

BlackRock Commodities
Income Investment Trust plc

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Annual Report November 2012



BlackRock Commodities Income Investment Trust plc

The Company's objectives are to achieve an annual dividend target and, over the long term, capital growth by investing primarily in securities of companies operating in the mining and energy sectors.

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The Association of
Investment Companies

A MEMBER OF THE ASSOCIATION OF
INVESTMENT COMPANIES

Details about the Company are available on the BlackRock Investment Management (UK) Limited website www.blackrock.co.uk/brci

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Performance Record

Financial Highlights

	As at 30 November 2012	As at 30 November 2011	Change %
Assets			
Net assets (£'000)*	111,663	118,642	-5.9
Net asset value per ordinary share	118.47p	131.08p	-9.6
- with income reinvested	-	-	-5.2
Ordinary share price (mid-market)	122.75p	127.75p	-3.9
- with income reinvested	-	-	+0.8
	Year ended 30 November 2012	Year ended 30 November 2011	Change %
Revenue			
Net revenue after taxation (£'000)	5,570	5,321	+4.7
Revenue return per ordinary share	6.10p	5.88p	+3.7
Interim dividends			
1st interim	1.4375p	1.400p	+2.7
2nd interim	1.4375p	1.400p	+2.7
3rd interim	1.4375p	1.400p	+2.7
4th interim	1.5875p	1.550p	+2.4
Total dividends paid and payable	5.9000p	5.750p	+2.6

* The change in net assets reflects market movements and the issue of 3,750,000 ordinary shares in the year.

Chairman's Statement

The year under review has again proved to be a challenging one for equity investors. Concerns have persisted about the high levels of government debt in much of the developed world, and how this will impact upon future economic growth. In recent months attention has shifted away from Europe to the US, and the negotiations there surrounding the balance between future spending cuts and tax increases.

Against this background, the Company's net asset value ("NAV") per share returned -5.2% and the share price returned 0.8%. Over the same period, the HSBC Global Mining and MSCI World Energy indices returned -12.1% and -0.8% respectively. Since the launch of the Company in December 2005 the NAV has returned 64.6% and the share price 67.2% (all percentages calculated in sterling terms with income reinvested).

Since the year end, the Company's NAV has returned 3.5% and the share price returned 0.5%.

Revenue return and dividends

The Company's revenue return per share for the year amounted to 6.10 pence (2011: 5.88 pence). As set out in the Company's prospectus dated 22 November 2005, it is the Company's intention to pay four quarterly dividends, details of which are set out in note 8.

Our objective this year was to pay dividends which in total amounted to at least 5.75 pence and I am pleased to report that we have exceeded this target by paying quarterly dividends amounting to 5.90 pence per share (2011: 5.75 pence).

It is the Company's aim to pay dividends amounting to at least 5.90 pence per share for the year ending 30 November 2013. Our ability to match or exceed this target will depend on the dividend distributions from our underlying portfolio and should not be interpreted as a profit forecast. The target level represents a yield of 4.8% based on the share price as at the close of business on 30 November 2012.

Your Company has now been operating for seven years. We have seen considerable turbulence and share price volatility over this period; however, in each financial year, the ordinary dividends we have been able to pay to our shareholders has been ahead of the previous year.

Tender Offers

The Directors of the Company have the discretion to make semi-annual tender offers at the prevailing NAV less 2%, for up to 20% of the issued share capital in August and February of each year.

The Board announced on 19 June 2012 that it had decided not to proceed with a tender offer in August 2012.

On 6 December 2012 the Board announced that the semi-annual tender offer in February 2013 would not be implemented as the Company's ordinary shares had traded at an average premium to NAV of 1.2% during the six months to 30 November 2012. Given that this is better than a discount of 2% to NAV, the price at which any tender offer would be made, the Board concluded that it would not be in the interests of shareholders to implement the tender offer as at 28 February 2013.

A resolution for the renewal of the Company's semi-annual tender authorities will be put to shareholders at the forthcoming annual general meeting.

Share Capital

The Directors recognise the importance to investors of ensuring that the Company's share price is as close to its underlying NAV as possible. Accordingly, the Directors monitor the share price closely and will continue the issue at a premium or repurchase at a discount of ordinary shares to balance supply and demand in the market.

During the year the Company issued 3,750,000 ordinary shares at an average price of 125.22 pence per share for a total consideration of £4,696,000, before the deduction of issue costs.

Gearing

The Company operates a flexible gearing policy which depends on prevailing market conditions. The maximum gearing used during the year was 3.3% and at 30 November 2012 gearing was 2.9%.

Annual General Meeting

The Company's Annual General Meeting will be held at 10.30 a.m. on Friday, 8 March 2013 at the offices of BlackRock, 12 Throgmorton Avenue, London EC2N 2DL. Details of the business of the meeting are set out in the Notice of Meeting on pages 61 to 64 of this Annual Report. The Investment Manager will also make a presentation to shareholders on the Company's progress and the outlook for the year.

Proposed change to the Articles of Association

As a result of recent changes to tax rules, onshore investment companies are now permitted to pay out accumulated realised capital profits in the form of dividends. While the Directors have no present intention of making use of such powers, they believe it prudent to provide the Company with the necessary flexibility to do so should it prove appropriate in the future. A resolution seeking to amend the Company's Articles of Association, as set out in the Notice of Meeting, will be proposed at the 2013 annual general meeting.

The Retail Distribution Review and the Alternative Fund Managers Directive

The current financial year will see the implementation of two important regulatory initiatives, both of which will have a significant impact on the Investment Trust sector. From 1 January 2013 the implementation of the Financial Services Authority's Retail Distribution Review ("RDR") means that advisers will have to charge directly rather than receiving commissions from the funds in which their clients invest. Investment trusts should now be on a level playing field with their open ended counterparts such as unit trusts. We hope that, over time, more investors will see the attraction of investing in investment trusts which are comparatively low cost, have the ability to gear to enhance overall returns and which, unlike open ended funds, are a quoted security which can be readily traded in the stock market. In addition, as part of the FSA's platform review, which will be implemented in 2014, it is proposed that open ended funds will be on the same footing as investment trusts as payments from funds to platforms are also likely to be prohibited. We anticipate that strongly performing investment trusts will see increased demand from retail platforms and online brokers.

In the context of the implementation of RDR and the growing popularity of investment trusts on platforms it is worth noting that the Company's shares are designed for private investors in the UK including retail investors, professionally-advised private clients and institutional investors who seek income and the potential for capital growth from investment in global markets and who understand and are willing to accept the risks of exposure to equities. When assessing the suitability of the shares private investors should also consider consulting an independent financial adviser who specialises in advising on the acquisition of the Company's shares and other securities before acquiring shares. Naturally, investors should also be capable of evaluating the risks and merits of an investment in the Company and should always have sufficient resources to bear any loss that may result.

The implementation of the Alternative Investment Fund Managers Directive will require all investment trusts to appoint an Alternative Investment Fund Manager ("AIFM") or become an AIFM themselves and also to appoint an independent Depositary. The latter is likely to fulfil a broader role than that currently performed by the custodian, and will be obliged to ensure that companies comply with the relevant rules on portfolio composition and diversification. We expect the implementation of the AIFMD will be effective from 22 July 2013.

Outstanding Achievement Award

I am delighted to report that in December 2012 Richard Davis was awarded The Mining Journal Outstanding Achievement Award – Fund Manager Award. This external recognition of the depth of Richard's expertise in the resources sector is in my view well deserved and I am sure you will wish to join me in congratulating him on this prestigious award.

Outlook

There have been a number of encouraging developments in recent months. First, the determination shown in the summer by the Governor of the European Central Bank, Mario Draghi, to defend the integrity of the Euro has been interpreted by market participants as significantly reducing the likelihood of a disorderly Eurozone break up. More recently, signs of healthier economic growth in China and the US have also emerged. However, significant structural challenges to the world's financial system remain unresolved, and the path back to the levels of economic growth we have enjoyed historically is unlikely to be smooth.

Nonetheless we anticipate that demand for commodities will continue to increase significantly over the long term given the prospect of continuing growth in the developing world. It seems highly unlikely that urbanisation and industrialisation, the dominant drivers of demand in recent decades, will reverse or that the pressure on resources arising from population growth will recede. Set against the well-known constraints on future supply and an increasing and encouraging focus on dividend distributions from the companies in which we invest, this background provides a solid foundation for our strategy of pursuing long term income growth from a diversified portfolio of equities exposed to the commodities sectors.

Alan Hodson
Chairman
18 January 2013



Investment Manager's Report

The Investment Manager reports that for the year to 30 November 2012, the Company's NAV returned -5.2% and the share price returned 0.8%. Over the same period, the HSBC Global Mining and MSCI World Energy indices returned -12.1% and -0.8% respectively (All data are in sterling with dividends re-invested)

Commodity Market Overview

The period under review began well, albeit off a low base and in the first quarter of 2012, returns were looking promising. At this point, concerns about the Eurozone's sovereign debt crisis had been moderated by the ECB's Long Term Refinancing Operation, while US economic data points had surprised on the upside - the "risk-on" trade was back. However, these gains were all given back as concerns about global economic growth and the possibility of Greece exiting the Euro weighed heavily on sentiment. Thus, by mid-year returns were not encouraging - all commodities and their related equities had fallen. A third round of quantitative easing then provided some positive momentum for commodity markets and towards the end of the period under review, data out of China suggested that the economy was showing signs of improvement. Industrial production and export data had strengthened providing investors with a degree of comfort that the world's largest consumer of industrial commodities was not going to suffer a hard landing. This supportive macro environment provided the momentum for commodities to trend higher. The performance of commodity markets is summarised in the following table.

