreement, other than those resulting from the fraud, negligence or wilful default of or a material breach of the Administration Agreement, by the Administrator.

The Administration Agreement provides that the Administrator may as permitted by applicable law, appoint one of its affiliates to perform all or any of its duties under the Administration Agreement.

The Administration Agreement is governed by the laws of Guernsey.

#### 6.4 **Services Agreement**

A Services Agreement dated 14 November 2014 between the Safekeeping and Monitoring Agent, the Company and the Investment Manager pursuant to which the Safekeeping and Monitoring Agent has agreed to provide safekeeping services, cash flow monitoring and general oversight services to the Company. The Services Agreement provides that the appointment of the Safekeeping and Monitoring Agent will continue in force unless and until terminated by either the Company, the Investment Manager or the Safekeeping and Monitoring Agent giving not less than 90 days' notice in writing to the other parties.

The Services Agreement may also be terminated, *inter alia*: (i) forthwith by notice in writing by one of the other parties if a party goes into liquidation or commits a material breach of the Services Agreement and fails to remedy such breach within 30 days of having been requested to do so; (ii) by the Company or the Investment Manager by written notice to the Safekeeping and Monitoring Agent if the Safekeeping and Monitoring Agent ceases to be appropriately qualified under the relevant rules of the Central Bank of Ireland; and (iii) by the Safekeeping and Monitoring Agent by written notice to the Company and the Investment Manager if the Investment Manager's authorisation is revoked by the FCA.

The Services Agreement contains indemnities in favour of the Safekeeping and Monitoring Agent and its delegates in respect of losses, damages, costs, charges, claims, demands, expenses, judgments, actions, proceedings or other liabilities including those incurred as a result of or in connection with the appointment or in providing the services but excluding those arising out of such persons' negligence, fraud or wilful default. The Services Agreement provides for limitations to and exclusions of liability for the Safekeeping and Monitoring Agent but the Safekeeping and Monitoring Agent remains liable in such instances as set out in the Services Agreement, for negligence, wilful default or fraud.

The Services Agreement is governed by the laws of Ireland.

#### 6.5 **Placing Agreement**

Under the Placing Agreement dated 26 January 2015 between the Company, the Manager, the Investment Manager and Numis, Numis has agreed, conditional upon, *inter alia*, Admission taking place on or before 8 a.m. on 25 February 2015, (or such later time and/or date as the Company, the Investment Manager and Numis may agree) to use its reasonable endeavours to procure placees for the Ordinary Shares proposed to be issued by the Company pursuant to the Initial Placing at the Initial Issue Price of the New Ordinary Shares and also agreed to use its reasonable endeavours to procure places for the Placing Programme shares at the applicable Placing Programme Price under the Placing Programme. In addition, Numis has agreed to provide services as listing sponsor with respect to the application for Admission of the New Ordinary Shares.

The Placing Agreement contains indemnities and warranties from each of the Company, the Manager and the Investment Manager in favour of Numis, together with provisions which enable Numis to terminate the Placing Agreement in certain circumstances before Admission, including circumstances where any of the warranties are found not to be true or accurate in any material respect.

The Placing Agreement is governed by the laws of England and Wales.

#### 6.6 **Registrar Agreement**

A Registrar Agreement dated 29 March 2010 between the Company and the Registrar whereby the Registrar has agreed to act as registrar to the Company. Under the Registrar Agreement, the Registrar is entitled to a fee calculated on the basis of the number of Shareholders and the number of transfers processed. The Registrar Agreement may be terminated on three months' notice by either party and is also terminable immediately upon one party giving notice to the other in the event of the insolvency of the other party or the other party committing a material breach of the Registrar Agreement and, if such breach is capable of remedy, the other party does not make good such breach within 30 days of service of notice requiring such breach to be remedied. The Registrar has the benefit of an indemnity from the Company in relation to liabilities incurred in the discharge of its duties other than those arising by reason of any fraud or wilful default on the part of the Registrar and the maximum liability of the Registrar to the Company is subject to a cap equal to the lesser of £1 million and 10 times the annual fee payable to the Registrar.

The Registrar Agreement is governed by the laws of England and Wales.

#### **6.7 Receiving Agent Agreement**

The Company and Receiving Agent entered into a receiving agent agreement dated 26 January 2015 (the **Receiving Agent Agreement**), pursuant to which the Receiving Agent agreed to provide receiving agent duties and services to the Company in respect of the Open Offer. Under the terms of the agreement, the Receiving Agent is entitled to a fee at an hourly rate (subject to a minimum fee) plus a processing fee per application.

The Receiving Agent will also be entitled to reimbursement of all out of pocket expenses reasonably incurred by it in connection with its duties. These fees will be for the account of the Company. The agreement also contains a provision whereby the Company indemnifies the Receiving Agent against any loss, liability or expense resulting from the Company's breach of the agreement or any third party claims in connection with the provision of the Receiving Agent's services under the agreement, save where due to fraud gross negligence or wilful default, breach of the Receiving Agent Agreement or breach of regulatory requirements on the part of the Receiving Agent.

The Receiving Agent Agreement is governed by the laws of England and Wales.

### **7 Litigation**

- 7.1 There are no governmental, legal or arbitration proceedings (nor, so far as the Directors are aware, are there any governmental, legal or arbitration proceedings pending or threatened) which may have, or have had in the 12 months preceding the date of this Prospectus a significant effect on the Company's financial position or profitability.

### **8 Reports and accounts**

- 8.1 The Company's accounting period will end on 31 December in each year. The audited annual accounts will be provided to Shareholders within four months of the year end to which they relate. Unaudited half yearly reports, made up to 30 June in each year, will be announced within two months of that date. The Company reports its results of operations and financial position in Sterling.
- 8.2 The audited annual accounts and half yearly reports will also be available at the registered office of the Administrator and the Company and from the Company's website, [www.bakersteelresourcestrust.com](http://www.bakersteelresourcestrust.com).
- 8.3 The financial statements of the Company are prepared in accordance with IFRS and the annual accounts are audited using auditing standards in accordance with International Standards on Auditing (UK and Ireland).
- 8.4 The preparation of financial statements in conformity with IFRS requires that the Directors make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Such estimates and associated assumptions are generally based on historical experience and various other factors that are believed to be reasonable under the circumstances, and form the basis of making the judgements about attributing values of assets and liabilities that are not readily apparent from other sources. Actual results may vary from such accounting estimates in amounts that may have a material impact on the financial statements of the Company.

### **9 Related Party Transactions**

- 9.1 Except with respect to the amendments to the Investment Management Agreement set out in paragraph 7.2 of this Part X, the Company has not entered into any related party transaction during the period covered by the financial information incorporated by reference into Part VIII of this Prospectus and up to the date of this Prospectus.

### **10 Availability of this Prospectus**

- 10.1 Copies of this Prospectus can be collected, free of charge during business hours on any Business Day from the registered office of the Company (being Arnold House, St. Julian's Avenue, St Peter Port, Guernsey GY1 3NF).

## 11 General

- 11.1 The Initial Placing of the New Ordinary Shares is being carried out on behalf of the Company by Numis, which is authorised and regulated in the UK by the Financial Conduct Authority.
- 11.2 The Company is not regulated by the Financial Conduct Authority but is subject to the Listing Rules and the Disclosure and Transparency Rules and is bound to comply with applicable law such as the relevant parts of FSMA.
- 11.3 The Manager and the Investment Manager may be promoters of the Company.
- 11.4 Save as disclosed in Part X of this Prospectus, no amount or benefit has been paid, or given, to the promoter or any of their subsidiaries since the incorporation of the Company and none is intended to be paid or given.
- 11.5 The address of the Manager is PO Box 309, George Town, Grand Cayman, KY1-1104, Cayman Islands and its telephone number is +1 345 949 8080.
- 11.6 The address of the Investment Manager is 86 Jermyn Street, London, United Kingdom, SW1Y 6JD and its telephone number is +44 (0) 207 389 0009.
- 11.7 CREST is a paperless settlement procedure enabling securities to be evidenced other than by certificates and transferred other than by written instrument. The Articles of the Company permit the holding of the New Ordinary Shares under the CREST system. The Directors intend to apply for the New Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly it is intended that settlement of transactions in the New Ordinary Shares following Admission may take place within the CREST system if the relevant Shareholders so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so upon request from the Registrars.
- 11.8 Applications will be made to each of the Financial Conduct Authority and the London Stock Exchange for the New Ordinary Shares to be admitted to listing and trading on the premium segment of the Official List and the London Stock Exchange's Main Market respectively. It is expected that Admission will become effective, and that dealings in the Initial Issue Shares and the Acquisition Shares will commence, at 8.00 a.m. on 25 February 2015, and during the period from 25 February 2015 to 22 January 2016 in the case of the Placing Programme Shares. No application is being made for the New Ordinary Shares to be dealt with in or on any stock exchanges or investment exchanges other than the London Stock Exchange.
- 11.9 Save as set out in paragraph 3.10 of this Part X, no Director has any interest in the promotion of, or in any property acquired or proposed to be acquired by, the Company.
- 11.10 Save as disclosed in paragraph 7 of this Part X, there is no other contract (not being a contract entered into in the ordinary course of business) entered into by the Company which contains any provision under which the Company has any obligation on or entitlement which is material to the Company as at the date of this Prospectus.
- 11.11 The New Ordinary Shares available under the Initial Issue are being issued at a price equal to 85 per cent. of the Net Asset Value as at the Calculation Date.
- 11.12 None of the New Ordinary Shares available under the Initial Issue of the Placing Programme are being underwritten.
- 11.13 The ISIN for the New Ordinary Shares is GG00B6686L20 and the SEDOL is B6686L2. The ISIN for the Open Offer Entitlement is GG00BS7K5R06 and the SEDOL is B57K5R0. The ISIN for the Excess Open Offer Entitlement is GG00BS7K5V42 and the SEDOL is B57K5V4.
- 11.14 At the date of this Prospectus and until Admission, the latest published net assets of the Company (as at 31 December 2014) were £32.17 million (unaudited).
- 11.15 On the basis that £100 million is raised pursuant to the Initial Issue and the acquisition of the Additional Investments, the net assets of the Company would increase by approximately £115.8 million immediately after Admission. The Company may derive earnings from its gross assets in the form of dividends and interest.
- 11.16 The Company has not had any employees since its incorporation and does not own any premises.
- 11.17 The Company has received legal advice confirming that its understanding as to the basis upon which it is excluded from the scope of the NMPI Regulations (and therefore capable of promotion to all retail investors) is correct. It is the Board's intention that the Company will

continue to conduct its affairs in such a manner and as such the Company will be outside of the scope of the NMPI Regulations for such time as it continues to satisfy the conditions to qualify as an investment trust. If the Company is unable to meet those conditions in the future, for any reason, consideration would be given to applying to the FCA for a waiver of the application of the NMPI Regulations in respect of the Company's Shares.

## **12 Mandatory bids, squeeze out and sell out rules relating to the Ordinary Shares**

- 12.1 The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of shares were to increase the aggregate holding of the acquirer and its concert parties to shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer (and depending on the circumstances, its concert parties) would be required, except with the consent of the Panel, to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.
- 12.2 Shares may be subject to compulsory acquisition in the event of a takeover offer which satisfies the requirements of Part XVIII of the Law or, in the event of a scheme of arrangement, under Part VIII of the Law.
- 12.3 In order for a takeover offer to satisfy the requirements of Part XVIII of the Law, the prospective purchaser must prepare a scheme or contract (in this paragraph, the Bid) relating to the acquisition of the shares and make the Offer to some or all of the Shareholders. If, at the end of a four month period following the making of the Offer, the Offer has been accepted by Shareholders holding 90 per cent. in value of the shares affected by the Offer, the purchaser has a further two months during which it can give a notice (in this paragraph, a **Notice to Acquire**) to any Shareholder to whom the Offer was made but who has not accepted the Offer (in this paragraph, the **Dissenting Shareholders**) explaining the purchaser's intention to acquire their Shares on the same terms. The Dissenting Shareholders have a period of one month from the Notice to Acquire in which to apply to the Court for the cancellation of the Notice to Acquire.
- 12.4 Unless, prior to the end of that one month period, the Court has cancelled the Notice to Acquire or granted an order preventing the purchaser from enforcing the Notice to Acquire, the purchaser may acquire the shares belonging to the Dissenting Shareholders by paying the consideration payable under the Offer to the Company, which it will hold on trust for the Dissenting Shareholders.
- 12.5 A scheme of arrangement is a proposal made to the Court by the Company in order to effect an "arrangement" or reconstruction, which may include a corporate takeover in which the Shares are acquired in consideration for cash or shares in another company. A scheme of arrangement is subject to the approval of a majority in number representing at least 75 per cent. (in value) of the members (or any class of them) present and voting in person or by proxy at a meeting convened by the Court and subject to the approval of the Court. If approved, the scheme of arrangement is binding on all Shareholders.
- 12.6 In addition, the Law permits the Company to effect an amalgamation, in which the Company amalgamates with another company to form one combined entity. The Company's shares would then be shares in the capital of the combined entity.

## **13 Investment Restrictions**

- 13.1 In accordance with the requirements of the Financial Conduct Authority, the Company:
- (a) will not invest more than 10 per cent. in aggregate of the value of the total assets of the Company in other investment companies or investment trusts which are listed on the Official List (except to the extent that those investment companies or investment trusts have published investment policies to invest no more than 15 per cent. of their gross assets in other investment companies or investment trusts which are listed on the Official List);
  - (b) will not conduct any trading activity which is significant in the context of the Company as a whole;

- (c) will, at all times, invest and manage its assets (i) in a way which is consistent with its object of spreading investment risk; and (ii) in accordance with its published investment policy.

13.2 The Company will not make any material change to its published investment policy without the approval of its Shareholders by Ordinary Resolution. Such an alteration would be announced by the Company through a Regulatory Information Service.

13.3 In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company by an announcement issued through a Regulatory Information Service.

#### **14 Third Party Sources**

14.1 Grant Thornton UK LLP has reviewed the valuation process applied to the Current Portfolio and the Additional Investments.

14.2 Where third party information contained in this document has been sourced from third party sources, the Company confirms that such information has been accurately reproduced and, that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Directors accept responsibility for the accurate reproduction of such information.

14.3 Numis has given and not withdrawn its written consent to the inclusion in this Prospectus of its name and references in the form and context in which they appear.