Commodity	30 November 2011	30 November 2012	% Change
Base Metals (US\$/tonne)			
Aluminium	2,103	2,094	-0.4
Copper	7,860	7,979	1.5
Lead	2,091	2,258	8.0
Nickel	17,492	17,598	0.6
Tin	20,875	21,862	4.7
Zinc	2,073	2,029	-2.1
Precious Metals (US\$/oz)			
Gold	1,746	1,718	-1.6
Silver (US\$/oz)	3,135	3,428	9.3
Platinum	1,558	1,612	3.5
Palladium	620	685	10.5
Energy			
Oil (WTI) (US\$/Bbl) ¹	100.4	88.5	-11.9
Oil (Brent) (US\$/Bbl) ²	111.2	110.7	-0.4
Natural Gas (US\$/MMBTU) ³	3.5	3.4	-2.9
Uranium (US\$/lb) ⁴	52.3	41.8	-20.1
Bulk Commodities (US\$/tonne)			
Iron ore ⁵	147.0	119.0	-19.0
Coking coal ⁶	235.2	161.0	-31.5
Thermal coal ⁷	112.0	90.9	-18.8
Potash (US\$/st) ⁸	533.0	505.0	-5.3
Equity Indices			
HSBC Global Mining Index (US\$)	590.9	515.2	-12.8
HSBC Global Mining Index (£)	375.7	321.5	-14.4
MSCI World Energy Index (US\$)	242.0	237.4	-1.9
MSCI World Energy Index (£)	153.9	148.1	-3.8

1 West Texas Intermediate

2 Brent

3 Henry Hub

4 Nuexco Restricted USOB

5 CFR China (Bloomberg)

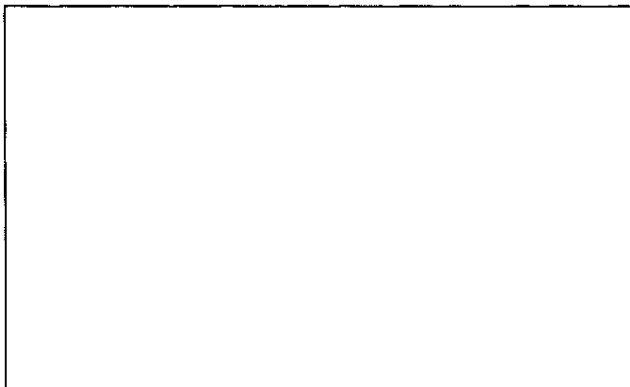
6 Spot HCC (Macquarie)

7 FOB Newcastle (Macquarie)

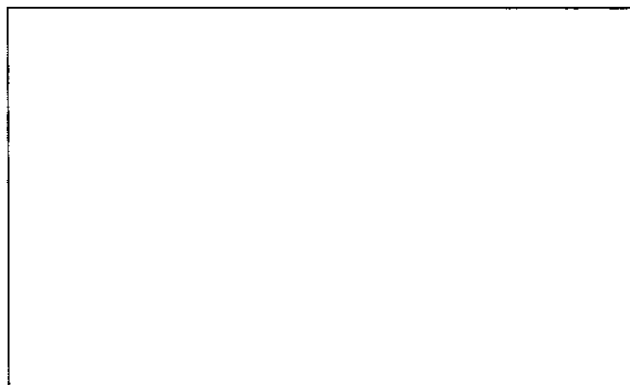
8 Standard Muna e Saskatchewan

Source: Datastream. All data are on a capital basis only.

Base metals, as measured by the MG Base Metal Price Index, gained 6.5% over the year, as shown in the following graph. One important development in the copper market has been the decline in London Metal Exchange inventories, which have fallen 35.1%. At 30 November 2012 inventories stood at a very low level of 251,000 tonnes, representing just 5 days of global demand. This has kept the market tight in the face of weaker demand and copper prices continue to trade at a significant premium to the marginal cost of production. Our preferred base metal is copper and at the financial year-end the Company had 10.2% of gross assets invested in copper shares. Our investments include Freeport McMoran Copper & Gold, Southern Copper and Antofagasta. Some of the diversified miners, such as Teck Resources, also produce copper. Elsewhere, aluminium and zinc remain in supply surplus with inventories at multi-year highs.

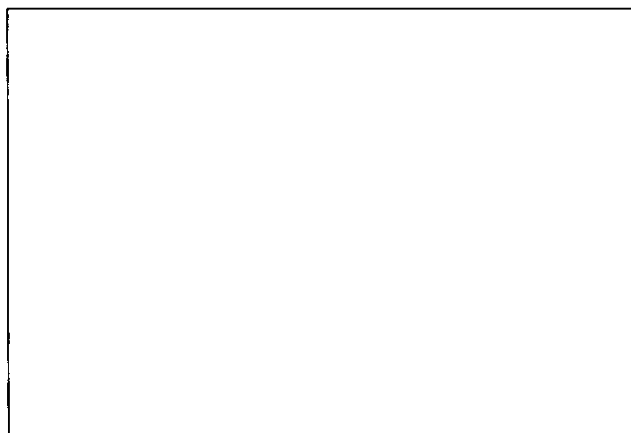


In the bulk commodity markets, iron ore prices closed the period down by 19.0% as illustrated in the graph below. Metallurgical coal – the other key steel making ingredient – has also been weaker. Both commodities have been impacted by destocking by the Chinese steel mills, as well as lower steel demand in Europe, India and the Middle East. In August, prices suffered a severe drop to US\$87/tonne (from a peak of around US\$200/tonne in early 2011), but quickly recovered as high cost Chinese production was curtailed. The Company's diversified miners, such as Rio Tinto and BHP Billiton have significant iron ore exposure. These producers operate quality iron ore production in Western Australia, much of which feeds the Chinese steel mills. These are low cost, high volume businesses and margins are protected by a steep cost curve, where the high cost Chinese producers are usually quick to shut-in production when prices drift back towards the US\$110-120/tonne range. Kumba Iron Ore, the South African producer, and Fortescue Metals, based in Western Australia, are the Company's only pure-play iron ore companies. On 30 November 2012 the Company had 2.6% of gross assets invested in these producers.



In the precious metals sector, gold prices have been surprisingly disappointing given all the concerns about the macro environment and a policy of monetary easing adopted by many central banks. While these factors have buoyed investment demand, jewellery demand from India – the world's top consumer – has fallen. This is partly due to the weakness in the Rupee which has made imports more expensive. Gold equities have been even more disappointing and have fallen to a significant discount relative to bullion prices. During the period under review, the FTSE Gold Mines Index fell 25.1% compared with a 1.6% decline in the bullion price. This equity index traded at the same level when gold prices were around US\$1,100/oz. Consequently, we have been adding to the portfolio's gold equity exposure on this weakness and the shares made up 6.3% of gross assets on 30 November 2012. Our gold equities include Kinross Gold, Eldorado Gold, IAMGOLD and Barrick Gold. To increase the Company's gold weighting further, put options were written in Yamana Gold and Barrick Gold. Freeport is also a significant producer of the yellow metal at its world class Grasberg copper-gold mine in Indonesia.

Elsewhere in the precious metals space, the Platinum Group Metal ("PGM") prices have performed better. South Africa is the biggest producer of PGMs and supply has been impacted by growing labour unrest in the country, which included the tragic death of 10 miners at Lonmin's Marikana mine in Rustenburg. It is estimated that around 340,000 ounces of platinum production has been lost, reducing global supply to 7.6 million ounces. Gains in platinum prices might have been higher were it not for the weakness in demand from the auto sector in Europe. We have one PGM stock in the portfolio – Impala Platinum. Our exposure to this stock reduced during the period in response to the ongoing social issues in South Africa.

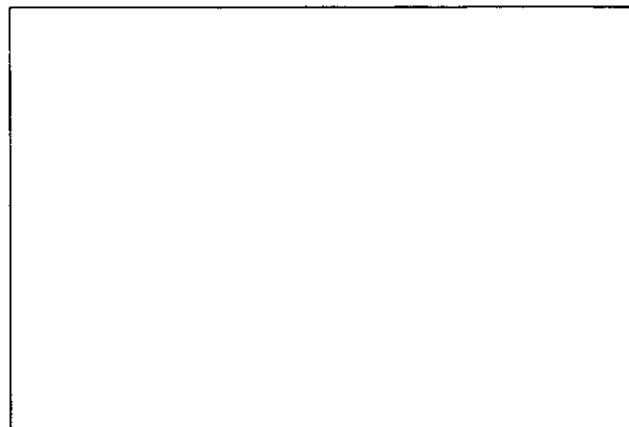


Investment Manager's Report continued

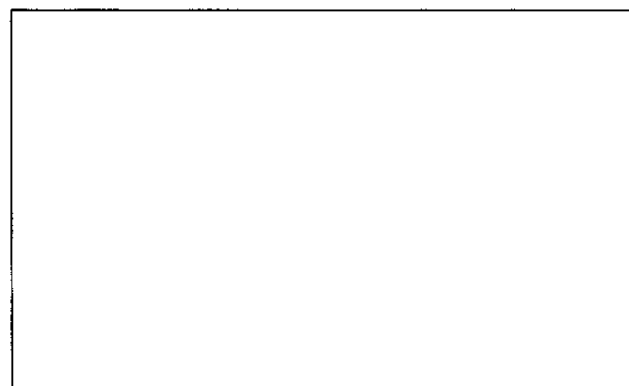
Oil prices moved higher early in 2012 as concerns about Iran's nuclear intentions generated a supply-disruption premium in the market. Elsewhere, supply-side risks in Syria, Sudan and Yemen were also supportive, along with low OPEC spare capacity. Prices were then negatively impacted by a combination of factors, including concerns about demand in Europe and Asia and rising supply from OPEC and North America. While demand for oil has fallen, tightness on the supply-side has kept prices buoyant, and volatile. Brent prices moved as high as US\$130/Bbl in March before falling back to US\$90/Bbl in June. Prices then recovered, in line with the industrial metals, to close the period at US\$111/Bbl. In October, Hurricane Sandy hit the eastern seaboard of the US, causing widespread destruction of property. The storm also had an impact on the oil refining industry, forcing the shut-down of approximately 8% of capacity.

Japan has been a significant source of incremental oil demand over the last eighteen months. After the Fukushima nuclear disaster in March 2011, Japan's entire nuclear industry was effectively shut-in and even now only two of its 54 reactors are in operation. Oil and natural gas fired power capacity has had to make up much of the power generation shortfall. The International Energy Agency is forecasting that Japan's oil demand will have grown by an additional 4.1% in 2012 compared to 2011 as a result. Japan approved a new energy bill during the period which formalised the country's intention to phase out nuclear power from the energy mix. Before Fukushima, nuclear power was responsible for 30% of the country's energy supply and the government now intends that renewable energy will eventually assume that same share. In the meantime, however, Japan will have to remain a key importer of oil and natural gas.

The spread between Brent and West Texas Intermediate ("WTI") has widened again and stood at US\$22/Bbl at 30 November 2012, as shown in the following graph. The relative weakness in WTI, the benchmark crude price in the US, reflects the fact that levels of storage at Cushing in Oklahoma, the point of delivery for the NYMEX contract, hit a 30 year high during October. This inventory build is primarily due to the sluggishness in the US economy and to the increase in oil production, in part from unconventional oil shales. Brent oil prices, which are more representative of global supply-demand dynamics, declined by just 0.4%, compared to an 11.9% fall in WTI during the period.



In the US gas prices fell to US\$1.82/MMBTU during the period, their lowest level since November 2001. Temperatures over the winter period in the US were unusually high, which dampened the demand for gas heating. These conditions extended well into the first quarter of 2012. March, for example, was 4.5 degrees warmer than the previous warmest March on record. Prices then rallied in a move driven in part by higher than expected coal to gas switching by the power utilities, which reduced the storage surplus. There has also been a cut-back in drilling activity in the US. At US\$2.5/MMBTU only 30% of the 9.1 billion cubic feet per day of new gas supply being drilled will yield a 10% rate of return on capital. By the end of the period under review, gas prices had recovered to US\$3.46/MMBTU, as shown in the following graph, still below the marginal cost of production.



One of the most important developments in commodity markets, which will have profound long term implications for global energy markets, is the US shale oil and gas boom. Reserves are vast and as a consequence of the favourable geology and well developed infrastructure, technological developments have already driven significant growth in US domestic oil and gas production. US oil production has risen by 1 million barrels per day in the space of just two years. Gas production has also risen and this is a key factor in depressing US gas prices. In Asia, gas prices are several times higher than those in the US, but there is no easy way to arbitrage this difference without huge investment in liquefying gas and transporting it to market. In its recent World Energy Outlook, the International Energy Agency estimates that North America could become the world's largest energy producer by around 2020 and a net exporter of oil by 2030. The Company has exposure to US shale through investments in Southwestern Energy and Ultra Petroleum. Other companies that have also gained exposure to US shale include Chevron, Total, Eni, BP and Statoil (all of which are held in the portfolio). BHP Billiton also made an acquisition in 2011.

At 30 November 2012, more than half of the portfolio's energy exposure, amounting to 31.4% of gross assets, was through investments in integrated oil companies, including Exxon, Chevron, Total and Eni. Our key exploration and production positions include Peyto E&D and Anadarko, while Schlumberger is the portfolio's main oil services company. We have also added KBR to the portfolio (using a put option writing strategy). The Company's positioning in the oil services sector reflects our belief that strong oil prices combined with high production decline rates from mature oil fields are encouraging an increase in capital expenditure, which translates into additional contracts for oil service companies. Further downstream, and therefore less leveraged to movements in oil prices, we have an investment in Enbridge, a distribution company.

In commodity equity markets, the major corporate news during the period under review was the merger between Glencore and Xstrata, the diversified mining (and trading) companies. In November 2012, investors voted in favour of the deal (without the management incentives). The deal is likely to close in early 2013 once all regulatory approvals are in place. While investors have generally held a cautious view of mining equities, it is interesting to note that the same has not always been true of debt investors. For the major companies, low cost debt is readily available. In September, BHP Billiton priced €1.25 billion due 2020 at 2.25% and €750 million due 2027 at 3.25%. These rates of interest are less than the equity dividend yield of the company.

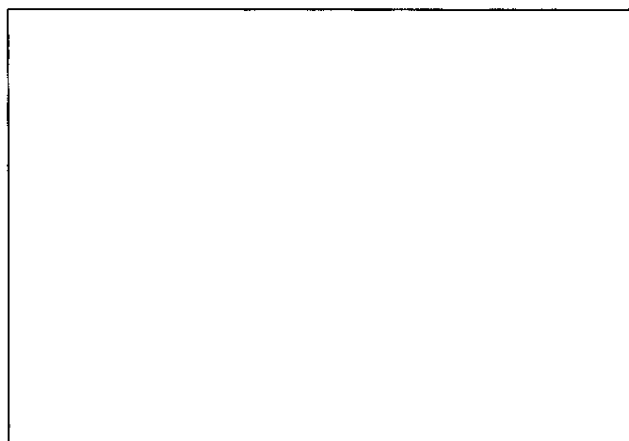
One positive feature of the mining equities has been a greater focus on capital discipline and shareholder returns. For example, BHP Billiton has postponed the Outer Harbour project and Olympic Dam expansion and cancelled the Peak Downs coking coal expansion. Meanwhile, dividend increases have continued, despite it being an unremarkable year for commodity prices. Amongst the diversified miners, BHP (+10.9%), Rio Tinto (+43.5%) and Teck Resources

(+21.4%) all raised their dividend payments. Teck has already announced a 12.5% dividend increase for 2013.

During October, in the energy sector, Rosneft announced its intention to buy TNK-BP from BP and AAR (a consortium of Russian tycoons) in a US\$55 billion deal. BP is set to receive US\$12 billion in cash and an 18.5% stake in Rosneft in exchange for its holding in TNK-BP. This transaction seemingly ends what has been a tumultuous relationship for BP and, as well as receiving a meaningful cash payment, allows them to retain an interest in the exploration of the potentially oil rich Arctic region. Meanwhile, BG Group, a European energy company with a focus on natural gas and liquefied natural gas, announced that it expected no output growth in 2013 due to project delays and a scaling back of activities in US shale gas (where pricing has made some activities uneconomic). The market took this announcement negatively and at one point the stock was down close to 20% on the day. We took advantage of the sell-off to make the Company's first investment in BG Group.

Elsewhere, the Company's exposure to some of the fertilizer producers has helped our performance during the period. Following the drought conditions in the US, grain prices rose strongly and this benefited Agrium, a large producer and distributor of fertilizer in North America. Following the stock's strong performance, the Investment Manager wrote call options against the position. At 30 November 2012, the Company had 1.2% of gross assets invested in the fertilizer sector.

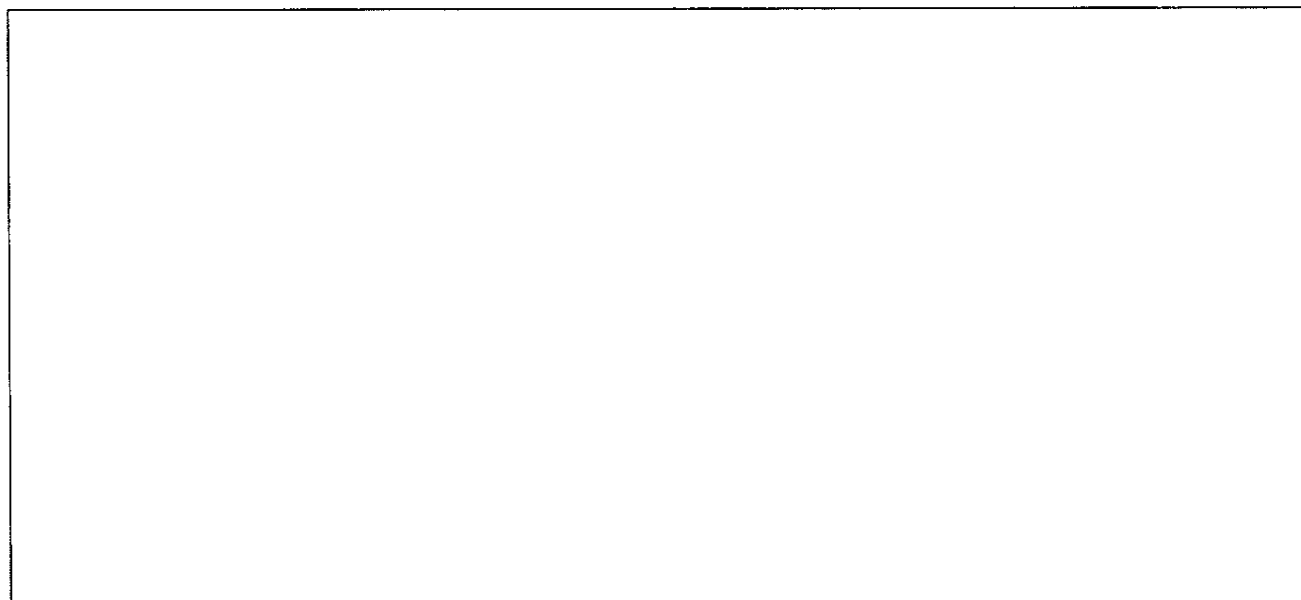
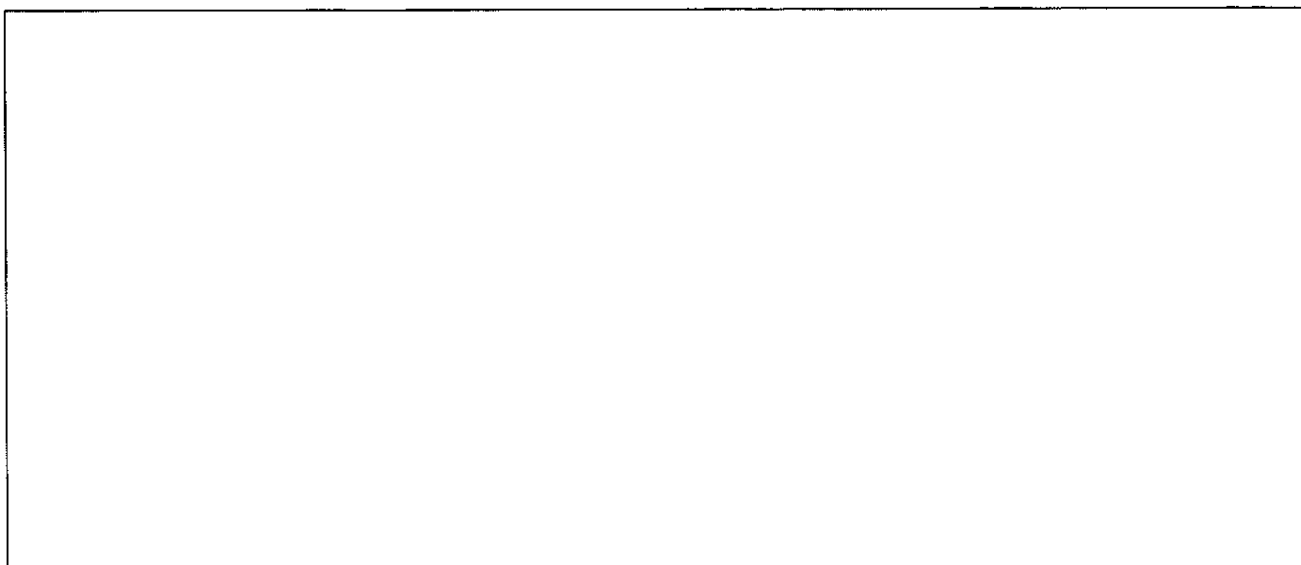
Energy equities outperformed mining shares during the period under review, as shown in the following graph. This, in the Investment Manager's view, partly reflects the better performance of Brent oil relative to the bulk commodities, which are significant revenue contributors for some of the large diversified mining companies such as Vale and Rio Tinto. The poor performance of the gold equities was also a factor. During the period the portfolio had a higher weighting in the energy sector relative to the mining sector, as shown in the asset allocation pie chart on page 10. This helped the Company's performance relative to the composite benchmark.