#### **15 Documents for Inspection**

15.1 Copies of the following documents will be available for inspection at the registered office of the Company and at the offices of Norton Rose Fulbright LLP, 3 More London Riverside, London SE1 2AQ during business hours on any Business Day from the date of this Prospectus until 22 January 2016 or, if earlier, the date on which the Placing Programme is closed:

- (a) the Memorandum of Incorporation;
- (b) the 2013 Interim Accounts and the 2014 Interim Accounts;
- (c) the 2013 Annual Accounts, the 2012 Annual Accounts and the 2011 Annual Accounts;
- (d) the Existing Articles and the Amended Articles; and
- (e) this Prospectus.

## PART XI – GLOSSARY

<b>Broad Based Black Economic Empowerment</b>	an initiative by the South African government with the goal of re-distributing the proceeds from mining across as broad a spectrum of historically disadvantaged South Africans
<b>CDO</b>	Cease and Desist Order – an order to halt production at a mine following an accident or emergency
<b>CRU</b>	CRU, an independent company which provides market analysis on mining, metals and fertilisers
<b>Fe</b>	Iron
<b>g/t</b>	grammes per tonne
<b>ha</b>	hectares
<b>Incentive prices</b>	an incentive price for a commodity is that unit price required for an investor to make a sufficient return on investing capital in a new mining project to bring it into production
<b>Indicated Mineral Resource</b>	a mineral resource that has been sampled and for which physical characteristics, tonnage, grade and mineral content can be estimated with a reasonable level of confidence
<b>Inferred Mineral Resource</b>	a mineral resource for which tonnage, grade and mineral content can be inferred from geological evidence and estimated with a low level of confidence
<b>IRR</b>	internal Rate of Return
<b>JORC</b>	Joint Ore Reserves Committee of Australasia
<b>JORC Code</b>	The Code for Reporting of Mineral Resources and Ore Reserves (the <b>JORC Code</b> ) of the Australasian Joint Ore Reserves Committee ( <b>JORC</b> ) which is widely accepted as a standard for professional reporting of mineral resources and ore reserves. Mineral resources are classified as 'Inferred', 'Indicated' or 'Measured', while ore reserves are either 'Probable' or 'Proven'
<b>JORC compliant resources</b>	resource estimates reported in compliance with the JORC Code
<b>JORC non-compliant resources</b>	resource estimates not reported in compliance with the JORC Code
<b>ktpa</b>	thousand tonnes per annum
<b>Measured Mineral Resource</b>	a mineral resource that has been further sampled and for which estimates of physical characteristics, tonnage, grade and mineral content have been declared with a high degree of confidence
<b>Mining Right</b>	the right granted by the South African Department of Mineral Resources to mine minerals from a specific area
<b>Preliminary Feasibility Study</b>	a study to examine the economic viability of mining and processing a mineral deposit. It will examine all aspects of a potential mine including geology, processing, infrastructure, and projected capital and operating costs but with a lower degree of confidence than a feasibility study
<b>Probable Reserve</b>	an economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study

<b>Proven Reserve</b>	an economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study
<b>Mlb</b>	million pounds
<b>Moz</b>	million ounces
<b>MPSA</b>	Mineral Production Sharing Agreement wherein the government shares in the production of the mine with the mining company which undertakes the actual mining and processing
<b>Mt</b>	million tonnes
<b>Mtpa</b>	million tonnes per annum
<b>NI 43-101</b>	Canadian National Instrument 43-101 is a mineral resource classification instrument which dictates reporting and public disclosure of information in Canada relating to mineral properties
<b>Off-take agreements</b>	an agreement between a producer of a resource and a buyer of a resource to purchase/sell portions of the producer's future production. An off-take agreement is often negotiated prior to the construction of a mine in order to secure a market for the future output of the mine
<b>PE</b>	"Private Equity"; in finance <b>private equity</b> is an asset class consisting of <b>equity</b> securities and debt in companies that are not publicly traded on a stock exchange



## PART XII – DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

<b>Acquisition Agreements</b>	the GNRMF Acquisition Agreement and the GDGF Acquisition Agreement, or either of them as the context may require
<b>Acquisition Shares</b>	the New Ordinary Shares to be issued fully paid to the sellers of the Additional Investments in accordance with the relevant Acquisition Agreements or to the sellers of any Further Additional Investments in accordance with the acquisition agreements relating thereto, provided that completion of the acquisition of such Further Additional Investments shall occur not later than 31 July 2015
<b>Acquisitions</b>	the proposed acquisition of the Additional Investments by the Company pursuant to the Acquisition Agreements
<b>Additional Investments</b>	the listed and unlisted assets to be acquired by the Company pursuant to the Acquisition Agreements, summary details of which are set out in Part IV of this document
<b>Administration Agreement</b>	the administration agreement dated 30 March 2010 between the Company and the Administrator, a summary of which is set out in paragraph 7.3 of Part X of this document
<b>Administrator</b>	HSBC Securities Services (Guernsey) Limited
<b>Admission</b>	admission of the Acquisition Shares, the Initial Issue Shares or the Placing Programme Shares, as the context may require, to the premium segment of the Official List and to trading on the Main Market of the London Stock Exchange
<b>AIF</b>	has the meaning given to it in the AIFM Regulations
<b>AIFM</b>	has the meaning given to it in the AIFM Regulations
<b>AIFM Delegated Regulation</b>	Commission Delegated Regulation (EU) No 694/2014
<b>AIFM Regulations</b>	The UK Alternative Investment Fund Manager Regulations 2013
<b>AIFMD Rules</b>	the provisions of (i) the AIFMD Delegated Regulation; (ii) the Investment Funds sourcebook (FUND) contained in the FCA Rules, as altered, amended, added to or cancelled from time to time; and (iii) AIFM Regulations
<b>Amended Articles</b>	the Existing Articles as amended by the passing of the Amendment Resolution
<b>Amendment Resolution</b>	the special resolution to approve the proposed amendment to the Existing Articles in respect of the Discontinuation Vote provisions and certain other amendments
<b>Annual General Meeting</b>	an annual general meeting of the Company convened in accordance with the Articles and the Law
<b>Articles</b>	the articles of incorporation of the Company, as amended from time to time
<b>Authority Resolution</b>	the ordinary resolution to renew the Company's general authority to issue up to 500,000,000 Ordinary Shares for a period of five years
<b>BS Cayman</b>	Baker Steel Capital Managers (Cayman) Limited
<b>Business Day</b>	any day (except Saturday or Sunday) on which banks in London and Guernsey are open for business
<b>Calculation Date</b>	18 February 2015
<b>Capita Asset Services</b>	a trading name of Capita Registrars Limited

<b>certificated or in certificated form</b>	not in uncertificated form (that is, not in CREST)
<b>Commission or GFSC</b>	the Guernsey Financial Services Commission
<b>Company</b>	Baker Steel Resources Trust Limited
<b>Company Secretary</b>	HSBC Securities Services (Guernsey) Limited
<b>CPM</b>	China Polymetallic Mining Limited, details of which are set out in Part IV of this document
<b>CREST</b>	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
<b>CREST Guernsey Requirements</b>	such rules and requirements of Euroclear as may be applicable to issuers as from time to time specified in the CREST Manual
<b>CREST Manual</b>	the compendium of documents entitled CREST Manual issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI2001/3755) and/or equivalent regulations applicable from time to time in Guernsey
<b>Current Portfolio</b>	means the portfolio of assets held by the Company as at 31 December 2014 (being the latest practicable date prior to the publication of this Prospectus), as further described in Part IV of this document
<b>Deemed Concert Party</b>	the deemed concert party for the purposes of the Takeover Code comprising David Baker (and persons connected with him), Trevor Steel, the Investment Manager, the Manager, Massif Limited, Francis Johnstone, Genus Dynamic Gold Fund, Baker Steel Gold Fund, Baker Steel Alpha Gold Fund, The Sonya Trust, Northcliffe Holdings Pty Limited, Ironman Investment Company Limited, AWR Lloyd Capital Limited, Jeremy Ayre and members and consultants of Baker Steel Capital Managers LLP
<b>Directors or the Board</b>	the directors of the Company from time to time and any duly appointed committee thereof
<b>Disclosure and Transparency Rules</b>	the disclosure and transparency rules made by the FCA under Part VI of FSMA, as amended from time to time
<b>Discontinuation Vote</b>	the special resolution required to be put to Shareholders in accordance with the Existing Articles to the effect that the Company shall be wound-up
<b>Enlarged Portfolio</b>	the Current Portfolio together with the Additional Investments
<b>ERISA</b>	the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time
<b>EU</b>	the European Union
<b>Euro or €</b>	the lawful currency of the European Union
<b>Euroclear</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>Excess Application Facility</b>	the arrangements pursuant to which Existing Shareholders may apply for additional New Ordinary Shares in excess of their Open Offer Entitlement in accordance with the terms and conditions of the Open Offer
<b>Excess CREST Open Offer Entitlements</b>	in respect of each Existing CREST Shareholder, the entitlement (in addition to their Open Offer Entitlement) to apply for New Ordinary Shares using CREST pursuant to the Excess Application Facility

<b>Excess Shares</b>	means New Ordinary Shares which are not taken up by Qualifying Shareholders pursuant to their Open Offer Entitlements which have not been placed firm by Numis pursuant to the Initial Placing, and available to other Qualifying Shareholders
<b>Excluded Shareholders</b>	Shareholders with a registered address in, or who are located in, the United States or any of the other Excluded Territories
<b>Excluded Territories</b>	Australia, Canada, Japan, the Republic of South Africa, the United States, each Member State of the EU other than the United Kingdom and any other jurisdiction where the extension of the Open Offer (and any transaction contemplated thereby) would breach any applicable law or regulation
<b>Existing Articles</b>	the existing Articles in force as at the date of this document
<b>Existing Shareholders</b>	holders of Existing Ordinary Shares
<b>Existing Shares</b>	Ordinary Shares in issue on the Record Date
<b>Extraordinary General Meeting or EGM</b>	the extraordinary general meeting of the Shareholders of the Company to be held at 9.30 a.m. at Arnold House, St. Julian's Avenue, St Peter Port, Guernsey GY1 3NF on 23 February 2015 to consider and vote on the Resolutions
<b>Financial Conduct Authority or FCA</b>	the UK Financial Conduct Authority
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended from time to time
<b>Further Additional Investments</b>	investments representing further interests in either Current Investments or Additional Investments, summary details of which are set out in Part IV of this document
<b>GDGF</b>	Genus Dynamic Gold Fund, a Cayman Islands incorporated open-ended investment company
<b>GDGF Acquisition Agreement</b>	the conditional acquisition agreement dated 26 January 2015 between the Company and GDGF, pursuant to which the Company will acquire the GDGF Additional Investments
<b>GDGF Additional Investments</b>	the Additional Investments to be acquired from GDGF, subject to any scaling back as described in Part IV of this document, summary details of which are set out in Part IV of this document
<b>Global Oil Shale Shares</b>	ordinary shares in Global Oil Shale Group plc
<b>G NRF</b>	Genus Natural Resources Fund, a Cayman Islands incorporated open-ended investment company which acts as feeder fund into GNRMF
<b>G NRF Shareholders</b>	holders of any class of G NRF Shares
<b>G NRF Shares</b>	shares in the capital of G NRF denominated in Euro or US\$
<b>G NR MF</b>	Genus Natural Resources Master Fund, a Cayman Islands incorporated investment company which together with G NRF, forms a master/feeder fund structure whereby all of G NRF's assets (to the extent not retained in cash) are invested in the ordinary shares of G NR MF
<b>G NR MF Acquisition Agreement</b>	the conditional acquisition agreement dated 26 January 2015 between the Company and G NR MF, pursuant to which the Company will acquire the G NR MF Additional Investments
<b>G NR MF Additional Investments</b>	the Additional Investments to be acquired from G NR MF, being the current portfolio assets of G NR MF as at the date of this document, subject to any scaling back as described in Part IV of this document summary details of which are set out in Part IV of this document

<b>Gross Issue Proceeds</b>	the gross proceeds of the Initial Placing and Open Offer
<b>Guernsey AML Requirements</b>	means any provision of the Criminal Justice (Proceeds of Crime) (Financial Services Businesses) (Bailiwick of Guernsey) Regulations, 2007
<b>Hurdle</b>	as defined on page 79
<b>IFRS</b>	International Financial Reporting Standards, as adopted by the EU
<b>Independent Shareholders</b>	Shareholders other than members of the Deemed Concert Party and CF Ruffer Baker Steel Gold Fund
<b>Initial Issue</b>	the Initial Placing and the Open Offer
<b>Initial Issue Price</b>	the price at which the New Ordinary Shares will be issued under the Initial Placing and the Open Offer, being equal to 85 per cent. of the prevailing Net Asset Value per Ordinary Share as at the Calculation Date
<b>Initial Issue Resolution</b>	the special resolution to approve the disapplication of pre-emption rights in respect of the proposed fundraising by way of the Initial Issue of up to £100 million and the issue of the Initial Issue Shares for cash at an issue price reflecting a 15 per cent. discount to the NAV per Ordinary Share prevailing as at the Calculation Date
<b>Initial Issue Shares</b>	the New Ordinary Shares to be issued pursuant to the Initial Issue
<b>Initial Placing</b>	the conditional placing of New Ordinary Shares by Numis, subject to clawback, as described in Part VI of the Prospectus
<b>Investment Advisers</b>	each of AWR Lloyd Limited and Rock Capital Partners Limited
<b>Investment Manager or Baker Steel</b>	Baker Steel Capital Managers LLP
<b>IPO</b>	the initial public offering of the Company's shares as described in the IPO Prospectus
<b>IPO Admission</b>	the admission of the Ordinary Shares and the Subscription Shares, issued pursuant to the IPO to trading on the London Stock Exchange's Main Market and to listing on the premium segment of the Official List which became effective on 22 April 2010
<b>IPO Prospectus</b>	the prospectus published by the Company on 31 March 2010 in respect of the IPO
<b>IPO Seed Portfolio</b>	the portfolio of assets acquired by the Company on its IPO from Genus Capital Fund pursuant to that fund's scheme of reorganisation
<b>ISA</b>	a UK Individual Savings Account
<b>Issues</b>	the issue of the Acquisition Shares pursuant to the Acquisition Agreements, the issue of the Initial Issue Shares pursuant to the Initial Issue, the issue of the Placing Programme Shares pursuant to the Placing Programme and the issue of any New Ordinary Shares in consideration for the acquisition of any Further Additional Investments
<b>Law</b>	The Companies (Guernsey) Law 2008, as amended, as the same may be modified, re-enacted or consolidated, including any enactment made in substitution therefor from time to time
<b>Listed Investments</b>	Additional Investments or Further Additional Investments which are listed or quoted on any securities exchange or similar electronic system and regularly traded thereon and which shall include CPM and Ivanhoe Mines Limited
<b>Listing Rules</b>	the listing rules made by the FCA pursuant to Part VI of FSMA