Investment Manager's Report continued

Portfolio review

At 30 November 2012, the Company held 54 investments within the energy and mining sectors. The Company's overweight position in energy reflects the Investment Manager's view that energy shares are (marginally) better value and higher yielding than mining equities. A full breakdown of the Company's geographic and commodity allocation can be seen in the following graphs below.



The Group generated £5.6 million of net revenue during the year. Dividend and coupon payments from investee companies amounted to £4.7 million, or 71.2% of total revenue. This net revenue exceeded the Company's dividend target of 5.75 pence per share. Consequently, the fourth quarter dividend was raised bringing the total dividend to 5.90 pence per share. Group revenue reserves increased to £3.3 million. A full analysis of income and expenses is contained in the notes to the financial statements on pages 39 to 55.

Outlook

While there are signs that the global economy is stabilising, uncertainties are likely to persist in the short-term as the market remains focussed on macro-economic issues such as the Eurozone debt crisis. In this environment, investors have treated the commodity equities with some caution, especially the mining shares. Consequently, they continue to trade at attractive valuations, both in absolute terms and relative to their long term averages. The Company's investments are in good health operationally and balance sheets are stronger than they have been for many years. Consequently, the equities are well positioned to return more cash to shareholders by way of dividend payments.

Longer term, we remain optimistic about the prospects for commodity markets. In the mining sector, urbanisation and industrialisation in China will continue to be key drivers of demand growth for commodities. In the energy sector, demand is also expected to grow, with China, India and the Middle East accounting for a significant component of the increase. One of the key long term issues facing commodity markets will be supply. We believe that supply growth, for some commodities will remain constrained due to several factors including a lack of exploration success, permitting and financing challenges, and rising capital and operating costs. This will maintain upwards pressure of commodity prices, which will benefit the Company's investments.

Richard Davis
18 January 2013

Ten Largest Investments

30 November 2012

ExxonMobil – 6.2% (2011 5.0%, www.exxonmobil.com) is the world's largest publicly traded international oil and gas company and the largest refiner and marketer of petroleum products

Chevron – 5.7% (2011 3.2%, www.chevron.com) is one of the world's leading integrated energy companies engaged in every aspect of the oil, gas and power generation industries. Chevron is one of the world's "supermajor" oil companies, along with BP, Exxon, Shell and Total

BHP Billiton – 5.2% (2011 4.0%, www.bhpbilliton.com) is the world's largest diversified natural resources company. The company is a major producer of aluminium, iron ore, copper, thermal and metallurgical coal, manganese, uranium, nickel, silver, titanium minerals and diamonds. The company also has significant interests in oil, gas and liquefied natural gas

Rio Tinto – 4.6% (2011 4.1%, www.riotinto.com) is one of the world's leading mining companies. The company produces aluminium, copper, diamonds, gold, industrial minerals, iron ore and energy products

Peyto Exploration & Development – 3.8% (2011 3.8%, www.peyto.com) is an explorer and producer of unconventional natural gas. The company's wells, gas plants and pipelines are situated in the foothills of the Rockies in Alberta

Freeport McMoRan Copper & Gold – 3.5% (2011 1.9%, www.fcx.com) is the world's largest publicly traded copper company. The company is also the world's largest producer of molybdenum and a significant gold producer. The company's key asset is the Grasberg mine in Indonesia, which is the world's largest copper and gold mine in terms of recoverable reserves

Total – 3.5% (2011 3.8%, www.total.com) based in France, Total is one of the world's largest international oil and gas companies with operations covering the entire energy chain, from oil exploration and production to trading, shipping and refining and marketing of petroleum products

Southern Copper – 3.1% (2011 1.1%, www.southernperul.com) with operations in Mexico and Peru, Southern Copper is a major producer of copper, molybdenum, silver and zinc. Around 80% of Southern Copper is owned by Mexican mining conglomerate Grupo Mexico

Eni – 3.1% (2011 2.1%, www.eni.com) based in Italy, Eni is a major integrated energy company with activities in exploration and production, refining and marketing as well as power generation. Eni is also the leading player in the European gas market. In the oil services sector, Eni owns a major stake in Saipem, a leading turnkey contractor in the oil and gas industry

Anadarko Petroleum – 3.0% (2011 3.0%, www.anadarko.com) is one of the largest independent oil and gas exploration and production companies in the world. The company is a leading deepwater producer in the Gulf of Mexico and has production in Alaska, Algeria and Ghana. Anadarko owns key positions in US onshore shales and has exploration activities in West Africa, Mozambique, Kenya, South Africa, New Zealand and China

All percentages reflect the value of the holding as a percentage of total investments. For this purpose where more than one class of securities is held these have been aggregated

Investments

as at 30 November 2012

	Main geographic exposure	Market value £ 000	% of investments
Integrated Oil			
ExxonMobil	Global	7,143	6.2
Chevron	Global	6,590	5.7
Total	Global	3,997	3.5
Eni	Europe	3,541	3.1
BP	Global	3,345	2.9
Occidental Petroleum	USA	2,815	2.4
Royal Dutch Shell	Global	2,693	2.3
Statoil	Europe	2,668	2.3
ConocoPhillips	USA	1,953	1.7
Hess	USA	1,145	1.0
BG	Global	428	0.4
Hess call option 19/01/13	USA	(44)	-
		36,274	31.5
Diversified Mining			
BHP Billiton	Global	5,945	5.2
Rio Tinto	Global	4,669	4.0
Teck Resources	Canada	2,941	2.5
Vale	Latin America	2,832	2.5
Xstrata	Global	1,365	1.2
Rio Tinto Finance 8.95% 01/05/14*	Global	695	0.6
Vedanta Resources	Asia	493	0.4
Glencore	Global	225	0.2
Teck Resources put option 19/01/13	Canada	(40)	-
		19,125	16.6
Energy Exploration & Production			
Peyto Exploration & Development	Canada	4,431	3.8
Anadarko Petroleum	USA	3,495	3.0
Vermilion Energy	Canada	2,210	1.9
Crescent Point Energy Trust Units	Canada	2,207	1.9
Noble Energy	USA	1,280	1.1
Range Resources	USA	1,198	1.1
Southwestern Energy	USA	1,191	1.0
Ultra Petroleum	USA	624	0.6
Peyto Exploration & Development call option 19/01/13	Canada	(49)	-
Devon Energy put option 19/01/13	USA	(59)	(0.1)
		16,528	14.3
Copper			
Freeport McMoRan Copper & Gold	Asia	4,013	3.5
Southern Copper	Latin America	3,643	3.1
Antofagasta	Latin America	2,846	2.5
South Peru Copper	Latin America	676	0.6
Turquoise Hill	Asia	599	0.5
Southern Copper call option 19/01/13	Latin America	(28)	-
		11,749	10.2

Investments continued

as at 30 November 2012

	Main geographic exposure	Market value £'000	% of investments
Gold			
Kinross	Canada	2,802	2.5
Eldorado Gold	Asia	2,073	1.8
IAMGOLD	Africa	1,399	1.2
Barrick Gold	Canada	1,077	1.0
Yamana Gold put option 19/01/13	Latin America	(69)	(0.1)
Barrick Gold put option 19/01/13	Canada	(82)	(0.1)
		7,200	6.3
Oil Services			
Schlumberger	USA	2,793	2.4
KBR	USA	1,301	1.1
Baker Hughes	USA	1,212	1.1
		5,306	4.6
Oil Sands			
Suncor Energy	Canada	2,136	1.9
Canadian Oil Sands	Canada	1,266	1.1
Cenovus Energy	Canada	1,165	1.0
Suncor Energy call option 19/01/13	Canada	(26)	-
		4,541	4.0
Iron Ore			
Kumba Iron Ore	Africa	2,178	1.9
Fortescue Metals	Australia	861	0.7
		3,039	2.6
Aluminium			
Alcoa	USA	1,515	1.3
Alumina	Australia	888	0.8
		2,403	2.1
Distribution			
Enbridge Income Fund Trust	Canada	2,185	1.9
		2,185	1.9
Coal			
China Shenhua Energy	China	1,819	1.6
		1,819	1.6
Fertilizers			
Potash Corporation of Saskatchewan	Canada	1,021	0.9
Mosaic	USA	337	0.3
		1,358	1.2
Tin			
Minsur	Latin America	1,261	1.1
		1,261	1.1
Nickel			
Vale Indonesia	Asia	810	0.7
		810	0.7

	Main geographic exposure	Market value £'000	% of investments
Platinum			
Impala Platinum	Africa	809	0.7
		809	0.7
Zinc			
Nyrstar	Europe	711	0.6
		711	0.6
Portfolio		115,118	100.0
* Fixed interest security			

All investments are in ordinary shares unless otherwise stated

The total number of holdings as at 30 November 2012 was 54 (30 November 2011: 57)

The total number of open options as at 30 November 2012 was 8 (30 November 2011: 3)

The negative valuations of £397,000 in respect of options held represent the notional cost of repurchasing the contracts at market prices as at 30 November 2012

Directors

Alan Hodson* (appointed 4 November 2005)
(Chairman)

joined SG Warburg (subsequently UBS) in 1984, rising to Global Head of Equities, a member of the Executive Committee of UBS Investment Bank and of the UBS AG Group Managing Board until his retirement in June 2005. He is Chairman of Triodos New Horizons Limited and of the Board of Special Trustees of Great Ormond Street Hospital Children's Charity and a non-executive director of JPMorgan Elect Plc

Humphrey van der Klugt* (appointed 4 November 2005) was previously a director of Schroder Investment Management Limited. In a 22 year career until his retirement in 2004, he was a member of the Group Investment and Asset Allocation Committees. Prior to joining Schroders, Mr van der Klugt qualified as a chartered accountant with KPMG. He is a non-executive director of JPMorgan Claverhouse Investment Trust Plc, and Murray Income Trust plc. He is also Chairman of Fidelity European Values PLC. Mr van der Klugt is Chairman of the Company's Audit & Management Engagement Committee.

Michael Merton* (appointed 13 July 2010)

was previously Head of Global Business Services at Rio Tinto and a member of its Executive Committee. Mr Merton has considerable experience in the commodities sector. He is a non-executive director of Cape plc, a director and trustee of The HALO Trust and the Rio Tinto Pension Fund, and Chairman of the J Sainsbury Pension Scheme and its investment committee.

Jonathan Ruck Keene (appointed 13 March 2009)

is a managing director of BlackRock Investment Management (UK) Limited with over 30 years' experience in the financial sector. He joined the BlackRock group in 1986 through one of its predecessor companies, Mercury Asset Management, where he was a portfolio manager until 1997. Following senior management roles in communications and marketing, he was appointed as head of Investment Trusts in 2004 and became Chairman of BlackRock's Specialist Client Group in 2012. He is also a director of The Great Turk Fund and BlackRock Hedge Selector Ltd.

* Member of the Audit and Management Engagement Committee
All of the Directors are non-executive and, with the exception of Mr Ruck Keene, are independent of the Investment Manager.

Directors' Report

The Directors present the annual report and financial statements of the Company and its subsidiary (together the "Group") for the year ended 30 November 2012

Business Review

Principal activity

The Company carries on business as an investment trust. Its principal activity is portfolio investment.

The Company's wholly owned subsidiary is BlackRock Commodities Securities Income Company Limited. Its principal activities are option writing and investment dealing.

Status of the Company

In the opinion of the Directors, the Company has conducted its affairs during the year under review, and subsequently, so as to qualify as an investment trust for the purposes of Chapter 4 of Part 24 of the Corporation Tax Act 2010. It is the Company's intention to seek approval under Chapter 4 of Part 24 of the Corporation Tax Act 2010 in respect of the year ended 30 November 2012. The Company has been treated as approved as an investment trust by HM Revenue & Customs for the year ended 30 November 2011. The Company has also received approval from HMRC on the basis of the application made under Regulation 5 of the Investment Trust (Approved Company) (Tax) Regulations 2011 for investment trust status for accounting periods starting on or after 1 December 2012. This is subject to the Company continuing to meet the eligibility conditions in section 1158 of the Corporation Tax Act 2010 and the ongoing requirements for approved companies in chapter 3 of Part 2 Investment Trust (Approved Company) (Tax) Regulations 2011.

The Company is registered as an investment company as defined in section 833 of the Companies Act 2006 and operates as such.

The Company is not a close company within the meaning of the provisions of the Corporation Tax Act 2010 and has no employees.

The Company's shares are eligible for inclusion in the stocks and shares component of an Individual Savings Account.

Objective and Investment policy

The objectives of the Company are to achieve an annual dividend target and, over the long term, capital growth by investing primarily in securities of companies operating in the mining and energy sectors.

The Company seeks to achieve these objectives through a focused portfolio, consisting of approximately thirty to one hundred and fifty securities.

There are no restrictions on investment in terms of geography or sub-sector and, in addition to equities, other types of securities, such as convertible bonds and debt issued primarily by mining or energy companies, may be acquired. Although most securities will be quoted, listed or traded on an investment exchange, up to 10% of the gross assets of the Company and its subsidiary ("the Group"), at the time of investment, may be invested in unquoted securities.

Investment in securities may be either direct or through other funds, including other funds managed by BlackRock Investment Management (UK) Limited ("BlackRock") or its associates, with up to 15% of the portfolio being invested in other listed investment companies, including listed investment trusts.

Up to 10% of the gross assets of the Group, at the time of investment, may be invested in physical assets, such as gold.

No more than 15% of the gross assets of the Group will be invested in any one company as at the date any such investment is made and the portfolio will not own more than 15% of the issued shares of any one company, other than the Company's subsidiary.

The Company may deal in derivatives, including options and futures, up to a maximum of 30% of the Group's assets for the purposes of efficient portfolio management and to enhance portfolio returns. In addition, the Company is also permitted to enter into stock lending arrangements up to a maximum of 33⅓% of the total asset value of the portfolio.

The Company may from time to time, use borrowings to gear its investment policy or in order to fund the market purchase of its own ordinary shares. This gearing typically is in the form of an overdraft or short term facility, which can be repaid at any time. Under the Company's Articles of Association, the Board is obliged to restrict the borrowings of the Company to an aggregate amount equal to 40% of the value of the gross assets of the Group. However, borrowings are not anticipated to exceed 20% of the Company's gross assets at the time of drawdown of the relevant borrowings.

Directors' Report continued

The Company's accounts are maintained in sterling. Although many investments are denominated and quoted in currencies other than sterling, the Company does not intend to employ a hedging policy against fluctuations in exchange rates, but may do so in the future if circumstances warrant implementing such a policy.

No material change will be made to the investment policy without the approval of shareholders by ordinary resolution.

Portfolio analysis

A detailed analysis of the portfolio has been provided on pages 13 to 15.

Performance

In the year to 30 November 2012, the Company's NAV per share returned -5.2% and the share price returned 0.8% (both percentages calculated in sterling terms with income reinvested).

The Investment Manager's report on pages 6 to 11 includes a review of the main developments during the year, together with information on investment activity within the Company's portfolio.

Results and dividends

The results for the Group are set out in the Consolidated Statement of Comprehensive Income on page 35. The total loss for the year, after taxation, was £6,261,000 (2011: loss of £2,100,000) of which the revenue return amounted to £5,570,000 (2011: £5,321,000), and the capital loss £11,831,000 (2011: loss of £7,421,000).

The Company pays dividends quarterly and for the year ended 30 November 2012 the Company's target was to pay dividends amounting to at least 5.75 pence in total (2011: target of 5.60 pence). The first three quarters' dividends of 1.4375 pence per share were paid on 18 April 2012, 27 July 2012 and 25 October 2012. A fourth quarterly dividend of 1.5875 pence per share will be paid on 24 January 2013 to shareholders on the register of members at the close of business on 23 December 2012. This makes a total of 5.90 pence per share which exceeds the target for the year of 5.75 pence per share. It is the Company's aim to pay dividends amounting to at least 5.90 pence per share for the year ending 30 November 2013. This represents a yield of 4.8% based on the share price as at the close of business on 30 November 2012.

Key performance indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The key performance indicators ("KPIs") used to measure the progress and performance of the Company over time and which are comparable to those reported by other investment trusts are set out below.

	Year ended 30 November 2012	Year ended 30 November 2011
Net asset value movement ¹	-5.2%	-2.0%
Share price movement ²	+0.8%	-7.1%
Premium/(discount) to NAV	3.6%	(2.5%)
Revenue return per share	6.1p	5.9p
Ongoing charges ³	1.3%	1.3%
Ongoing charges plus taxation	1.7%	1.6%

¹ Calculated in accordance with Association of Investment Companies ("AIC") guidelines.

² Calculated on a mid to mid basis with income reinvested.

³ Calculated as a percentage of average shareholders' funds and using expenses excluding finance costs and taxation.

The Board monitors the above KPIs at each meeting. Additionally, it regularly reviews a number of indices and ratios in order to understand the impact on the Company's relative performance of the various components such as asset allocation and stock selection. The Board also assesses the Company's performance against its peer group of investment trusts with similar investment objectives.

The Directors recognise that it is in the long term interests of shareholders that shares do not trade at a significant discount or premium to their prevailing NAV. The Board continues to believe this may be achieved through the use of share issues and the sale of shares from treasury, regular tender offers and the use of share buy back powers. In the year to 30 November 2012, the Company's shares traded in the range of a discount of 4.3% and a premium of 5.6% with the average being a premium of 1.0%.

To enable the Board to take action to deal with any overhang or shortage of stock on the market, it seeks approval from shareholders each year to buy back and issue shares. The Board is mindful of the level of any discount to NAV and will act when it feels that it is in the interests of shareholders to do so.

Principal risks

The key risks faced by the Company are set out below. The Board regularly reviews and agrees policies for managing each risk, as summarised below.

- ▶ **Performance risk** – The Board is responsible for deciding the investment strategy to fulfil the Company's objectives and monitoring the performance of the Investment Manager. An inappropriate strategy may lead to poor performance. To manage this risk the Investment Manager provides an explanation of significant stock selection decisions and the rationale for the composition of the investment portfolio. The Board monitors and maintains an adequate spread of investments in order to minimise the risks associated with particular countries (including the risk of government intervention and confiscation of assets) or factors specific to particular sectors, based on the diversification requirements inherent in the Company's investment policy.
- ▶ **Income/dividend risk** – The amount of dividends and future dividend growth will depend on the Company's underlying portfolio. Any change in the tax treatment of the dividends or interest received by the Company (including as a result of withholding taxes or exchange controls imposed by jurisdictions in which the Company invests) may reduce the level of dividends received by shareholders. The Board monitors this risk through the receipt of detailed income forecasts and considers the level of income at each meeting.
- ▶ **Regulatory risk** – The Company operates as an investment trust in accordance with the requirements of Chapter 4 of Part 24 of the Corporation Tax Act 2010. As such, the Company is exempt from capital gains tax on the profits realised from the sale of its investments. The Investment Manager monitors investment movements, the level and type of forecast income and expenditure and the amount of quarterly dividends to ensure that the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 are not breached and the results are reported to the Board at each meeting.

The Company must also comply with the provisions of the Companies Act 2006 and, as its shares are admitted to the Official List, the UKLA Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules. A breach of the Companies Act 2006 could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules could result in the Company's shares being suspended from listing, which in turn would breach the requirements of Chapter 4 of Part 24 of the Corporation Tax Act 2010. The Board relies on the services of its professional advisers and its Company Secretary to ensure compliance with all relevant regulations. The Company Secretary has stringent compliance procedures in place and monitors regulatory developments and changes.