<b>London Stock Exchange or LSE</b>	London Stock Exchange plc
<b>Main Market</b>	the London Stock Exchange's main market for listed securities
<b>Management Ordinary Shares</b>	the ordinary shares of no par value in the Company designated as Management Sterling participating ordinary shares by the Directors in accordance with the Law and the Articles
<b>Manager</b>	Baker Steel Capital Managers (Cayman) Limited
<b>Managers</b>	the Manager and the Investment Manager
<b>Market Capitalisation</b>	for the purposes of the management fee, the average middle market quotation for the Ordinary Shares during the month in which the Valuation Day occurs multiplied by the number of Ordinary Shares in issue on the relevant Valuation Day, excluding any Ordinary Shares held in treasury, provided that the Management Ordinary Shares shall be deemed for this purpose and for the purpose of calculation of the management fee to be Ordinary Shares and have the same average middle market quotation
<b>Memorandum of Incorporation</b>	the memorandum of incorporation of the Company as the same may be amended, supplemented or otherwise modified from time to time
<b>Money Laundering Regulations</b>	means all applicable anti-money laundering and/or counter terrorism financing laws and regulations including without limitation those under the laws of the United Kingdom and Guernsey
<b>Net Asset Value or NAV</b>	the net asset value of the Company in total or per Ordinary Share (as the context requires) calculated in accordance with the Company's valuation policies and principles and as described in this document
<b>Net Asset Value per Ordinary Share</b>	the Net Asset Value divided by the number of Ordinary Shares in issue or deemed to be in issue as at the close of business on the Valuation Day
<b>Net Realised Gains</b>	as defined on page 79
<b>New Ordinary Shares</b>	Ordinary Shares to be issued pursuant to the Acquisition Agreements, the Initial Issue, the Placing Programme and/or as consideration for the acquisition of any Further Additional Investments
<b>Numis</b>	Numis Securities Limited
<b>Official List</b>	the Official List of the FCA
<b>Open Offer</b>	the pre-emptive offer to Qualifying Shareholders, constituting an invitation to apply for New Ordinary Shares under the Initial Issue, on the terms and subject to the conditions set out in Appendix II to this document and, in the case of Qualifying Shareholders holding Ordinary Shares in certificated form only, on the Open Offer Application Form
<b>Open Offer Application Form</b>	the personalised application form on which Qualifying Shareholders who hold their Ordinary Shares in certificated form may apply for New Ordinary Shares under the Open Offer
<b>Open Offer Entitlement</b>	the entitlement of Qualifying Shareholders to apply for New Ordinary Shares under the Open Offer
<b>Open Offer Shares</b>	the New Ordinary Shares being offered in aggregate to Qualifying Shareholders pursuant to the Open Offer together, where the context requires, with Excess Shares available for issue under the Excess Application Facility

<b>Ordinary Resolution</b>	a resolution of the Company in general meeting or where the context requires of a class meeting passed by a simple majority of the votes cast thereat by the Shareholders entitled under the Articles to vote thereat
<b>Ordinary Shares</b>	the ordinary shares of no par value in the Company designated as Sterling participating ordinary shares by the Directors in accordance with the Law and the Articles
<b>Overseas Shareholders</b>	save as otherwise determined by the Directors, Qualifying Shareholders who are resident in, or citizens, residents or nationals of, jurisdictions outside the United Kingdom, the Channel Islands and the Isle of Man
<b>Panel</b>	the panel on Takeovers and Mergers in the United Kingdom
<b>pence, penny or p</b>	pence Sterling
<b>Performance Period</b>	as defined on page 79
<b>Placees</b>	investors with whom New Ordinary Shares are placed by Numis, as agent of the Company, pursuant to the Initial Placing or under a Placing under the Placing Programme, as the context requires
<b>Placing</b>	a programme of New Ordinary Shares pursuant to the Placing Programme
<b>Placing Agreement</b>	the conditional placing agreement dated 26 January 2015 entered into between the Company, the Manager, the Investment Manager and Numis relating, <i>inter alia</i> , to the Initial Issue and the Placing Programme, a summary of which is set out in paragraph 7.5 of Part X of this document
<b>Placing Programme</b>	the proposed programme of placings in aggregate of New Ordinary Shares to raise up to £100 million (before expenses) less the gross proceeds of the Initial Issue, as described in Part VII of this document
<b>Placing Programme Resolution</b>	the special resolution to approve the disapplication of pre-emption rights in respect of the issue of New Ordinary Shares for cash pursuant to the Placing Programme at an issue price reflecting a premium to the prevailing NAV per Ordinary Share as at the date of the relevant Placing
<b>Placing Programme Shares</b>	the New Ordinary Shares to be issued under the Placing Programme
<b>Plan</b>	an “employee benefit plan” (within the meaning of Section 3(3) of ERISA) that is subject to Title I of ERISA, a plan, individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Internal Revenue Code, and entities whose underlying assets are considered to include “plan assets” of any such plan, account or arrangement
<b>POI Law</b>	the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended together with any rules and regulations made under it
<b>Polar Silver Shares</b>	common shares in Polar Silver Resources Limited
<b>Portfolio</b>	means the Current Portfolio, any Additional Investments and/or Further Additional Investments to be acquired by the Company, as the context may require
<b>Prohibited Person</b>	any person who by virtue of his holding or beneficial ownership of shares in the Company would or might, in the opinion of the Directors: <ul style="list-style-type: none"> <li>(i) give rise to an obligation on the Company to register as an “investment company” under the U.S. Investment Company Act or any similar legislation;</li> </ul>

- (ii) give rise to an obligation on the Company to register under the U.S. Exchange Act or any similar legislation or result in the Company not being considered a “foreign private issuer” as such term is defined in Rule 3b-4(c) under the U.S. Exchange Act;
- (iii) give rise to an obligation on the Manager or Investment Manager to register as a commodity pool operator or commodity trading adviser under the U.S. Commodity Exchange Act or any similar legislation;
- (iv) result in a US Plan Investor holding shares in the Company;
- (v) create, in the absolute discretion of the Directors, a material legal or regulatory issue for the Company under the U.S. Bank Holding Company Act of 1956, as amended, or regulations or interpretations thereunder; or
- (vi) result in a person holding shares in violation of the transfer restrictions set out in any prospectus published by the Company, from time to time, in connection with any increase in the Company’s share capital pursuant to the Articles

<b>Proposals</b>	the proposals described in the document, comprising the proposed Acquisitions, Initial Issue, Placing Programme, the Whitewash Resolution and the amendment of the Existing Articles
<b>Prospectus</b>	this document
<b>Prospectus Directive</b>	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003
<b>Prospectus Rules</b>	the prospectus rules made by the FCA under Part VI of FSMA
<b>QIBs</b>	a Qualified Institutional Buyer as defined in Rule 144A under the U.S. Securities Act
<b>QPs</b>	a Qualified Purchaser as such term is used in Section 3(c)(7) under the U.S. Investment Company Act
<b>Qualifying CREST Shareholders</b>	Qualifying Shareholders holding Existing Ordinary Shares in CREST
<b>Qualifying Non-CREST Shareholders</b>	.Qualifying Shareholders holding Existing Ordinary Shares in certificated form
<b>Qualifying Shareholders</b>	holders of Ordinary Shares on the register of members of the Company as at the Record Date other than the Excluded Shareholders
<b>Receiving Agent</b>	Capita Asset Services
<b>Receiving Agent Agreement</b>	the receiving agent agreement dated 26 January 2015 between the Company and the Receiving Agent, a summary of which is set out in paragraph 7.7 of Part X of this document
<b>Record Date</b>	the close of business on 23 January 2015
<b>Registrar</b>	Capita Registrars (Guernsey) Limited
<b>Registrar Agreement</b>	the registrar agreement dated 29 March 2010 between the Company and the Registrar, a summary of which is set out in paragraph 7.6 of Part X of this document
<b>Regulation S</b>	Regulation S under the U.S. Securities Act
<b>Regulatory Information Service</b>	a regulatory information service that is approved by the FCA as meeting the primary information provider criteria and that is on the list of regulatory information services maintained by the FCA

<b>Reserved Matters</b>	means any of the following matters or proposals: (i) a material change to the Company's investment objective, investment policy, or borrowing policy, (ii) the cancellation of Company's listing on the Official List, (iii) the entry by the Company into: (a) any transaction which by virtue of the Class Tests (as defined in the Listing Rules) requires shareholder approval; or (b) a Related Party Transaction (as defined in the Listing Rules), (iv) the grant to the Company of any authority to make market purchases of the Ordinary Shares, and (v) the annual re-election of any non-independent Director of the Company
<b>Resolutions</b>	the Amendment Resolution, the Authority Resolution, the Initial Issue Resolution, the Placing Programme Resolution and the Whitewash Resolution to be proposed at the Extraordinary General Meeting
<b>Safekeeping and Monitoring Agent</b>	HSBC Institutional Trust Services (Ireland) Limited
<b>Scheme of Reorganisation Shareholder</b>	the proposed scheme of reorganisation of GNRG and GNRMF a person recorded as a holder of Ordinary Shares in the Company's register of shareholders
<b>Services Agreement</b>	the services agreement dated 20 January 2015 entered into between the Company, the Investment Manager and the Safekeeping and Monitoring Agent, a summary of which is set out in paragraph 7.4 of Part X of this document
<b>Salamanca Shareholders</b>	Salamanca Group Advisers Limited holders of Ordinary Shares and/or Management Ordinary Shares, as the context requires
<b>Shares</b>	the Ordinary Shares and/or Management Ordinary Shares
<b>SIPP</b>	a UK Self Invested Personal Pension
<b>Special Resolution</b>	a resolution of the Company in general meeting or where the context requires of a class meeting passed by a majority of not less than three-quarters of the votes cast thereat by Shareholders entitled under the Articles to vote thereat
<b>Sponsor or Placing Agent</b>	Numis Securities Limited
<b>SSAS</b>	small self-administered scheme
<b>Sterling or £</b>	the lawful currency of the United Kingdom
<b>Stock Exchange</b>	any stock exchange on which the shares may be admitted to the official list
<b>Sub-Administrator</b>	HSBC Securities Services (Ireland) Limited
<b>Subscription Shares</b>	ordinary shares of no par value in the Company designated as Subscription Shares by the Directors and which were issued at the time of the IPO and subsequently cancelled on 2 April 2013, their subscription rights having expired
<b>Takeover Panel</b>	the Panel on Takeovers and Mergers
<b>Takeover Code</b>	the UK City Code on Takeovers and Mergers
<b>treasury shares</b>	shares that have been bought back by the Company and are available for cancellation or resale
<b>UK Listing Authority or ULKA</b>	the FCA acting in its capacity as competent authority for the purposes of admissions to the Official List



<b>uncertificated or in uncertificated form</b>	recorded on the relevant register of Shares being held in uncertificated form (that is securities held in CREST)
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>United States or U.S.</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>Unlisted Investments</b>	Additional Investments or Further Additional Investments which are not listed or quoted on any securities exchange or similar system or which, if being so listed or quoted, are not regularly traded thereon or in respect of which no prices are available or which are subject to restrictions on transfer or any other investment which in accordance with the Company's valuation policy and principles would be valued at their fair value, as determined by the Investment Manager in consultation with the Directors
<b>U.S. Commodity Exchange Act</b>	the U.S. Commodity Exchange Act of 1974, as amended
<b>U.S. Dollars or US\$</b>	the lawful currency of the United States
<b>U.S. Exchange Act</b>	the U.S. Securities Exchange Act of 1934, as amended
<b>U.S. Internal Revenue Code</b>	the U.S. Internal Revenue Code of 1986, as amended
<b>U.S. Investment Advisers Act</b>	the U.S. Investment Advisers Act of 1940, as amended
<b>U.S. Investment Company Act</b>	the U.S. Investment Company Act of 1940, as amended
<b>U.S. Investor Letter</b>	a U.S. Investor Letter in a form satisfactory to the Company
<b>US Person</b>	a person who is a US person within the meaning of Regulation S
<b>US Plan Investor</b>	<ul style="list-style-type: none"> <li>(i) an employee benefit plan as defined in section 3(3) of ERISA (whether or not subject to the provisions of Title I of ERISA, but excluding plans maintained outside the U.S. that are described in Section 4(b)(4) of ERISA);</li> <li>(ii) a plan, individual retirement account or other arrangement that is described in Section 4975 of the U.S. Internal Revenue Code, whether or not such plan, account or arrangement is subject to Section 4975 of the U.S. Internal Revenue Code;</li> <li>(iii) an insurance company using general account assets, if such general account assets are deemed to include assets of any of the foregoing types of plans, accounts or arrangements for purposes of Title I of ERISA or Section 4975 of the U.S. Internal Revenue Code; or</li> <li>(iv) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the U.S. Internal Revenue Code</li> </ul>
<b>US Securities Act</b>	the U.S. Securities Act of 1933, as amended
<b>Valuation Day</b>	the last Business Day of each calendar month and/or such other day or days at the discretion of the Directors
<b>Whitewash Resolution</b>	the ordinary resolution to be held on a poll of the Independent Shareholders at the Extraordinary General Meeting to approve the waiver granted by the Takeover Panel of any requirement under Rule 9 for the Deemed Concert Party to make a general offer to Shareholders as a result of the issue and allotment of the Acquisition Shares after taking into account the issue of New Ordinary Shares pursuant to the Initial Issue

## **APPENDIX I – TERMS AND CONDITIONS OF THE INITIAL PLACING**

### **1 Introduction**

Each Placee which confirms its agreement to Numis to subscribe for New Ordinary Shares under the Initial Placing will be bound by these terms and conditions and will be deemed to have accepted them.