- ▶ **Operational risk** – In common with most other investment trust companies, the Company has no employees. The Company therefore relies upon the services provided by third parties and is dependent on the control systems of the Investment Manager and the Company's other service providers. The security, for example, of the Company's assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements, depend on the effective operation of these systems. These are regularly tested and monitored and an internal control report, which includes an assessment of risks together with procedures to mitigate such risks, is prepared by the Investment Manager and reviewed by the Audit and Management Engagement Committee at least twice a year. The custodian, Bank of New York Mellon (International) Limited ("BNYM") and the Investment Manager also produce internal controls reports on a quarterly and annual basis respectively, which are reviewed by their respective auditors and give assurance regarding the effective operation of controls.
- ▶ **Market risk** – Market risk arises from volatility in the prices of the Company's investments. It represents the potential loss the Company might suffer through holding investments in the face of negative market movements. The Board considers asset allocation, stock selection, unquoted investments and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager. The Board monitors the implementation and results of the investment process with the Investment Manager.
- ▶ **Liquidity risk** – Investments in the Company's portfolio are subject to liquidity risk, particularly from any unquoted investments. The Company may also invest in smaller capitalisation companies or the securities markets of developing countries which are not as large as the more established securities markets and have substantially less trading volume, which may result in a lack of liquidity and higher price volatility.
- ▶ **Financial risk** – The Company's investment activities expose it to a variety of financial risks that include market price risk, foreign currency risk and interest rate risk. These factors are taken into consideration by the Directors when determining the valuation of unquoted holdings. Further details are disclosed in note 19, together with a summary of the policies for managing these risks and liquidity and credit risks.
- ▶ **Sector risk** – Changes in general economic and market conditions in the different countries in which the business in which the Company may invest operate, such as interest rates, exchange rates, rates of inflation, industry conditions, competition, political events and trends, tax laws, national and international conflicts, economic sanctions and other factors can substantially and adversely affect the securities and, as a consequence the Company's prospects and share price.

Directors' Report continued

- ▶ Third party risk – The Company has no employees and the Directors have all been appointed on a non executive basis. The Company must therefore rely upon the performance of third party service providers to perform its executive functions. In particular, the Investment Manager, the Administrator, the Registrar, the Custodian and their respective delegates, if any, will perform services that are integral to the Company's operations and financial performance. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment, to exercise due care and skill, or to perform its obligations to the Company at all as a result of insolvency, bankruptcy or other causes could have a material adverse effect on the Company's performance and returns to holders of Ordinary Shares. The termination of the Company's relationship with any third party service provider or any delay in appointing a replacement for such service provider, could materially disrupt the business of the Company and could have a material adverse effect on the Company's performance and returns to holders of Ordinary Shares.

Social and community issues

As an investment trust, the Company has no direct social or community responsibilities. However, the Company believes that it is in shareholders' interests to consider environmental, social and governance factors when selecting and retaining investments. Details of the Company's policy on socially responsible investments are set out on page 30.

Future prospects

The Board's main focus is the achievement of an annual dividend target together with the generation of long term capital growth. The future performance of the Company is dependent upon the success of the investment strategy and, to a large extent, on the performance of financial markets. The outlook for the Company is discussed in the Investment Manager's Report on page 11.

Investment management and administration

BlackRock provides management services to the Company under a contract dated 21 November 2005 which is terminable upon six months' notice by either party. BlackRock also acted as the Secretary and administrator of the Company throughout the year.

BlackRock receives an annual management fee of 1.1% of gross assets. The value of any investment in BlackRock managed funds (with the exception of BlackRock's Institutional Cash Fund, for which the Investment Manager receives no fee), is excluded when calculating the management fee.

No penalty on termination of the investment management contract will be payable by the Company in the event that six months' written notice is given to BlackRock. There are no provisions in the management agreement relating to payment of fees in lieu of notice.

BlackRock is a subsidiary of BlackRock, Inc. which is a publicly traded corporation on the New York Stock Exchange operating as an independent firm. The PNC Financial Services Group, Inc. has a significant economic interest in BlackRock, Inc. PNC Financial Services Group, Inc. is a US public company.

BNYM is the custodian of the Company's assets. BNYM receives a fee payable at rates dependent on the number of trades effected and the location of securities held. The custodian agreement is subject to 30 days' notice of termination by either party.

Appointment of the Investment Manager

The Board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis and a formal review is conducted annually. As part of this review the Board considers the quality and continuity of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date.

The Board has concluded that it is in the interests of shareholders as a whole that BlackRock should continue as Investment Manager of the Company on the terms set out in the management agreement dated 21 November 2005. Furthermore, the specialist nature of the Company's investment remit is, in the Board's view, best served by the Natural Resources team at BlackRock, which has a proven track record in successfully investing in the commodities sector.

The principal contents of the agreement with the Investment Manager have been set out in the previous section. Having considered the terms of this agreement, and those of other investment trust companies, the Board considers that the terms of the agreement represent an appropriate balance between cost and incentivisation of the Investment Manager.

Change of control

There are no agreements which the Company is party to that might be affected by a change of control of the Company.

Voting policy

The exercise of voting rights attached to shares in the Company's portfolio has been delegated to the Investment Manager, whose voting policy states:

- ▶ we intend to vote at all shareholder meetings of companies in which our clients are invested. In cases where there are significant obstacles to voting such as share-blocking or requirements for a power of attorney we will review the resolutions to assess the extent of the restrictions on voting against the potential benefits,

- ▶ we will vote in favour of proposals which we expect to enhance shareholder value, and on routine issues where we are supportive of a company's management,
- ▶ we will vote against proposals which we believe may damage shareholders' rights or economic interests, and
- ▶ we will abstain on proposals where we wish to indicate to the company issues over which we have some concerns

In all situations the economic interests of our clients will be paramount

Further details of the Investment Manager's Proxy Voting and Engagement Principles may be found at www2.blackrock.com/global/home/aboutus/proxyvoting

During the period under review, the Investment Manager voted on 705 proposals at 57 general meetings on behalf of the Company. At these meetings the Investment Manager voted in favour of most resolutions, as should be expected when investing in well run companies, but voted against 17 management resolutions and abstained from 11. Most of the votes against were in respect of resolutions to approve the remuneration report where the remuneration committee had demonstrated poor use of discretion, poorly structured severance packages, or to re-elect directors with a poor attendance record.

Going concern

The financial statements of the Company and the Group have been prepared on a going concern basis. The Directors believe that this is the appropriate basis as forecast projections and actual performance are reviewed on a regular basis throughout the year and the Group has adequate resources to continue in operational existence for the foreseeable future and is financially sound. The Group is able to meet all of its liabilities from its assets and the ongoing charges are approximately 1.3% of the net assets.

Directors

The Directors of the Company on 30 November 2012 are set out in the table below together with their interests in the ordinary shares of the Company. All of the Directors, with the exception of Mr Gibbs, who retired as a Director of the Company on 13 March 2012, held office throughout the year under review.

	30 November 2012	30 November 2011
A C Hodson	150,000	150,000
D A S Gibbs	n/a	22,454
M R Merton	-	-
J G Ruck Keene	14,000	14,000
H van der Klugt	35,000	35,000

All of the holdings of the Directors and their families are beneficial. No changes to these holdings had been notified up to the date of this report.

In accordance with the Company's Articles of Association, one-third of the Directors will retire from office and offer themselves for re-election. In addition, any Director who was a Director at the preceding two AGMs and who has not retired in the interim, will offer himself for re-election so that each Director is re-elected every three years. At the AGM in 2013, in accordance with the provisions of the Articles of Association, Mr van der Klugt will retire by rotation. In accordance with the UK Listing Authority's Listing Rules, as an employee of the Investment Manager, Mr Ruck Keene is subject to annual re-election. Mr van der Klugt and Mr Ruck Keene will accordingly offer themselves for re-election at the forthcoming AGM. As a managing director of the Company's Investment Manager, Mr Ruck Keene is deemed to be interested in the Company's management agreement.

There were no other contracts subsisting during or at the end of the year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business. None of the Directors is entitled to compensation for loss of office on the takeover of the Company.

Biographies of the Directors are detailed on page 16.

Directors' Indemnity

In addition to Directors' and Officers' liability insurance cover, the Company's Articles of Association provide, subject to the provisions of applicable UK legislation, an indemnity for Directors in respect of costs incurred in the defence of any proceedings brought against them by third parties arising out of their positions as Directors, in which they are acquitted or judgment is given in their favour. The Company has entered into Deeds of Indemnity with each of the Directors individually which are available for inspection at the Company's registered office and will be available at the AGM.

Conflicts of Interest

The Board has put in place a framework in order for the Directors to report conflicts of interest, or potential conflicts of interest which it considers has worked effectively during the year.

All of the Directors have notified the Company Secretary of any situations where they consider that they have a direct or indirect interest, or duty that conflicts, or possibly conflicts, with the interests of the Company. All such situations are reviewed by the Board and duly authorised. Directors are also made aware that there remains a continuing obligation to notify the Company Secretary of any new situation that may arise, or any change to a situation previously notified. The Board reviews all notified situations at each Board meeting.

Directors' Report continued

Articles of Association

Any amendments to the Company's Articles of Association must be made by special resolution

Directors' Remuneration Report

The Directors' Remuneration Report is set out on pages 25 and 26. An ordinary resolution to approve this report will be put to members at the forthcoming AGM. No person's entitlement to remuneration is conditional upon the resolution being approved.

Substantial share interests

As at 30 November 2012, the Company had received notification in accordance with the FSA's Disclosure and Transparency Rule 5.1.2 R of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital

	Number of Ordinary Shares*	% of issued share capital
Investec Wealth & Investment Management Limited	10,266,327	10.9
Henderson Global Investors Limited	4,760,654	5.1
Rathbone Brothers Plc	4,637,208	4.9
Charles Stanley	4,485,114	4.8

as at the latest date of notification

The Board is also aware that 2.2% of the Company's share capital was held through the BlackRock Investment Trusts Savings Plan and ISA as at 30 November 2012.

As at 15 January 2013, the Company had received notification in accordance with the FSA's Disclosure and Transparency Rule 5.1.2 R of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital

	Number of Ordinary Shares*	% of issued share capital
Investec Wealth & Investment Management Limited	10,266,327	10.9
Henderson Global Investors Limited	4,760,654	5.1
Rathbone Brothers Plc	4,637,208	4.9
Charles Stanley	4,485,114	4.8

as at the latest date of notification

The Board is aware that 2.2% of the Company's share capital was held through the BlackRock Investment Trusts Savings Plan and ISA as at 15 January 2013.

No other shareholder had notified an interest of 3% or more in the Company's shares up to 15 January 2012.

Foreign exchange

At the financial year end, approximately 81.2% of the Company's portfolio was invested in non-Sterling assets, with 18.0% invested in the US. The Investment Manager does not actively hedge currency exposure.