The Company and/or Numis may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it/they (in its/their absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (a **Placing Letter**).

### **2 Agreement to subscribe for New Ordinary Shares**

Conditional on: (i) Admission of the New Ordinary Shares under the Initial Placing occurring not later than 8.00 a.m. on 25 February 2015 (or such time and date agreed by the Company, the Investment Manager and Numis, not being later than 8.00 a.m. 31 March 2015; (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated on or before 31 March 2015; and (iii) Numis confirming to the Placees their allocation of New Ordinary Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those New Ordinary Shares allocated to it by Numis at the Initial Issue Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

Applications under the Initial Placing must be for a minimum subscription amount of £100,000.

### **3 Payment for New Ordinary Shares**

Each Placee undertakes to pay the Initial Issue Price for the New Ordinary Shares issued to the Placee in the manner and by the time directed by Numis. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee shall be deemed hereby to have appointed Numis or any nominee of Numis as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the New Ordinary Shares in respect of which payment shall not have been made as directed, and to indemnify Numis and its respective affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales.

A sale of all or any of such New Ordinary Shares shall not release the relevant Placee from the obligation to make such payment for relevant New Ordinary Shares to the extent that Numis or its nominee has failed to sell such New Ordinary Shares at a consideration which, after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, exceeds the Initial Issue Price per New Ordinary Share.

### **4 Representations and Warranties**

By agreeing to subscribe for New Ordinary Shares, each Placee which enters into a commitment to subscribe for such New Ordinary Shares will (for itself and for any person(s) procured by it to subscribe for New Ordinary Shares and any nominee(s) for any such person(s)) be deemed to undertake, represent and warrant to each of the Company, the Managers, the Registrar and Numis that:

- (a) in agreeing to subscribe for New Ordinary Shares under the Initial Placing, it is relying solely on this document and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the New Ordinary Shares or the Initial Placing. It agrees that none of the Company, the Managers, Numis or the Registrar, nor any of their respective officers, agents, employees or affiliates, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- (b) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for New Ordinary Shares under the Initial Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the New Ordinary Shares

and that it has not taken any action or omitted to take any action which may result in the Company, the Managers, Numis or the Registrar or any of their respective officers, agents, employees or affiliates being in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Initial Placing or its acceptance of participation in the Initial Placing;

- (c) it has carefully read and understands this document in its entirety and acknowledges that it is acquiring New Ordinary Shares on the terms and subject to the conditions set out in this Appendix 1 and the Articles as in force at the date of Admission of the relevant New Ordinary Shares;
- (d) it has not relied on Numis or any person affiliated with Numis in connection with any investigation of the accuracy of any information contained in this document;
- (e) the content of this document is exclusively the responsibility of the Company and its Directors and neither Numis nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any information, representation or statement contained in this document or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Initial Placing based on any information, representation or statement contained in this document or otherwise;
- (f) it acknowledges that no person is authorised in connection with the Initial Placing to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by Numis, the Company or the Managers;
- (g) it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- (h) subject to certain limited exceptions, it accepts that none of the New Ordinary Shares have been or will be registered in any jurisdiction other than the United Kingdom and that the New Ordinary Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Excluded Territory;
- (i) if it is applying for the New Ordinary Shares in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the New Ordinary Shares may be lawfully offered under that other jurisdiction's laws or regulations;
- (j) if it is within the United Kingdom, it is a person who falls within Articles 49 or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or is a person to whom the New Ordinary Shares may otherwise lawfully be offered under such Order, or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the New Ordinary Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- (k) if it is a resident in the EEA (other than the United Kingdom), (a) it is a qualified investor within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive, and (b) if that relevant Member State has implemented the AIFM Directive, that it is a person to whom the New Ordinary Shares may lawfully be marketed under the AIFM Directive or under the applicable implementing legislation (if any) of that relevant Member State;
- (l) it is not a Guernsey resident or, if it is a resident in Guernsey, it understands that the New Ordinary Shares may only be promoted in Guernsey by persons licensed for the activity of promotion by the Guernsey Financial Services Commission under the POI Law or, alternatively, to those persons licensed under the POI Law, The Banking Supervision (Bailiwick of Guernsey) Law, 1994, The Insurance Business (Bailiwick of Guernsey) Law, 2002 or The Regulation of Fiduciaries, Administration Business and Company Directors etc (Bailiwick of Guernsey) Law, 2000;
- (m) in the case of any New Ordinary Shares acquired by an investor as a financial intermediary within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive: (i) the New Ordinary Shares acquired by it in the Initial Placing have not been acquired on behalf of, nor have they been acquired with a view to

their offer or resale to, persons in any relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of Numis has been given to the offer or resale; or (ii) where New Ordinary Shares have been acquired by it on behalf of persons in any relevant Member State other than qualified investors, the offer of those New Ordinary Shares to it is not treated under the Prospectus Directive as having been made to such persons;

- (n) if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Initial Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for New Ordinary Shares pursuant to the Initial Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and New Ordinary Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- (o) it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the New Ordinary Shares and it is not acting on a non-discretionary basis for any such person;
- (p) if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such Placee's agreement to subscribe for New Ordinary Shares under the Initial Placing and will not be any such person on the date any such agreement to subscribe under the Initial Placing is accepted;
- (q) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other offering materials concerning the Initial Placing or the New Ordinary Shares to any persons within the United States or to any US Persons, nor will it do any of the foregoing;
- (r) it acknowledges that neither Numis nor any of its affiliates nor any person acting on its or their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Initial Placing or providing any advice in relation to the Initial Placing and participation in the Initial Placing is on the basis that it is not and will not be a client of Numis and that Numis does not have any duties or responsibilities to it for providing protection afforded to its clients or for providing advice in relation to the Initial Placing nor in respect of any representations, warranties, undertaking or indemnities otherwise required to be given by it in connection with its application under the Initial Placing;
- (s) that, save in the event of fraud on the part of Numis, none of Numis, its ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of their respective directors, members, partners, officers and employees shall be responsible or liable to a Placee or any of its clients for any matter arising out of Numis' role as sponsor, broker and financial adviser or otherwise in connection with the Initial Placing and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;
- (t) it acknowledges that where it is subscribing for New Ordinary Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the New Ordinary Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this document; and (iii) to receive on behalf of each such account any documentation relating to the Initial Placing in the form provided by the Company and/or Numis. It agrees that the provision of this paragraph shall survive any resale of the New Ordinary Shares by or on behalf of any such account;
- (u) it irrevocably appoints any Director of the Company and any director of Numis to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the New Ordinary Shares for which it has given a commitment under the Initial Placing, in the event of its own failure to do so;

- (v) it accepts that if the Initial Placing does not proceed or the conditions to the Placing Agreement are not satisfied or the New Ordinary Shares for which valid applications are received and accepted are not admitted to listing on the Official List and to trading on the London Stock Exchange's Main Market for any reason whatsoever then none of Numis or the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- (w) in connection with its participation in the Initial Placing it has observed all relevant legislation and regulations, in particular (but without limitation) the Money Laundering Regulations and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (iii) subject to the Guernsey AML Requirements; or (iv) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- (x) it acknowledges that due to anti-money laundering requirements, Numis and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Numis and the Company may refuse to accept the application and the subscription monies relating thereto. It holds harmless and will indemnify Numis and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been requested has not been provided by it in a timely manner;
- (y) it acknowledges that any person in Guernsey involved in the business of the Company who has a suspicion or belief that any other person (including the Company or any person subscribing for New Ordinary Shares) is involved in money laundering activities and/or terrorist financing, is under an obligation to report such suspicion to the Financial Intelligence Service pursuant to the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 (as amended) and/or the Disclosure (Bailiwick of Guernsey) Law 2007, as amended, as applicable or other applicable law;
- (z) that they are aware of, have complied with and will at all times comply with their obligations in connection with money laundering under the Proceeds of Crime Act 2002 and the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law 1999;
- (aa) it acknowledges and agrees that information provided by it to the Company, Registrar or Administrator will be stored on the Registrar's and the Administrator's computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection (Bailiwick of Guernsey) Law 2001 (the **Data Protection Law**) and other relevant data protection legislation which may be applicable, the Registrar and the Administrator are required to specify the purposes for which they will hold personal data. The Registrar and the Administrator will only use such information for the purposes set out below (collectively, the **Purposes**), being to:
  - (i) process its personal data (including sensitive personal data) as required by or in connection with its holding of New Ordinary Shares, including processing personal data in connection with credit and money laundering checks on it;
  - (ii) communicate with it as necessary in connection with its affairs and generally in connection with its holding of New Ordinary Shares;
  - (iii) provide personal data to such third parties as the Administrator or Registrar may consider necessary in connection with its affairs and generally in connection with its holding of New Ordinary Shares or as the Data Protection Law may require, including to third parties outside the Bailiwick of Guernsey or the European Economic Area;

- (iv) without limitation, provide such personal data to the Company, Numis or the Managers and their respective associates for processing, notwithstanding that any such party may be outside the Bailiwick of Guernsey or the European Economic Area; and
  - (v) process its personal data for the Administrator's internal administration;
- (bb) in providing the Registrar and the Administrator with information, it hereby represents and warrants to the Registrar and the Administrator that it has obtained the consent of any data subjects to the Registrar and the Administrator and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the purpose set out in paragraph (aa) above). For the purposes of this document, "**data subject**", "**personal data**" and "**sensitive personal data**" shall have the meanings attributed to them in the Data Protection Law;
- (cc) Numis and the Company are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to it;
- (dd) the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that Numis and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the New Ordinary Shares are no longer accurate, it shall promptly notify Numis and the Company;
- (ee) where it or any person acting on behalf of it is dealing with Numis, any money held in an account with Numis on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the Financial Conduct Authority which therefore will not require Numis to segregate such money, as that money will be held by Numis under a banking relationship and not as trustee;
- (ff) any of its clients, whether or not identified to Numis, will remain its sole responsibility and will not become clients of Numis for the purposes of the rules of the Financial Conduct Authority or for the purposes of any other statutory or regulatory provision;
- (gg) it accepts that the allocation of New Ordinary Shares under the Initial Placing shall be determined by Numis and the Company in their absolute discretion and that such persons may scale down any placing commitments for this purpose on such basis as they may determine;
- (hh) it accepts that, to the extent that New Ordinary Shares are not placed firm with Placees as a result of irrevocable undertakings from certain Shareholders not to take up their Open Offer Entitlements, the allocation of New Ordinary Shares under the Initial Placing shall be subject to clawback to meet valid applications under the Open Offer in respect of Open Offer Entitlements and the Excess Application Facility;
- (ii) time shall be of the essence as regards its obligations to settle payment for the New Ordinary Shares and to comply with its other obligations under the Initial Placing; and
- (jj) authorises Numis to deduct from the total amount subscribed under the Initial Placing the aggregate commission (if any) (calculated at the rate agreed with the Company) payable on the number of New Ordinary Shares allocated under the Initial Placing.

## 5 United States Purchase and Transfer Restrictions

By participating in the Initial Placing, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for New Ordinary Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, the Managers and Numis that:

- (a) if it is located outside the United States, it is not a US Person, it is acquiring the New Ordinary Shares in an "offshore transaction" meeting the requirements of Regulation S and it is not acquiring the New Ordinary Shares for the account or benefit of a US Person;
- (b) if it is a US Person or is in the United States, it has received, read, understood and, prior to its receipt of any New Ordinary Shares executed and returned an executed U.S. Investor Letter to the Company for the benefit of the Company and the Investment Manager;

- (c) it acknowledges that the New Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons absent registration or an exemption from registration under the US Securities Act;
- (d) it acknowledges that the Company has not registered under the Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the Investment Company Act;
- (e) it acknowledges that the Investment Manager has not registered under the U.S. Investment Advisers Act and that the Company has put in place restrictions on the sale and transfer of the New Ordinary Shares to ensure that the Investment Manager is not and will not be required to register under the U.S. Investment Advisers Act;
- (f) unless the Company expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the New Ordinary Shares or any beneficial interest therein constitutes or will constitute the assets of (i) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a “plan” as defined in Section 4975 of the US Internal Revenue Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Internal Revenue Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the US Internal Revenue Code. In addition, if an investor is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Internal Revenue Code, its purchase, holding, and disposition of the New Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- (g) that if any New Ordinary Shares offered and sold are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

**“BAKER STEEL RESOURCES TRUST LIMITED (THE “COMPANY”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “INVESTMENT COMPANY ACT”). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED, EXERCISED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS EXCEPT IN ACCORDANCE WITH THE SECURITIES ACT OR AN EXEMPTION THEREFROM AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS.”**

- (h) if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the New Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act and under circumstances which will not require the Company to register under the US Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- (i) it is purchasing the New Ordinary Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the New Ordinary Shares in any manner that would violate the US Securities Act, the Investment Company Act or any other applicable securities laws;

- (j) it acknowledges that the Company reserves the right to make inquiries of any holder of the New Ordinary Shares or interests therein at any time as to such person's status under the US federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under the US securities laws to transfer such New Ordinary Shares or interests in accordance with the Articles;
- (k) it acknowledges and understand the Company is required to comply with FATCA and that the Company will follow FATCA's extensive reporting and withholding requirements. The Placee agrees to furnish any information and documents which the Company may from time to time request, including but not limited to information required under FATCA;
- (l) it is entitled to acquire the New Ordinary Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the New Ordinary Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Managers, Numis or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Initial Placing or its acceptance of participation in the Initial Placing;
- (m) it has received, carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the New Ordinary Shares to or within the United States or to any US Persons, nor will it do any of the foregoing; and
- (n) if it is acquiring any New Ordinary Shares as a fiduciary or agent for one or more accounts, the Placee has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

## **6 Supply and Disclosure of Information**

If Numis, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for New Ordinary Shares under the Initial Placing, such Placee must promptly disclose it to them.

## **7 Miscellaneous**

The rights and remedies of Numis, the Registrar, the Managers and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if a Placee is an individual, that Placee may be asked to disclose in writing or orally, his nationality. If a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Initial Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

Each Placee agrees to be bound by the Articles once the New Ordinary Shares, which the Placee has agreed to subscribe for pursuant to the Initial Placing, have been acquired by the Placee. The contract to subscribe for New Ordinary Shares under the Initial Placing and the appointments and authorities mentioned in this document will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Numis, the Company, the Managers and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for New Ordinary Shares under the Initial Placing, references to a Placee in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.