Derivative transactions

During the year the Group entered into a number of derivative option contracts generating option premium income of £1,894,000 (2011: £1,822,000). Eight contracts remained open at 30 November 2012, details of which are given in the investment listing on pages 13 to 15. All open call options were fully covered.

Donations

The Company made no political or charitable donations during the year.

Payment of suppliers

It is the policy of the Group to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. Suppliers of goods and services are generally paid within 30 days of the date of any invoice. At 30 November 2012 the Company had no trade creditors.

Share capital

Full details of the Company's issued share capital and voting rights are given in note 14 on page 47. Details of the voting rights in the Company's shares as at the date of this report are also given in note 16 to the Notice of Annual General Meeting on page 64. The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. There are no restrictions on the voting rights or on the transfer of the ordinary shares. There are no shares which carry specific rights with regard to the control of the Company.

The Directors consider that it is in the interests of shareholders as a whole that the price of the ordinary shares reflects, as closely as possible, the NAV per share. The Directors will consider the issue at a premium or repurchase at a discount of ordinary shares to correct any supply/demand imbalance in the market. Any such issues or repurchases will enhance the net asset value for continuing shareholders.

During the year the Company issued shares on eleven separate occasions and 3,750,000 ordinary shares in total were issued at an average price of 125.22 pence per share for a total consideration of £4,696,000 before the deduction of issue costs. Details of the allottees are set out in the following table.

Allottee	Number of issues	Shares issued	Price range (pence)	Total consideration £ 000	Average premium %
JP Morgan Cazenove	9	3 300 000	112.57 to 134.27	4,194	1.6
Winterflood Securities	2	450,000	111.00 to 113.00	502	1.2

During the year there were no shares held in treasury (2011 nil)
There are no shares currently held in treasury (2011 nil)

Tender offers

The Board concluded that it would not exercise its discretion to operate the half yearly tender offers in August 2012 and February 2013

The Directors are proposing that their authority to make further regular tender offers be renewed at the forthcoming AGM

Share repurchases

No ordinary shares were purchased during the year. The current authority to repurchase ordinary shares was granted to Directors on 13 March 2012 and will expire on the conclusion of the forthcoming AGM. The Directors considered that it was unnecessary to buy back any shares as there was demand for the Company's shares in the market and any discount at which the shares traded to their underlying net asset value remained narrow. The average premium at which the shares traded during the year was 1.0%.

The Directors are proposing that their authority to buy back shares be renewed at the forthcoming AGM

The main objective of any buy back is to enhance the NAV per share of the remaining shares and to reduce the absolute level and volatility of any discount to NAV at which shares may trade. Although the Investment Manager would initiate any buy back, the policy and parameters are set by the Board and reviewed at regular intervals. The Company would raise the cash needed to finance any purchase of shares either by selling securities in the Company's portfolio or by short term borrowing.

Treasury shares

The Board has determined that up to 10% of the issued shares of the Company may be held in treasury and may be subsequently cancelled or sold for cash in the market. Currently, the Company does not have any shares in treasury but any such shares would only be reissued at prices at or above the prevailing NAV per share thereby giving the Company the ability to reissue shares quickly and cost effectively, improving liquidity and providing the Company with additional flexibility in the management of its capital base. It also ensures a positive overall effect for shareholders when shares are bought back at a discount and then sold at a price at or above the NAV per share.

At the 2012 AGM, the Company was authorised to repurchase its own shares to be held in treasury for reissue or cancellation at a future date. Resolutions to renew the authority to reissue shares from treasury will again be put to shareholders at the AGM in 2013. Both the repurchase of shares and the use of treasury shares should assist the Investment Manager in the objective of providing a discount management mechanism and enhancing the NAV of the Company's shares. This will provide the Directors with additional flexibility to manage the Company's investment portfolio.

Annual General Meeting

The following information to be discussed at the forthcoming AGM is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or transferred all of your ordinary shares in the Company you should pass this document, together with any other accompanying documents including the form of proxy, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Resolutions relating to the following items of special business will be proposed at the forthcoming AGM:

Resolution 7 Authority to allot shares

The Directors may only allot shares for cash if authorised to do so by shareholders in a general meeting. This resolution seeks authority for the Directors to allot shares, for cash up to an aggregate nominal amount of £94,258 per annum which is equivalent to 9,425,800 ordinary shares of 1p each and 10% of the Company's issued ordinary share capital as at the date of the Notice of the AGM.

The Directors will use this authority when it is in the best interests of the Company to issue shares for cash. This authority will expire at the conclusion of the AGM to be held in 2014 unless renewed prior to that date.

Resolution 8 Authority to disapply pre-exemption rights

By law, Directors require specific authority from shareholders before allotting new shares or selling shares out of treasury for cash without first offering them to existing shareholders in proportion to their holdings.

Directors' Report continued

Resolution 8 empowers the Directors to allot new shares for cash or to sell shares held by the Company in treasury, otherwise than to existing shareholders on a pro-rata basis, up to an aggregate nominal amount of £94,258 which is equivalent to 9,425,800 ordinary shares of 1p each and 10% of the Company's issued ordinary share capital as at the date of the Notice of the AGM. This authority will expire at the conclusion of the AGM to be held in 2013 unless renewed prior to that date.

Resolution 9 Authority to buy back shares

The resolution to be proposed will seek to renew the authority granted to Directors enabling the Company to purchase its own shares.

The Directors will only consider repurchasing shares in the market if they believe it to be in shareholders' interests and as a means of correcting any imbalance between supply and demand for the Company's shares.

Under the Listing Rules of the Financial Services Authority, the maximum price which can be paid is the higher of

- i) 5% above the average of the market values of the ordinary shares for the five business days immediately preceding the date on which the purchase is made, and
- ii) the higher of the price quoted for
 - a) the last independent trade of, and
 - b) the highest current independent bid for,

any number of ordinary shares on the trading venue where the purchase is carried out.

In making purchases, the Company will deal only with member firms of the London Stock Exchange.

The Directors are seeking authority to purchase up to 14,129,274 ordinary shares, being 14.99% of the issued share capital as at the date of the Notice of the AGM. This authority will expire at the conclusion of the AGM to be held in 2013 unless renewed prior to that date.

Any ordinary shares purchased pursuant to resolution 9 shall be cancelled immediately upon completion of the purchase or held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Companies Act 2006.

Resolutions 10 and 11 Regular tender offers

Resolutions 10 and 11 seek shareholder approval to renew the authorities to operate semi-annual tender offers in accordance with the standard terms and conditions of the regular tender offers. The Directors are seeking authority to purchase up to a maximum of 20% of the shares in issue at each relevant tender offer date. The authorities, if renewed, will respectively expire on 31 October 2013 and 30 April 2014.

Resolution 12 Amendment to the Articles

As a result of recent changes to tax rules, onshore investment companies are now permitted to pay out accumulated realised capital profits in the form of dividends. While the Directors have no present intention of making use of such powers, they believe it prudent to provide the Company with the necessary flexibility to do so should it prove appropriate in the future. Resolution 12 seeks to amend the Company's Articles of Association accordingly.

Recommendation

The Board considers that each of the resolutions is likely to promote the success of the Company and is in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

Corporate Governance

Full details are given in the Corporate Governance Statement on pages 27 to 31. The Corporate Governance Statement forms part of this Directors' Report.

Audit information

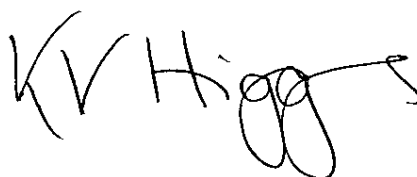
As required by section 418 of the Companies Act 2006 the Directors who held office at the date of this report each confirms that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditor

The Auditor, Ernst & Young LLP, is willing to continue in office. Resolutions proposing the reappointment of Ernst & Young LLP and authorising the Directors to determine the Auditor's remuneration for the ensuing year will be submitted at the AGM.

By order of the Board

BlackRock Investment Management (UK) Limited
Secretary
18 January 2013



Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 30 November 2012 which has been prepared in accordance with the requirements of Sections 420-422 of the Companies Act 2006. An ordinary resolution for the approval of this report will be put to members at the forthcoming Annual General Meeting.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on pages 33 and 34.

Remuneration Committee

The Board as a whole fulfils the function of the Remuneration Committee, which meets when necessary to consider any change in the Directors' remuneration policy. The Board is of the opinion that a separate Remuneration Committee is not appropriate for a Company of this size and nature and a separate Committee has therefore not been established. The Company's Directors are all non-executive and are independent of the Investment Manager with the exception of Mr Ruck Keene. The Company has no employees.

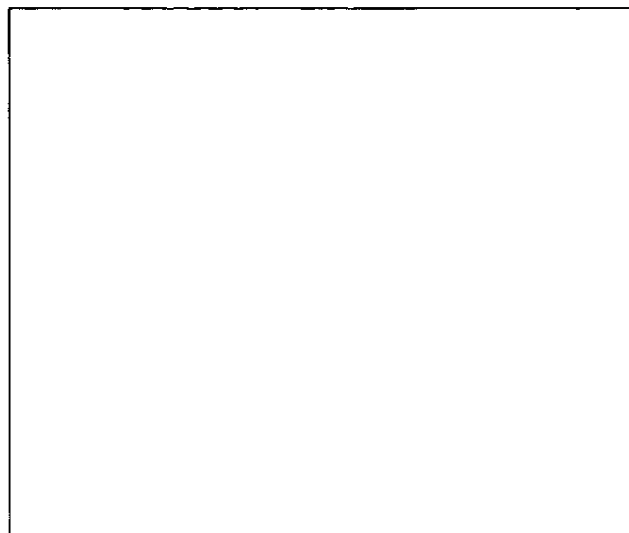
Remuneration Policy

The Board's policy is that the remuneration of the Directors needs to be sufficient to attract and retain Directors with suitable knowledge and experience and should be fair and reasonable in relation to the duties and responsibilities involved. It is intended that this policy will continue for the forthcoming year.

The Secretary provides a comparison of the Directors' remuneration with other investment trusts of a similar size and/or mandate together with any data published by the Association of Investment Companies. This comparison, together with consideration of any alteration in non-executive Directors' responsibilities, is used to review whether any change in remuneration is necessary.

Performance

The following graph compares the Company's NAV and share price performance with the performance of an equivalent investment in a composite index, 50% HSBC Global Mining Index and 50% MSCI World Energy Index. This composite index is deemed to be the most appropriate as the Company has both global mining and energy investment objectives.