Numis and the Company expressly reserve the right to modify the Initial Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined. The Initial Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in paragraph 7.5 of Part X of this document.

## APPENDIX II – TERMS AND CONDITIONS OF THE OPEN OFFER

### 1 Introduction

The New Ordinary Shares are only suitable for investors who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in one or more classes of shares is part of a diversified investment programme and who fully understand and are willing to assume the risks involved in such an investment programme.

In the case of a joint Application, references to you in these terms and conditions are to each of you, and your liability is joint and several. Please ensure you read these terms and conditions in full before completing the Open Offer Application Form or sending a USE instruction in CREST.

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders is 23 January 2015. Open Offer Application Forms are expected to be posted to Qualifying Non-CREST Shareholders on or around 23 January 2015 and Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST as soon as possible after 8:00 a.m. on 28 January 2015. The latest time and date for receipt of completed Open Offer Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is expected to be 11:00 a.m. on 20 February 2015 with Admission and commencement of dealings in New Ordinary Shares expected to take place at 8:00 a.m. on 25 February 2015.

This Prospectus and, for Qualifying Non-CREST Shareholders only, the Open Offer Application Form contain the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 4 of these Terms and Conditions which gives details of the procedure for application and payment for the Open Offer Shares. The attention of Overseas Shareholders is drawn to paragraph 6 of these Terms and Conditions.

The Open Offer is an opportunity for Qualifying Shareholders to apply for New Ordinary Shares *pro rata* to their current holdings at the issue price equal to 85 per cent. of the prevailing Net Asset Value per Ordinary Share as at the Calculation Date in accordance with these Terms and Conditions.

The Excess Application Facility is an opportunity for Qualifying Shareholders who have applied for all of their Open Offer Entitlements to apply for additional New Ordinary Shares. The Excess Application Facility will be comprised of New Ordinary Shares that are not taken up by Qualifying Shareholders under the Open Offer pursuant to their Open Offer Entitlements which have not been placed firm by Numis pursuant to the Initial Placing and fractional entitlements under the Open Offer.

Any Qualifying Shareholder who has sold or transferred all or part of his/her registered holding(s) of Existing Ordinary Shares prior to 8:00 am on the Record Date is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for New Ordinary Shares under the Open Offer may be a benefit which may be claimed from him/her by the purchaser(s) under the rules of the London Stock Exchange.

### 2 The Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Open Offer Application Form), Qualifying Shareholders are being given the opportunity to apply for any number of New Ordinary Shares at the Initial Issue Price (payable in full on application and free of all expenses) up to a maximum of their Open Offer Entitlement which shall be calculated on the basis of:

**3.65 New Ordinary Shares for every 1 Ordinary Shares held at the Record Date based on an indicative issue price of 38.2p per New Ordinary Share (being equal to 85 per cent. of the Net Asset Value of an Ordinary Share as at 31 December 2014)**

registered in the name of each Qualifying Shareholder on the Record Date and so in proportion for any other number of Existing Ordinary Shares then registered.

Applications by Qualifying Shareholders made and accepted in accordance with these Terms and Conditions will be satisfied in full up to the amount of their individual Open Offer Entitlement.

Open Offer Entitlements will be rounded down to the nearest whole number and any fractional entitlements to New Ordinary Shares will be disregarded in calculating Open Offer Entitlements and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility.

Qualifying Shareholders may apply to acquire less than their Open Offer Entitlement should they so wish. In addition, Qualifying Shareholders may apply to acquire Excess Shares using the Excess Application Facility. Please refer to paragraphs 4.1(c) and 4.2(c) of these Terms and Conditions for further details of the Excess Application Facility.

The actual issue price of the New Ordinary Shares to be issued under the Open Offer will be equal to 85 per cent. of the prevailing Net Asset Value per Ordinary Share as at the Calculation Date. If the Net Asset Value per Ordinary Share as at the Calculation Date is less than 40.5p per (being the Net Asset Value per Ordinary Share as at 31 December 2014 on which the Open Offer Entitlement to subscribe for the number of New Ordinary Shares set out above has been calculated), every Qualifying Shareholders' Open Offer Entitlement will be adjusted to reflect the resulting lower Initial Issue Price and the number of New Ordinary Shares which each Qualifying Shareholder will be entitled to subscribe for on a pre-emptive basis will be increased accordingly. Conversely, if the Net Asset Value per Share as at the Calculation Date is more than 40.5p per Ordinary Share, every Qualifying Shareholders' Open Offer Entitlement will be adjusted to reflect the resulting higher Initial Issue Price and the number of New Ordinary Shares which each Qualifying Shareholder will be entitled to subscribe for on a pre-emptive basis will be decreased accordingly.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.

If you are a Qualifying Non-CREST Shareholder, the Open Offer Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date (in Box 6).

Qualifying CREST Shareholders will have their Open Offer Entitlement credited to their stock accounts in CREST and should refer to paragraph 4.2 of these Terms and Conditions and also to the CREST Manual for further information on the relevant CREST procedures.

The Open Offer Entitlement, in the case of Qualifying Non-CREST Shareholders, calculated on the basis on the Net Asset Value per Ordinary Share as at 31 December 2014, is equal to the number of New Ordinary Shares shown in Box 7 on the Open Offer Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST.

The Excess Application Facility enables Qualifying Shareholders to apply for any whole number of excess New Ordinary Shares in excess of their Open Offer Entitlement. Qualifying Non-CREST Shareholders who wish to apply to subscribe for more than their Open Offer Entitlement should complete Box 3 on the Open Offer Application Form.

Excess Shares under the Excess Application Facility will be allocated to Qualifying Shareholders that have taken up all of their Open Offer Entitlements on a *pro rata* basis to their respective holdings of Existing Ordinary Shares as at the Record Date. If a Qualifying Shareholder who has taken up all of its Open Offer Entitlement applies for less than its *pro rata* entitlement of Excess Shares that are available under the Excess Application Facility, such number of Excess Shares as such Qualifying Shareholder is entitled to be allocated but does not apply for, shall be added to the number of Excess Shares that are available for allocation to other Qualifying Shareholders that apply for more than their respective *pro rata* entitlements to Excess Shares which shall in turn be allocated on a *pro rata* basis to the respective holdings of Existing Ordinary Shares of such Qualifying Shareholders who apply for more than their respective *pro rata* entitlements to Excess Shares. To the extent any Open Offer Shares remain unallocated pursuant to Open Offer Entitlements and under the Excess Application Facility, such Open Offer Shares will be allocated to subscribers under the Initial Placing.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should also note that their respective Open Offer Application Forms are not negotiable documents and cannot be traded.

Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to CREST and be enabled for settlement,

applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by the CREST Claims Processing Unit. New Ordinary Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up New Ordinary Shares available under the Open Offer will have no rights under the Open Offer. Any New Ordinary Shares which are not applied for in respect of the Open Offer may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility or may be issued to the subscribers under the Initial Placing, with the proceeds retained for the benefit of the Company.

Application will be made for the Open Offer Entitlements and Excess CREST Open Offer Entitlements to be credited to Qualifying CREST Shareholders' CREST accounts. The Open Offer Entitlements, calculated by reference to the Net Asset Value per Ordinary Share as at 31 December 2014 and as set out above, and Excess CREST Open Offer Entitlements are expected to be credited to CREST accounts as soon as possible after 8:00 a.m. on 28 January 2015.

### **3 Conditions and further terms of the Open Offer**

The contract created by the acceptance of an Open Offer Application Form or a USE instruction will be conditional on:

- (a) Initial Issue Admission becoming effective by not later than 8:00 am (London time) on 25 February 2015 (or such later date, not being later than 31 March 2015, as the Company, the Investment Manager and Numis may agree);
- (b) the Placing Agreement becoming otherwise unconditional in all respects, and not being terminated in accordance with its terms before Initial Issue Admission becomes effective; and
- (c) satisfaction of the other conditions set out in Part VI of this Prospectus.

Accordingly, if these conditions are not satisfied or waived (where capable of waiver), the Initial Issue will not proceed and any Applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter.

No temporary documents of title will be issued in respect of New Ordinary Shares under the Open Offer held in uncertificated form. Definitive certificates in respect of New Ordinary Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their New Ordinary Shares in certificated form in the week commencing 2 March 2015. In respect of those Qualifying Shareholders who have validly elected to hold their New Ordinary Shares in uncertificated form, the New Ordinary Shares are expected to be credited to their stock accounts maintained in CREST on 25 February 2015.

### **4 Procedure for application and payment**

The action to be taken by you in respect of the Open Offer depends on whether, at the relevant time, you have an Open Offer Application Form in respect of your entitlement under the Open Offer or you have Open Offer Entitlements and Excess CREST Open Offer Entitlement credited to your CREST stock account in respect of such entitlement.

Qualifying Shareholders who hold their Existing Ordinary Shares in certificated form will be allotted New Ordinary Shares in certificated form. Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form will be allotted New Ordinary Shares in uncertificated form to the extent that their entitlement to New Ordinary Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 4.2(g) of these Terms and Conditions.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Shareholders who do not want to apply for the New Ordinary Shares under the Open Offer should take no action and should not complete or return the Open Offer Application Form.

4.1 If you have an Open Offer Application Form in respect of your entitlement under the Open Offer:

(a) General

Subject as provided in paragraph 6 of these Terms and Conditions in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Open Offer Application Form. The Open Offer Application Form shows the number of Existing Ordinary Shares registered in their name on the Record Date in Box 6. It also shows the maximum number of New Ordinary Shares for which they are entitled to apply under the Open Offer (other than the Excess Application Facility), calculated by reference to the Net Asset Value per Ordinary Share as at 31 December 2014 and as set out above, as shown by the total number of Open Offer Entitlements allocated to them set out in Box 7. Box 8 shows how much they would need to pay if they wish to take up their Open Offer Entitlement in full. Any fractional entitlements to New Ordinary Shares will be disregarded in calculating Open Offer Entitlements and will be aggregated and made available to Existing Shareholders under the Excess Application Facility.

Qualifying Non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold such an Open Offer Application Form by virtue of a *bona fide* market claim. Qualifying Non-CREST Shareholders may also apply for Excess Shares under the Excess Application Facility by completing Box 3 of the Open Offer Application Form.

The instructions and other terms set out in the Open Offer Application Form form part of the terms of the Open Offer in relation to Qualifying Non-CREST Shareholders.

(b) *Bona fide* market claims

Each of the Open Offer Entitlements and the Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and the Excess CREST Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the Excess CREST Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess CREST Open Offer Entitlement(s) will thereafter be transferred accordingly).

(c) Excess Application Facility

Qualifying Non-CREST Shareholders wishing to apply for Excess Shares, may do so by completing Box 3 of the Open Offer Application Form. The maximum number of New Ordinary Shares to be allotted under the Excess Application Facility (the **Maximum Excess Application Number**) shall be limited to: (a) the maximum size of the Initial Issue; less (b) New Ordinary Shares issued under the Open Offer pursuant to Qualifying Shareholders’ Open Offer Entitlements and any New Ordinary Shares placed firm with Places pursuant to the Initial Placing. Excess Applications will therefore only be satisfied to the extent that: (a) other Qualifying Shareholders do not apply for their Open Offer Entitlements in full and the New Ordinary Shares to which these Open Offer Entitlements relate have not been placed firm under the Initial Placing; and (b) where fractional entitlements have been aggregated and made available under the Excess Application Facility.

Qualifying Shareholders can apply for up to the Maximum Excess Application Number of New Ordinary Shares under the Excess Application Facility. Excess Shares under the Excess Application Facility will be allocated to Qualifying Shareholders that have taken up all of their Open Offer Entitlements on a *pro rata* basis to their respective holdings of Existing Ordinary Shares as at the Record Date. If a Qualifying Shareholder who has taken up all of its Open Offer Entitlement applies for less than its *pro rata* entitlement of the Excess Shares that are available under the Excess Application Facility, such number

of Excess Shares as such Qualifying Shareholder is entitled to be allocated but does not apply for, shall be added to the number of Excess Shares that are available for allocation to other Qualifying Shareholders that apply for more than their respective *pro rata* entitlements to Excess Shares which shall in turn be allocated on a *pro rata* basis to the respective holdings of Existing Ordinary Shares of such Qualifying Shareholders who apply for more than their respective *pro rata* entitlements to Excess Shares. No assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all.

Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

(d) Application procedures

Qualifying Non-CREST Shareholders wishing to apply to acquire all or any of the New Ordinary Shares should complete the Open Offer Application Form in accordance with the instructions printed on it. Completed Open Offer Application Forms should be posted in the accompanying pre-paid envelope for use within the UK only or returned by post (during normal business hours only) or by hand to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU (who will act as Receiving Agent in relation to the Open Offer) so as to be received by the Registrar by no later than 11:00 a.m. on 20 February 2015, after which time Open Offer Application Forms will not be valid. Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. If an Open Offer Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four working days for delivery.

All payments must be in pounds sterling and made by cheque or banker's draft made payable to Capita Registrars Limited re BSRT Open Offer and crossed "A/C Payee Only". Cheques or bankers' drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and bankers' drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner and must be for the full amount payable on application. Third party cheques will not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or bankers' drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds by printing the Qualifying Shareholder's name on the back of the draft and adding the branch stamp) will be subject to the Money Laundering Regulations which will delay Shareholders receiving their New Ordinary Shares (please see paragraph 5 below).

Cheques or bankers' drafts will be presented for payment upon receipt. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and bankers' drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

If cheques or bankers' drafts are presented for payment before the conditions of the Initial Issue are fulfilled, the application monies will be kept in a separate interest bearing bank account with any interest being retained for the Company until all conditions are met. If the Open Offer does not become unconditional, no New Ordinary Shares will be issued pursuant to the Initial Issue and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Open Offer.

The Company may in its sole discretion, but shall not be obliged to, treat an Open Offer Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with these Terms and Conditions. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Open Offer Application Forms received after 11:00 a.m. on 20 February 2015; or
- (ii) applications in respect of which remittances are received before 11:00 a.m. on 20 February 2015 from authorised persons (as defined in FSMA) specifying the New Ordinary Shares applied for and undertaking to lodge the Open Offer Application Form in due course but, in any event, within two Business Days.

Multiple applications are liable to be rejected. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

(e) Effect of application

By completing and delivering an Open Offer Application Form the applicant:

- (i) represents and warrants to the Company and Numis that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer or the Excess Application Facility, as the case may be, and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company and Numis that all applications under the Open Offer and the Excess Application Facility and contracts resulting therefrom shall be governed by and construed in accordance with the laws of England and Wales;
- (iii) confirms to the Company and Numis that in making the application he is not relying on any information or representation in relation to the Company and the New Ordinary Shares other than that contained in this Prospectus, and the applicant accordingly agrees that no person responsible solely or jointly for this Prospectus or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this Prospectus, he will be deemed to have had notice of all information in relation to the Company and the New Ordinary Shares contained in this Prospectus;
- (iv) represents and warrants to the Company and Numis that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlement or that he received such Open Offer Entitlement by virtue of a *bona fide* market claim;
- (v) represents and warrants to the Company and Numis that if he has received some or all of his Open Offer Entitlement from a person other than the Company he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vi) he is not a Guernsey resident or, if he is a resident in Guernsey, it understands that the New Ordinary Shares may only be promoted in Guernsey by persons licensed for the activity of promotion by the Guernsey Financial Services Commission under the POI Law or, alternatively, to those persons licensed under the POI Law, The Banking Supervision (Bailiwick of Guernsey) Law, 1994, The Insurance Business (Bailiwick of Guernsey) Law, 2002 or The Regulation of Fiduciaries, Administration Business and Company Directors etc (Bailiwick of Guernsey) Law, 2000;
- (vii) requests that the New Ordinary Shares, to which he will become entitled be issued to him on the terms set out in this document and the Open Offer Application Form;
- (viii) represents and warrants to the Company and Numis that he is not, nor is he applying on behalf of any Excluded Shareholder or a person in any jurisdiction in which the application for New Ordinary Shares is prevented by law and he is not

applying with a view to re-offering, re-selling, transferring or delivering any of the New Ordinary Shares which are the subject of his application in the United States or to any Excluded Shareholder or a person in any jurisdiction in which the application for New Ordinary Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares under the Open Offer or the Excess Application Facility;

- (ix) represents and warrants to the Company and Numis that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986; and
- (x) confirms that in making the application he is not relying and has not relied on Numis or any person affiliated with Numis in connection with any investigation of the accuracy of any information contained in this Prospectus or his investment decision.

All enquiries in connection with the procedure for application and completion of the Open Offer Application Form should be addressed to the Receiving Agent, at Capita Asset Services, Corporation Actions, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU or by calling Capita Asset Services, Corporation Actions, on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

Qualifying Non-CREST Shareholders who do not want to take up or apply for the New Ordinary Shares under the Open Offer should take no action and should not complete or return the Open Offer Application Form.

4.2 If you have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer:

(a) General

Subject as provided in paragraph 6 of these Terms and Conditions in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements equal to the maximum number of New Ordinary Shares for which he is entitled to apply to acquire under the Open Offer, calculated by reference to the Net Asset Value per Ordinary Share as at 31 December 2014 and as set out above. Entitlements to New Ordinary Shares will be rounded down to the nearest whole number and any fractional Open Offer Entitlement will therefore also be rounded down. Any fractional entitlements to New Ordinary Shares will be disregarded in calculating Open Offer Entitlements and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements and Excess CREST Open Offer Entitlement have been allocated.

If for any reason the Open Offer Entitlements and/or Excess CREST Open Offer Entitlement cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by 3.00 p.m. on 28 January 2015, or such later time and/or date as the Company may decide, an Open Offer Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements and Excess CREST Open Offer Entitlement which should have been



credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this Prospectus applicable to Qualifying Non-CREST Shareholders with Open Offer Application Forms will apply to Qualifying CREST Shareholders who receive such Open Offer Application Forms.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to send Qualifying CREST Shareholders an Open Offer Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess CREST Open Offer Entitlements, and to issue any New Ordinary Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

CREST members who wish to apply to acquire some or all of their entitlements to New Ordinary Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact Capita Asset Services on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

Please note the Receiving Agent cannot provide financial advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements or Excess CREST Open Offer Entitlements. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for New Ordinary Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

(b) Market claim

Each of the Open Offer Entitlements and the Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and the Excess CREST Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as "cum" the Open Offer Entitlement and the Excess CREST Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess CREST Open Offer Entitlement(s) will thereafter be transferred accordingly.

(c) Excess Application Facility

Qualifying Shareholders may apply to acquire Excess Shares using the Excess Application Facility, should they wish. The Excess Application Facility enables Qualifying CREST Shareholders to apply for Excess Shares in excess of their Open Offer Entitlement.

An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred. Subject as provided in paragraph 6 of these Terms and Conditions in relation to Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess CREST Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST.

Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only). Neither the Open Offer Entitlements nor the Excess CREST Open Offer Entitlements will be tradable

or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions in paragraph 4.2(f) below and must not return a paper form.

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the relevant Open Offer Entitlement be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Open Offer Entitlement claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlement credited to CREST and allocated to the relevant Qualifying Shareholder will be transferred to the purchaser. Please note that a separate USE Instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

The maximum number of New Ordinary Shares to be allotted under the Excess Application Facility (the **Maximum Excess Application Number**) shall be limited to: (a) the maximum size of Initial Issue; less (b) (b) New Ordinary Shares issued under the Open Offer pursuant to Qualifying Shareholders’ Open Offer Entitlements and any New Ordinary Shares placed firm with Placees pursuant to the Initial Placing. Excess Applications will therefore only be satisfied to the extent that: (a) other Qualifying Shareholders do not apply for their Open Offer Entitlements in full and the New Ordinary Shares to which these Open Offer Entitlements relate have not been placed firm under the Initial Placing; and (b) where fractional entitlements have been aggregated and made available under the Excess Application Facility.

Qualifying Shareholders can apply for up to the Maximum Excess Application Number of New Ordinary Shares under the Excess Application Facility. Excess Shares under the Excess Application Facility will be allocated to Qualifying Shareholders that have taken up all of their Open Offer Entitlements on a *pro rata* basis to their respective holdings of Existing Ordinary Shares as at the Record Date. If a Qualifying Shareholder who has taken up all of its Open Offer Entitlement applies for less than its *pro rata* entitlement of the Excess Shares that are available under the Excess Application Facility, such number of Excess Shares as such Qualifying Shareholder is entitled to be allocated but does not apply for, shall be added to the number of Excess Shares that are available for allocation to other Qualifying Shareholders that apply for more than their respective *pro rata* entitlements to Excess Shares which shall in turn be allocated on a *pro rata* basis to the respective holdings of Existing Ordinary Shares of such Qualifying Shareholders who apply for more than their respective *pro rata* entitlements to Excess Shares. No assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all.

Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant’s risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

All enquiries in connection with the procedure for application of Excess CREST Open Offer Entitlements should be made to Capita Asset Services on the shareholder helpline 0871 664 0321, or, if calling from overseas, +44 208 639 3399. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers’ costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

(d) USE instructions

Qualifying CREST Shareholders who are CREST members and who want to apply for New Ordinary Shares in respect of all or some of their Open Offer Entitlements and/or Excess CREST Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE Instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements and Excess CREST Open Offer Entitlements corresponding to the number of New Ordinary Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of New Ordinary Shares referred to in (i) above.

(e) Content of USE Instruction in respect of Open Offer Entitlements

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of New Ordinary Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Open Offer Entitlement. This is GG00BS7K5R06;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 7RA33;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 28404BAK;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of New Ordinary Shares referred to in (e)(i) above;
- (viii) the intended settlement date. This must be on or before 11:00 a.m. on 20 February 2015; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 20 February 2015. In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (x) a contact name and telephone number (in the free format shared note field); and
- (xi) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 20 February 2015 in order to be valid is 11.00 a.m. on that day.

If the Initial Issue does not become unconditional by 8.00 a.m. on 25 February 2015 or such later time and date as the Company, the Investment Manager and Numis determine (being no later than 31 March 2015), the Initial Issue will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies will be retained for the benefit of the Company.

- (f) Content of USE instruction in respect of Excess CREST Open Offer Entitlements
- The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:
- (i) the number of Excess Shares for which the application is being made (and hence the number of the Excess CREST Open Offer Entitlement(s) being delivered to the Receiving Agent);
  - (ii) the ISIN of the Excess CREST Open Offer Entitlement. This is GG00BS7K5V42;
  - (iii) the CREST participant ID of the accepting CREST member;
  - (iv) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
  - (v) the participant ID of the Receiving Agent in its capacity as Receiving Agent. This is 7RA33;
  - (vi) the member account ID of the Receiving Agent in its capacity as Receiving Agent. This is 28404BAK;
  - (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Excess Shares referred to in paragraph (f)(i) above;
  - (viii) the intended settlement date. This must be on or before 11.00 a.m. on 20 February 2015; and
  - (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for the application in respect of an Excess CREST Open Offer Entitlement under the Excess Application Facility to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 20 February 2015.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (x) a contact name and telephone number (in the free format shared note field); and
- (xi) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 20 February 2015 in order to be valid is 11:00 a.m. on that day. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlement security.

In the event that the Initial Issue does not become unconditional by 8:00 a.m. on 25 February 2015 or such later time and date as the Company, the Investment Manager and Numis determine (being no later than 31 March 2015), the Initial Issue will lapse, the Open Offer Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies will be retained for the benefit of the Company.

- (g) Deposit of Open Offer Entitlements into, and withdrawal from, CREST

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Open Offer Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Open Offer Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Open Offer Application Form. Normal

CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Open Offer Application Form.

A holder of an Open Offer Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlement and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 20 February 2015. After depositing their Open Offer Entitlement into their CREST account, CREST holders will, shortly after that, receive a credit for their Excess CREST Open Offer Entitlement, which will be managed by the Receiving Agent.

In particular, having regard to normal processing times in CREST and on the part of the Registrar, the recommended latest time for depositing an Open Offer Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Open Offer Application Form as an Open Offer Entitlement or Excess CREST Open Offer Entitlements in CREST, is 3:00 p.m. on 17 February 2015 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements or Excess CREST Open Offer Entitlements from CREST is 4:30 p.m. on 16 February 2015 in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements or Excess CREST Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Open Offer Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements or Excess CREST Open Offer Entitlements prior to 11:00 a.m. on 20 February 2015. CREST holders inputting the withdrawal of their Open Offer Entitlement from their CREST account must ensure that they withdraw both their Open Offer Entitlement and the Excess CREST Open Offer Entitlement.

Delivery of an Open Offer Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Open Offer Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Registrar by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" on page 3 of the Open Offer Application Form, and a declaration to the Company and the Registrar from the relevant CREST member(s) that it/they is/are not an Excluded Shareholder or a person in any jurisdiction in which the application for New Ordinary Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(h) Validity of application

A USE Instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 20 February 2015 will constitute a valid application under the Open Offer.

(i) CREST procedures and timings

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE Instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 20 February 2015. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(j) Incorrect or incomplete applications

If a USE Instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question (without interest);
- (ii) to treat the application as a valid application for such whole number of New Ordinary Shares as would be able to be applied for with that payment at the Initial Issue Price, refunding any unutilised sum to the CREST member in question (without interest); and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the New Ordinary Shares referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest).

(k) Effect of valid application

A CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby:

- (i) represents and warrants that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer or the Excess Application Facility, as the case may be, and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (iii) agrees that all applications and contracts resulting therefrom under the Open Offer and the Excess Application Facility shall be governed by, and construed in accordance with, the laws of England and Wales;
- (iv) confirms that in making the application he is not relying on any information or representation in relation to the Company and the New Ordinary Shares other than that contained in this Prospectus, and the applicant accordingly agrees that no person responsible solely or jointly for this Prospectus or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this Prospectus, he will be deemed to have had notice of all the information in relation to the Company and the New Ordinary Shares contained in this Prospectus;
- (v) represents and warrants that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlement and Excess CREST Open Offer Entitlement or that he has received such Open Offer Entitlement and Excess CREST Open Offer Entitlement by virtue of a *bona fide* market claim;
- (vi) represents and warrants that if he has received some or all of his Open Offer Entitlement and Excess CREST Open Offer Entitlement from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlement and Excess CREST Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vii) subject to certain limited exceptions, requests that the New Ordinary Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the Memorandum of Incorporation and Articles;
- (viii) represents and warrants that he is not, nor is he applying on behalf of any Shareholder who is an Excluded Shareholder or a person in any jurisdiction in which the application for New Ordinary Shares is prevented by law and he is not

applying with a view to re-offering, re-selling, transferring or delivering any of the New Ordinary Shares which are the subject of his application in the United States or to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Excluded Territory or any jurisdiction in which the application for New Ordinary Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares under the Open Offer or the Excess Application Facility;

- (ix) represents and warrants that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986; and
  - (x) confirms that in making the application he is not relying and has not relied on Numis or any person affiliated with Numis in connection with any investigation of the accuracy of any information contained in this Prospectus or his investment decision.
- (l) Company's discretion as to the rejection and validity of applications
- The Company may in its sole discretion:
- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in these Terms and Conditions;
  - (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE Instruction and subject to such further terms and conditions as the Company may determine;
  - (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the first instruction) as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 34 of the Uncertificated Securities (Guernsey) Regulations 2009 in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
  - (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE Instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for New Ordinary Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.
- (m) Lapse of the Open Offer
- In the event that the Open Offer does not become unconditional by 8.00 a.m. on 25 February 2015 or such later time and date as the Company, the Investment Manager and Numis may agree (not being later than 8.00 a.m. on 31 March 2015), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and

the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies, if any, will be retained for the benefit of the Company.

## 5 Anti-money laundering regulations

### 5.1 Holders of Open Offer Application Forms

To ensure compliance with the Money Laundering Regulations, the Registrar and/or the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Open Offer Application Form is lodged with payment (which requirements are referred to below as the verification of identity requirements). If the Open Offer Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Registrar or Receiving Agent. In such case, the lodging agent's stamp should be inserted on the Open Offer Application Form.

The person lodging the Open Offer Application Form with payment and in accordance with the other terms as described above (the **acceptor**), including any person who appears to the Registrar to be acting on behalf of some other person, accepts the Open Offer in respect of such number of New Ordinary Shares as is referred to therein (for the purposes of this paragraph 5 the relevant New Ordinary Shares) shall thereby be deemed to agree to provide the Registrar with such information and other evidence as the Registrar may require to satisfy the verification of identity requirements.

If the Registrar determines that the verification of identity requirements apply to any acceptor or application, the relevant New Ordinary Shares (notwithstanding any other term of the Open Offer and the Excess Application Facility) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Registrar and/or the Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Registrar, the Receiving Agent, nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Registrar has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

Submission of an Open Offer Application Form with the appropriate remittance will constitute a warranty to each of the Company, the Registrar, the Receiving Agent and Numis from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

- (i) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering (no. 91/308/EEC));
- (ii) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (iii) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- (iv) if the aggregate subscription price for the New Ordinary Shares is less than €15,000 (approximately £11,500).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:



- (a) if payment is made by cheque or banker's draft in sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques, should be made payable to "Capita Registrars Limited a/c BSRT Open Offer" in respect of an application by a Qualifying Shareholder and crossed "A/C Payee Only". Third party cheques will not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft to such effect. The account name should be the same as that shown on the Open Offer Application Form; or
- (b) if the Open Offer Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Open Offer Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Registrar. If the agent is not such an organisation, it should contact the Registrar.

To confirm the acceptability of any written assurance referred to in (b) above, or in any other case, the acceptor should contact Capita Asset Services by telephone on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

If the Open Offer Application Form(s) is/are in respect of New Ordinary Shares with an aggregate subscription price of €15,000 (approximately £11,500) or more and is/are lodged by hand by the acceptor in person, or if the Open Offer Application Form(s) in respect of New Ordinary Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11:00 a.m. on 20 February 2015, the Registrar has not received evidence satisfactory to it as aforesaid, the Registrar may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

## 5.2 Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST

If you hold your Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST and apply for New Ordinary Shares in respect of all or some of your Open Offer Entitlements and Excess CREST Open Offer Entitlements as agent for one or more persons and you are not a UK regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Registrar is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Registrar before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE Instruction (which on its settlement constitutes a valid application as described above) constitutes a warranty and undertaking by the applicant to provide promptly to the Registrar such information as may be specified by the Registrar as being required for

the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Registrar as to identity, the Registrar may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the New Ordinary Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the New Ordinary Shares represented by the USE Instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

## **6 Overseas Shareholders**

This Prospectus has been approved by the FCA, being the competent authority in the United Kingdom.

Accordingly, the making of the Open Offer and the Excess Application Facility to persons resident in, or who are citizens of, or who have a registered address in, countries other than the United Kingdom may be affected by the law or regulatory requirements of the relevant jurisdiction.

The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

### **6.1 General**

The distribution of this Prospectus and the making of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or agents, custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for New Ordinary Shares under the Open Offer or the Excess Application Facility.

No action has been or will be taken by the Company, Numis, or any other person, to permit a public offering or distribution of this Prospectus (or any other offering or publicity materials or Open Offer Application Form(s) relating to the New Ordinary Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

Receipt of this Prospectus and/or an Open Offer Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this Prospectus and/or the Open Offer Application Form must be treated as sent for information only and should not be copied or redistributed. Open Offer Application Forms will not be sent to, and Open Offer Entitlements and Excess CREST Open Offer Entitlements will not be credited to stock accounts in CREST of, persons with registered addresses in the United States or an Excluded Territory or their agent or intermediary, except where the Company and the Investment Manager are satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this Prospectus and/or an Open Offer Application Form in any territory other than the United Kingdom and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Open Offer Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory in which the Open Offer Application Form is received or in which the person is resident or located, such an invitation or offer could lawfully be made to him or her and such Open Offer Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this Prospectus and/or

the Open Offer Application Form must be treated as sent for information only and should not be copied or redistributed. It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for New Ordinary Shares under the Open Offer or the Excess Application Facility to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company, Numis, nor any of their respective representatives, is making any representation to any offeree or purchaser of the New Ordinary Shares regarding the legality of an investment in the New Ordinary Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this Prospectus and/or an Open Offer Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer, the Excess Application Facility or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Open Offer Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for New Ordinary Shares in respect of the Open Offer or the Excess Application Facility unless the Company, the Investment Manager and Numis determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this Prospectus and/or an Open Offer Application Form and/or transfers Open Offer Entitlements or Excess CREST Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of these Terms and Conditions and specifically the contents of this paragraph 6.

Subject to paragraphs 6.2 to 6.6 below, any person (including, without limitation, custodians, agents, nominees and trustees) outside of the United Kingdom wishing to apply for New Ordinary Shares in respect of the Open Offer or the Excess Application Facility must satisfy himself or herself as to the full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The Company reserves the right to treat as invalid any application or purported application for New Ordinary Shares that appears to the Company or its agents to have been executed, effected or dispatched from the United States or an Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of New Ordinary Shares or in the case of a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in the United States or an Excluded Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to paragraphs 6.2 to 6.6 below.

Notwithstanding any other provision of this Prospectus or the relevant Open Offer Application Form, the Company and the Investment Manager reserve the right to permit any person to apply for New Ordinary Shares in respect of the Open Offer and/or the Excess Application Facility if the Company and the Investment Manager, in their sole and absolute discretion, are satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for New Ordinary Shares should note that payment must be made in sterling denominated cheques or bankers' drafts or where such Overseas Shareholder is a Qualifying CREST Shareholder, through CREST.

Due to restrictions under the securities laws of the United States and the Excluded Territories Shareholders in the United States or who have registered addresses in, or who are US Persons (within the meaning of Regulation S of the US Securities Act) or who are resident or ordinarily resident in, or citizens of (as applicable), any Excluded Territory will not qualify to participate in the Open Offer or the Excess Application Facility and will not be sent an Open Offer Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements or Excess CREST Open Offer Entitlements.

The New Ordinary Shares have not been and will not be registered under the relevant laws of the United States or any Excluded Territory or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into the United States or any Excluded Territory or to, or for the account or benefit of, any US Person or any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Excluded Territory except pursuant to an applicable exemption.

No public offer of New Ordinary Shares is being made by virtue of this document or the Open Offer Application Forms into the United States or any Excluded Territory.

Receipt of this Prospectus and/or an Open Offer Application Form and/or a credit of an Open Offer Entitlement or Excess CREST Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Open Offer Application Form must be treated as sent for information only and should not be copied or redistributed.

## 6.2 The United States

None of the New Ordinary Shares, the Open Offer Entitlements nor the Excess CREST Open Offer Entitlements have been or will be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and the New Ordinary Shares may not be offered, sold, taken up, exercised, resold, renounced, transferred, distributed or delivered, directly or indirectly, within the United States or to US Persons (within the meaning of Regulation S of the US Securities Act). There will be no public offer of the New Ordinary Shares or Existing Ordinary Shares in the United States.

Accordingly, the Open Offer is not being made in the United States or to US Persons and none of this Prospectus, the Open Offer Application Form nor the crediting of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST constitutes or will constitute an offer, or an invitation to apply for, or an offer or invitation to acquire any New Ordinary Shares in the United States. This document will not be sent to any Shareholder with a registered address or who is otherwise located in the United States.

Any person who acquires New Ordinary Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document and/or the Open Offer Application Form or by applying for New Ordinary Shares in respect of Open Offer Entitlements or Excess CREST Open Offer Entitlements credited to a stock account in CREST and delivery of the New Ordinary Shares or Excess Shares, that (1) they are not, and that at the time of acquiring the New Ordinary Shares they will not be, in the United States or applying for New Ordinary Shares on behalf of, or for the account of, persons in the United States unless (a) the instruction to apply was received from a person outside the United States and (b) the person giving such instruction has confirmed that (i) it has authority to give such instruction and (ii) either (A) has investment discretion over such account or (B) is an investment manager or investment company that is acquiring the New Ordinary Shares in an “offshore transaction” within the meaning of Regulation S, and (2) they are not applying for the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any New Ordinary Shares into the United States; and (3) they are not a US Person or acquiring the New Ordinary Shares on behalf of a US Person.

The Company reserves the right to treat as invalid any Open Offer Application Form that appears to the Company or its agents to have been executed in or despatched from the United States, or that provides an address in the United States for the acceptance of the Open Offer, or where the Company believes such acceptance may infringe applicable legal or regulatory requirements. The Company will not be bound to allot or issue any New Ordinary Shares to any person or to any person who is acting on behalf of, or for the account or benefit of, any person on a non-discretionary basis with an address in, or who is otherwise

located in, the United States or who is a US Person in whose favour an Open Offer Application Form or any New Ordinary Shares may be transferred. In addition, the Company and Numis reserve the right to reject any many-to-many instruction sent by or on behalf of any CREST Member with a registered address or who is otherwise located in the United States in respect of New Ordinary Shares or who does not make the above warranty. Any payment made in respect of Open Offer Application Forms under any of these circumstances will be returned without interest.

### 6.3 Excluded Territories

Due to restrictions under the securities laws of the Excluded Territories, Shareholders who have a registered address in, or who are resident or ordinarily resident in, or citizens of, any Excluded Territory, will not qualify to participate in the Open Offer or under the Excess Application Facility and will not be sent an Open Offer Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements or Excess CREST Open Offer Entitlements.

The New Ordinary Shares have not been and will not be registered under the relevant laws of any Excluded Territory or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Excluded Territory or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Excluded Territory except pursuant to an applicable exemption.

No offer of New Ordinary Shares or Excess Shares is being made by virtue of this document or the Open Offer Application Forms into any Excluded Territory.

### 6.4 Overseas territories other than Excluded Territories

Open Offer Application Forms will be sent to Qualifying Non-CREST Shareholders and Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the United States or the Excluded Territories may, subject to the laws of their relevant jurisdiction, take up New Ordinary Shares under the Open Offer or the Excess Application Facility in accordance with the instructions set out in this document and the Open Offer Application Form. Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the United Kingdom should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any New Ordinary Shares in respect of the Open Offer or any Excess Shares under the Excess Application Facility.

### 6.5 Representations and warranties relating to Overseas Shareholders

#### (a) Qualifying Non-CREST Shareholders

- (i) Any person completing and returning an Open Offer Application Form or requesting registration of the New Ordinary Shares represents and warrants to the Company, Numis, the Receiving Agent and the Registrar that, except where proof has been provided to the Company's and the Investment Manager's satisfaction that such person's use of the Open Offer Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant New Ordinary Shares from within the United States or any Excluded Territory; (ii) such person is not a US Person (within the meaning of Regulation S under the US Securities Act); (iii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire New Ordinary Shares in respect of the Open Offer or Excess Application Facility or to use the Open Offer Application Form in any manner in which such person has used or will use it; (iv) such person is not acting on a non-discretionary basis for a US Person or for a person located within any Excluded Territory (except as agreed with the Company and the Investment Manager) or any territory referred to in (iii) above at the time the instruction to accept was given; and (v) such person is not acquiring New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into any of the above territories. The Company, the Receiving Agent and/or the

Registrar may treat as invalid any acceptance or purported acceptance of the allotment of New Ordinary Shares comprised in an Open Offer Application Form or of Excess Shares under the Excess Application Facility if it:

- (A) appears to the Company or its agents to have been executed, effected or dispatched from the United States or an Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or
- (B) provides an address in the United States or an Excluded Territory for delivery of the share certificates of New Ordinary Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or
- (C) purports to exclude the warranty required by this sub-paragraph (a).

(b) Qualifying CREST Shareholders

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in these Terms and Conditions represents and warrants to the Company and Numis that, except where proof has been provided to the Company's and the Investment Manager's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) he or she is not accepting within the United States or any Excluded Territory; (ii) he or she is not a US Person (within the meaning of Regulation S under the US Securities Act); (iii) he or she is not accepting in any territory in which it is unlawful to make or accept an offer to acquire New Ordinary Shares; (iv) he or she is not accepting on a non-discretionary basis for a US Person or for a person located within any Excluded Territory (except as otherwise agreed with the Company) or any territory referred to in (iii) above at the time the instruction to accept was given; and (v) he or she is not acquiring any New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into any of the above territories.

## 6.6 Waiver

The provisions of this paragraph 6 and of any other terms of the Open Offer and the Excess Application Facility relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company, the Investment Manager and Numis in their absolute discretion. Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer and the Excess Application Facility inconsistent herewith. References in this paragraph 6 to Shareholders shall include references to the person or persons executing an Open Offer Application Form and, in the event of more than one person executing an Open Offer Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

## 7 Admission, settlement and dealings

The result of the Open Offer is expected to be announced on 23 February 2015. Applications will be made to the FCA for the New Ordinary Shares to be issued pursuant to the Initial Issue to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market. It is expected that Admission will become effective and that dealings in the New Ordinary Shares, fully paid, will commence at 8.00 a.m. on 25 February 2015.

Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11:00 a.m. on 20 February 2015 (the latest date for applications under the Open Offer). If the condition(s) to the Open Offer described above are satisfied, New Ordinary Shares will be issued in uncertificated form to those persons who submitted a valid application for New Ordinary Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE Instruction was given.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to send Qualifying CREST Shareholders an Open Offer Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess CREST Open Offer Entitlements, and to allot and/or issue any New Ordinary Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

For Qualifying Non-CREST Shareholders who have applied by using an Open Offer Application Form, share certificates in respect of the New Ordinary Shares validly applied for are expected to be despatched by post in the week commencing 2 March 2015. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the UK share register of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to paragraph 4.1 above and their respective Open Offer Application Form.

## **8 Times and dates**

The Company shall, in agreement with Numis and after consultation with the Investment Manager and its financial and legal advisers, be entitled to amend the dates that Open Offer Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this Prospectus and in such circumstances shall notify the FCA, and make an announcement on a Regulatory Information Service and, if appropriate, notify Shareholders but Qualifying Shareholders may not receive any further written communication. If a supplementary prospectus is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this Prospectus, the latest date for acceptance under the Open Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

## **9 Governing law and jurisdiction**

The terms and conditions of the Open Offer as set out in this document, the Open Offer Application Form and any non-contractual obligation arising out of or in connection therewith shall be governed by, and construed in accordance with, English law. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Open Offer Application Form. By taking up New Ordinary Shares in accordance with the instructions set out in this Prospectus and, where applicable, the Open Offer Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

## **10 Further information**

Your attention is drawn to the further information set out in this document and also, in the case of Qualifying Non-CREST Shareholders and other Qualifying Shareholders to whom the Company has sent Open Offer Application Forms, to the terms, conditions and other information printed on the accompanying Open Offer Application Form.

## **APPENDIX III – TERMS AND CONDITIONS OF THE PLACING PROGRAMME**

### **1 Introduction**

Each Placee which confirms its agreement to Numis to subscribe for New Ordinary Shares under a Placing pursuant to the Placing Programme will be bound by these terms and conditions and will be deemed to have accepted them.

The Company and/or Numis may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it/they (in its/their absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (a **Placing Letter**).

### **2 Agreement to subscribe for New Ordinary Shares**

Conditional on: (i) any Admission of the New Ordinary Shares under the Placing Programme occurring not later than 8.00 a.m. on such date as may be agreed between the Company, the Investment Manager and Numis prior to the closing of each placing under the Placing Programme, not being later than 22 January 2016; (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated on or before the date of the relevant Placing; and (iii) Numis confirming to the Placees their allocation of New Ordinary Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those New Ordinary Shares allocated to it by Numis at the applicable Placing Programme Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

Applications under a Placing must be for a minimum subscription amount of £100,000.

### **3 Payment for New Ordinary Shares**

Each Placee undertakes to pay the applicable Placing Programme Price for the New Ordinary Shares issued to the Placee in the manner and by the time directed by Numis. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee shall be deemed hereby to have appointed Numis or any nominee of Numis as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the New Ordinary Shares in respect of which payment shall not have been made as directed, and to indemnify Numis and its respective affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales.

A sale of all or any of such New Ordinary Shares shall not release the relevant Placee from the obligation to make such payment for relevant New Ordinary Shares to the extent that Numis or its nominee has failed to sell such New Ordinary Shares at a consideration which, after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, exceeds the applicable Placing Programme Price per New Ordinary Share.

### **4 Representations and Warranties**

By agreeing to subscribe for New Ordinary Shares, each Placee which enters into a commitment to subscribe for such New Ordinary Shares will (for itself and for any person(s) procured by it to subscribe for New Ordinary Shares and any nominee(s) for any such person(s)) be deemed to undertake, represent and warrant to each of the Company, the Managers, the Registrar and Numis that:

- (a) in agreeing to subscribe for New Ordinary Shares under the Placing Programme, it is relying solely on this document and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the New Ordinary Shares or the Placing Programme. It agrees that none of the Company, the Managers, Numis or the Registrar, nor any of their respective officers, agents, employees or affiliates, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- (b) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for New Ordinary Shares under the Placing Programme, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and it has paid all issue, transfer or



other taxes due in connection with its acceptance in any jurisdiction of the New Ordinary Shares and that it has not taken any action or omitted to take any action which may result in the Company, the Managers, Numis or the Registrar or any of their respective officers, agents, employees or affiliates being in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing Programme or its acceptance of participation in the Placing Programme;

- (c) it has carefully read and understands this document in its entirety and acknowledges that it is acquiring New Ordinary Shares on the terms and subject to the conditions set out in this Appendix III and the Articles as in force at the relevant date of Admission of the relevant New Ordinary Shares;
- (d) it has not relied on Numis or any person affiliated with Numis in connection with any investigation of the accuracy of any information contained in this document;
- (e) the content of this document is exclusively the responsibility of the Company and its Directors and neither Numis nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any information, representation or statement contained in this document or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in any Placing under the Placing Programme based on any information, representation or statement contained in this document or otherwise;
- (f) it acknowledges that no person is authorised in connection with the Placing Programme to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by Numis, the Company or the Managers;
- (g) it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- (h) subject to limited exceptions, it accepts that none of the New Ordinary Shares have been or will be registered in any jurisdiction other than the United Kingdom and that the New Ordinary Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Excluded Territory;
- (i) if it is applying for the New Ordinary Shares in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the New Ordinary Shares may be lawfully offered under that other jurisdiction's laws or regulations;
- (j) if it is within the United Kingdom, it is a person who falls within Articles 49 or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or is a person to whom the New Ordinary Shares may otherwise lawfully be offered under such Order, or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the New Ordinary Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- (k) if it is a resident in the EEA (other than the United Kingdom), (a) it is a qualified investor within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive, and (b) if that relevant Member State has implemented the AIFM Directive, that it is a person to whom the New Ordinary Shares may lawfully be marketed under the AIFM Directive or under the applicable implementing legislation (if any) of that relevant Member State;
- (l) it is not a Guernsey resident or, if it is a resident in Guernsey, it understands that the new Ordinary Shares may only be promoted in Guernsey by persons licensed for the activity of promotion by the Guernsey Financial Services Commission under the POI Law or, alternatively, to those persons licensed under the POI Law, The Banking Supervision (Bailiwick of Guernsey) Law, 1994, The Insurance Business (Bailiwick of Guernsey) Law, 2002 or The Regulation of Fiduciaries, Administration Business and Company Directors etc (Bailiwick of Guernsey) Law, 2000;

- (m) in the case of any New Ordinary Shares acquired by an investor as a financial intermediary within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive: (i) the New Ordinary Shares acquired by it in the Placing Programme have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of Numis has been given to the offer or resale; or (ii) where New Ordinary Shares have been acquired by it on behalf of persons in any relevant Member State other than qualified investors, the offer of those New Ordinary Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- (n) if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Placing Programme constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for New Ordinary Shares pursuant to the Placing Programme unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and New Ordinary Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- (o) it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the New Ordinary Shares and it is not acting on a non-discretionary basis for any such person;
- (p) if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such Placee's agreement to subscribe for New Ordinary Shares under the Placing Programme and will not be any such person on the date any such agreement to subscribe under the Placing Programme is accepted;
- (q) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other offering materials concerning the Placing Programme or the New Ordinary Shares to any persons within the United States or to any US Persons, nor will it do any of the foregoing;
- (r) it acknowledges that neither Numis nor any of its affiliates nor any person acting on its or their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing Programme or providing any advice in relation to the Placing Programme and participation in the Placing Programme is on the basis that it is not and will not be a client of Numis and that Numis does not have any duties or responsibilities to it for providing protection afforded to its clients or for providing advice in relation to the Placing Programme nor in respect of any representations, warranties, undertaking or indemnities otherwise required to be given by it in connection with its application under the Placing Programme;
- (s) that, save in the event of fraud on the part of Numis, none of Numis, its ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of their respective directors, members, partners, officers and employees shall be responsible or liable to a Placee or any of its clients for any matter arising out of Numis' role as sponsor, broker and financial adviser or otherwise in connection with the Placing Programme and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;
- (t) it acknowledges that where it is subscribing for New Ordinary Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the New Ordinary Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this document; and (iii) to receive on behalf of each such account any documentation relating to the Placing Programme in the form provided by the Company and/or Numis. It agrees that the provision of this paragraph shall survive any resale of the New Ordinary Shares by or on behalf of any such account;

- (u) it irrevocably appoints any Director of the Company and any director of Numis to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the New Ordinary Shares for which it has given a commitment under the Placing Programme, in the event of its own failure to do so;
- (v) it accepts that if the Placing Programme does not proceed or the conditions to the Placing Agreement are not satisfied or the New Ordinary Shares for which valid applications are received and accepted are not admitted to listing on the Official List and to trading on the London Stock Exchange's Main Market for any reason whatsoever then none of Numis or the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- (w) in connection with its participation in any Placing under the Placing Programme it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering (Money Laundering Legislation) and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (iii) subject to the Guernsey AML Requirements; or (iv) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- (x) it acknowledges that due to anti-money laundering requirements, Numis and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Numis and the Company may refuse to accept the application and the subscription monies relating thereto. It holds harmless and will indemnify Numis and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been requested has not been provided by it in a timely manner;
- (y) it acknowledges that any person in Guernsey involved in the business of the Company who has a suspicion or belief that any other person (including the Company or any person subscribing for New Ordinary Shares) is involved in money laundering activities, is under an obligation to report such suspicion to the Financial Intelligence Service pursuant to the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 (as amended and/or the Disclosure (Bailiwick of Guernsey) Law 2007, as amended, as applicable or other applicable Law);
- (z) that they are aware of, have complied with and will at all times comply with their obligations in connection with money laundering under the Proceeds of Crime Act 2002 and Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law 1999;
- (aa) it acknowledges and agrees that information provided by it to the Company, Registrar or Administrator will be stored on the Registrar's and the Administrator's computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection (Bailiwick of Guernsey) Law 2001 (the **Data Protection Law**) and other relevant data protection legislation which may be applicable, the Registrar and the Administrator are required to specify the purposes for which they will hold personal data. The Registrar and the Administrator will only use such information for the purposes set out below (collectively, the **Purposes**), being to:
  - (i) process its personal data (including sensitive personal data) as required by or in connection with its holding of New Ordinary Shares, including processing personal data in connection with credit and money laundering checks on it;
  - (ii) communicate with it as necessary in connection with its affairs and generally in connection with its holding of New Ordinary Shares;

- (iii) provide personal data to such third parties as the Administrator or Registrar may consider necessary in connection with its affairs and generally in connection with its holding of New Ordinary Shares or as the Data Protection Law may require, including to third parties outside the Bailiwick of Guernsey or the European Economic Area;
  - (iv) without limitation, provide such personal data to the Company, Numis or the Managers and their respective associates for processing, notwithstanding that any such party may be outside the Bailiwick of Guernsey or the European Economic Area; and
  - (v) process its personal data for the Administrator's internal administration;
- (bb) in providing the Registrar and the Administrator with information, it hereby represents and warrants to the Registrar and the Administrator that it has obtained the consent of any data subjects to the Registrar and the Administrator and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the purpose set out in paragraph (z) above). For the purposes of this document, "**data subject**", "**personal data**" and "**sensitive personal data**" shall have the meanings attributed to them in the Data Protection Law;
- (cc) Numis and the Company are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to it;
- (dd) the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that Numis and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the New Ordinary Shares are no longer accurate, it shall promptly notify Numis and the Company;
- (ee) where it or any person acting on behalf of it is dealing with Numis, any money held in an account with Numis on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the Financial Conduct Authority which therefore will not require Numis to segregate such money, as that money will be held by Numis under a banking relationship and not as trustee;
- (ff) any of its clients, whether or not identified to Numis, will remain its sole responsibility and will not become clients of Numis for the purposes of the rules of the Financial Conduct Authority or for the purposes of any other statutory or regulatory provision;
- (gg) it accepts that the allocation of New Ordinary Shares under any Placing shall be determined by Numis and the Company in their absolute discretion and that such persons may scale down any Placing commitments for this purpose on such basis as they may determine;
- (hh) time shall be of the essence as regards its obligations to settle payment for the New Ordinary Shares and to comply with its other obligations under the Placing Programme; and
- (ii) authorises Numis to deduct from the total amount subscribed under the relevant Placing the aggregate commission (if any) (calculated at the rate agreed with the Company) payable on the number of New Ordinary Shares allocated under such Placing.

## 5 United States Purchase and Transfer Restrictions

By participating in the Placing Programme, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for New Ordinary Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, the Managers and Numis that:

- (a) if it is located outside the United States, it is not a US Person, it is acquiring the New Ordinary Shares in an "offshore" transaction meeting the requirements of Regulation S and it is not acquiring the New Ordinary Shares for the account or benefit of a US Person;
- (b) if it is a US Person or is in the United States, it has received, read, understood and, prior to its receipt of any New Ordinary Shares executed and returned an executed U.S. Investor Letter to the Company for the benefit of the Company and the Investment Manager;

- (c) it acknowledges that the New Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons absent registration or an exemption from registration under the US Securities Act;
- (d) it acknowledges that the Company has not registered under the US Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the US Investment Company Act;
- (e) it acknowledges that the Investment Manager has not registered under the U.S. Investment Advisers Act and that the Company has put in place restrictions on the sale and transfer of the New Ordinary Shares to ensure that the Investment Manager is not and will not be required to register under the U.S. Investment Advisers Act;
- (f) unless the Company expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the New Ordinary Shares or any beneficial interest therein constitutes or will constitute the assets of (i) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a “plan” as defined in Section 4975 of the US Internal Revenue Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Internal Revenue Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the US Internal Revenue Code. In addition, if an investor is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Internal Revenue Code, its purchase, holding, and disposition of the New Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- (g) that if any New Ordinary Shares offered and sold are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

**“BAKER STEEL RESOURCES TRUST LIMITED (THE “COMPANY”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “INVESTMENT COMPANY ACT”). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED, EXERCISED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS EXCEPT IN ACCORDANCE WITH THE SECURITIES ACT OR AN EXEMPTION THEREFROM AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS.”**

- (h) if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the New Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act and under circumstances which will not require the Company to register under the US Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- (i) it is purchasing the New Ordinary Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the New Ordinary Shares in any manner that would violate the US Securities Act, the US Investment Company Act or any other applicable securities laws;

- (j) it acknowledges that the Company reserves the right to make inquiries of any holder of the New Ordinary Shares or interests therein at any time as to such person's status under the US federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under the US securities laws to transfer such New Ordinary Shares or interests in accordance with the Articles;
- (k) it acknowledges and understand the Company is required to comply with FATCA and that the Company will follow FATCA's extensive reporting and withholding requirements. The Placee agrees to furnish any information and documents which the Company may from time to time request, including but not limited to information required under FATCA;
- (l) it is entitled to acquire the New Ordinary Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the New Ordinary Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Managers, Numis or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Placing Programme or its acceptance of participation in the Placing Programme;
- (m) it has received, carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the New Ordinary Shares to or within the United States or to any US Persons, nor will it do any of the foregoing; and
- (n) if it is acquiring any New Ordinary Shares as a fiduciary or agent for one or more accounts, the Placee has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

## **6 Supply and Disclosure of Information**

If Numis, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for New Ordinary Shares under the Placing Programme, such Placee must promptly disclose it to them.

## **7 Miscellaneous**

The rights and remedies of Numis, the Registrar, the Managers and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if a Placee is an individual, that Placee may be asked to disclose in writing or orally, his nationality. If a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing Programme will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

Each Placee agrees to be bound by the Articles once the New Ordinary Shares, which the Placee has agreed to subscribe for pursuant to a Placing under the Placing Programme, have been acquired by the Placee. The contract to subscribe for New Ordinary Shares under the Placing Programme and the appointments and authorities mentioned in this document will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Numis, the Company, the Managers and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for New Ordinary Shares under a Placing, references to a Placee in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

Numis and the Company expressly reserve the right to modify any Placing under the Placing Programme (including, without limitation, its timetable and settlement) at any time before allocations

are determined. Each Placing under the Placing Programme is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in paragraph 9.5 of Part X of this document.