Remuneration/Service Contracts

The maximum remuneration of the Directors is determined within the aggregate limit set out in the Company's Articles of Association which currently amounts to £150,000 per annum. No element of the Directors' remuneration is performance related. The Company has not awarded any share options or long term performance incentive to any of the Directors.

None of the Directors has a service contract with the Company or receives any non-cash benefits or pension entitlements. The terms of their appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the registered office of the Company.

Directors' remuneration

Director	Year ended 30 November 2012	Year ended 30 November 2011
	£	£
Alan Hodson (Chairman)	30,000	28,000
David Gibbs*	6,000	18,000
Michael Merton	20,000	18,000
Jonathan Ruck Keene	-	-
Humphrey van der Klugt	23,000	21,000
	79,000	85,000

* Mr David Gibbs retired as a Director of the Company on 13 March 2012.

The information in the table above and the following paragraph have been audited.

Directors' Remuneration Report continued

For the year ended 30 November 2012, the annual remuneration of the Chairman was £30,000, the Chairman of the Audit and Management Engagement Committee £23,000 and the other Directors £20,000. Mr Ruck Keene waived the entitlement to his fees. With effect from 1 December 2012 the annual remuneration of the Chairman was increased to £32,000, the Chairman of the Audit and Management Engagement Committee to £24,000 and the other Directors to £21,000.

Mr Ruck Keene devotes a portion of his time employed as Chairman of BlackRock's Specialist Client Group to serve as a Director of the Company. An apportionment of his remuneration on a time served basis from employment by an affiliate of the Investment Manager would materially equate to the fees received by the other Directors of the Company for similar qualifying services.

Compensation for loss of office

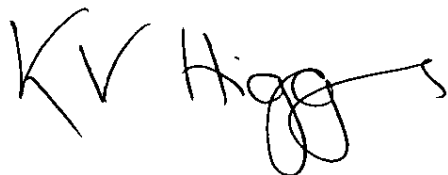
No Director has been compensated for loss of office, or is entitled to compensation.

Retirement of Directors

All of the Company's Directors are subject to retirement by rotation in accordance with the Company's Articles of Association.

By order of the Board

BlackRock Investment Management (UK) Limited
Secretary
18 January 2013

A handwritten signature in black ink, appearing to read 'K V Higgins', with a stylized flourish at the end.

Corporate Governance

Chairman's Introduction

Corporate governance is the process by which the board of directors of a company looks after shareholders' interests and by which it seeks to enhance shareholder value. Shareholders hold the directors responsible for the stewardship of a company's affairs, delegating authority and responsibility to the directors to manage the company on their behalf and holding them accountable for its performance.

The Board is ultimately responsible for framing and executing the Company's strategy and for closely monitoring risks. We aim to run our Company in a manner which is responsible and consistent with our belief in honesty, transparency and accountability. In our view, good governance means managing our business well and engaging effectively with investors. We consider the practice of good governance to be an integral part of the way we manage the Company and we are committed to maintaining high standards of financial reporting, transparency and business integrity.

As a UK-listed investment trust company our principal reporting obligation is driven by the UK Corporate Governance Code (the "UK Code") issued by the Financial Reporting Council. The most recent version of the UK Code was published by the FRC on 28 September 2012 and applies to financial years commencing on or after 1 October 2012. However, as listed investment companies differ in many ways from other listed companies, the Association of Investment Companies has drawn up its own set of guidelines, the AIC Code of Corporate Governance ("the AIC Code") issued in October 2010, which addresses the governance issues relevant to investment companies and meets the approval of the Financial Reporting Council.

This report, which is part of the Directors' Report, explains how the Board addresses its responsibility, authority and accountability and sets out how the relevant principles of governance are applied to the Company.

Compliance

The Board has made the appropriate disclosures in this report to ensure that the Company meets its continuing obligations. It should be noted that, as an investment trust, most of the Company's day to day responsibilities are delegated to third parties, the Company has no employees and the Directors are non-executive. Thus, not all of the provisions of the UK Code are directly applicable to the Company.

The Board considers that the Company has complied with the recommendations of the AIC Code and the provisions contained within the UK Code that are relevant to the Company throughout this accounting period, except where explained below, and this statement describes how the relevant principles of governance are applied to the Company.

Board Composition

The Board currently consists of four non-executive Directors. With the exception of Mr Ruck Keene, who is an employee of the Investment Manager, all are considered to be independent of the Company's Investment Manager and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The provision of the UK Code (A 2.1) which relates to the combination of the roles of chairman and chief executive does not apply as the Company has no executive directors. The structure of the Board is such that it is considered unnecessary to identify a Senior Independent Director.

The Directors' biographies, on page 16, demonstrate a breadth of investment knowledge, business and financial skills which enable them to provide effective strategic leadership and proper governance of the Company.

Directors' appointment, retirement and rotation

In accordance with the Company's Articles of Association, a Director appointed during the year is required to retire and seek election by shareholders at the next AGM. The Articles also require that one third of the Directors retire by rotation each year and seek re-election at the AGM. Each Director also submits himself for re-election at least every three years. Any Director who is not considered by the Board to be independent of the Investment Manager or who has served on the Board for more than nine years is subject to annual re-election.

Subject to the requirements for re-election, Directors are appointed to the Board for a specified period, initially for three years and subsequent extensions are, in each case, at the discretion of the Board.

At the next AGM, as a non-independent director, Mr Ruck Keene will retire together with Mr van der Klugt who will retire in accordance with the provisions of the Company's Articles of Association. The Board has considered the position of Mr Ruck Keene and Mr van der Klugt as part of the evaluation process and believes that it would be in the Company's best interests for them to be proposed for re-election at the forthcoming AGM, given their material level of contribution.

The Directors support a planned and progressive renewing of the Board. The Board's tenure and succession policy seek to ensure that the Board is well-balanced through the appointment of new Directors with the necessary skills and experience. Directors must be able to demonstrate commitment to the Company, including in terms of time.

None of the Directors has a service contract with the Company. The terms of their appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the registered office of the Company and are available at each AGM.

Corporate Governance continued

Directors' training and induction

When a new Director is appointed to the Board, he or she is provided with all relevant information regarding the Company and his or her duties and responsibilities as a Director. In addition, a new Director will also spend some time with representatives of the Investment Manager whereby he or she will become familiar with the various processes which the Investment Manager considers necessary for the performance of its duties and responsibilities to the Company. The Company's policy is to encourage Directors to keep up to date and attend training courses on matters which are directly relevant to their involvement with the Company. The Directors also receive regular briefings from, amongst others, the Auditor and the Company Secretary regarding any proposed developments or changes in law or regulations that could affect themselves or the Company.

Directors' liability insurance

The Company has maintained appropriate Directors' liability insurance cover throughout the year, in respect of legal action against its Directors.

The Board's Responsibilities

The Board meets at least six times a year and may have additional ad hoc meetings to consider other issues as necessary. Between these meetings there is regular contact with the Investment Manager.

The Board is responsible to shareholders for the overall management of the Company. It reserves to itself decisions relating to the determination of investment policy, any change in investment strategy, strategic gearing policy, policy on the buy back and issue of shares, whether to hold shares in treasury and entering into any material contracts. The Board also sets investment parameters, such as the acquisition or disposal of substantial interests, the maximum amount that may be invested in any one company and the maximum amount that can be invested in unquoted securities. In addition, changes relating to the Company's capital structure, approval of circulars to shareholders and listing particulars, relevant press releases and any significant change in accounting policies or practices must also be referred to the Board. A formal schedule of matters specifically reserved for decision by the Board has been adopted.

The Board is supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties. The Board determines strategic issues and all operational matters of a material nature.

The Directors also have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that it complies with applicable rules and regulations. Where necessary, in the furtherance of their duties, the Directors may seek independent professional advice at the expense of the Company.

The Board has responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable it to ensure that the financial statements comply with the Companies Act 2006. It is the Board's responsibility to present a balanced and understandable assessment, which extends to half yearly and other price-sensitive public reports.

The Board is also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Evaluation of the Board and its Committees

The Board reviews its performance on a regular basis and a formal appraisal system has been agreed for the evaluation of the Board, its Committees and the individual Directors, including the Chairman.

The annual evaluation for the year ended 30 November 2012 has been carried out. This took the form of questionnaires followed by discussions to identify how the effectiveness of the Board's activities, including its Committees' policies or processes might be enhanced. The results of the evaluation process were presented to and considered by the Board and it was agreed that the current composition of the Board and its Committees reflected a suitable mix of skills and experience, and that the Board as a whole, the individual Directors and its Committees were functioning effectively.

Delegation of responsibilities

The Board has delegated the following areas of responsibility:

Management and administration

The management of the investment portfolio and the administration of the Company have been delegated to the Investment Manager. The Investment Manager, operating under guidelines determined by the Board, has direct responsibility for the decisions relating to the day to day running of the Company and is accountable to the Board for the investment, financial and operating performance of the Company. Custody and settlement services are provided by The Bank of New York Mellon (International) Limited ("BNYM"), a subsidiary of the Bank of New York Mellon.

The Board has delegated the exercise of voting rights attaching to the securities held in the portfolio to the Investment Manager. Details of the Investment Manager's voting policy are set out on pages 20 and 21.

Committees of the Board

Nomination Committee

During the year under review a Nomination Committee was established comprising the whole Board. It is responsible for Board succession planning and should a vacancy occur or the Committee decide to recruit new Board members, it will take into account the size, balance and profile of the Board as a whole to identify any areas that need strengthening.

Appointments of new Directors are made on a formalised basis and the Committee will agree the selection criteria and the method of selection, recruitment and appointment. Board diversity, including gender will be taken into account in establishing the criteria. The existing Directors will try to identify suitable individuals from their range of contacts, although other sources, including external search consultants, may also be used as required.

The Investment Manager has no role in the appointment of Directors to the Company and the final decision is taken by the Board led by the independent Directors, all such appointments are subject to confirmation by shareholders.

The terms of reference of this Committee are available on request and on the Investment Manager's website at www.blackrock.co.uk/brci under the "Further Literature" section and will also be available at each Annual General Meeting. The Committee will meet at least once a year and more regularly as required.

Remuneration Committee

As the Board is small and comprises only non-executive Directors it fulfils the functions of the Remuneration Committee. Under the UK Listing Rules, where an investment trust company has no executive directors, the Code provisions relating to directors' remuneration do not apply. Details of the Directors' fees are given in the Directors' Remuneration Report on pages 25 and 26. Remuneration of the Chairman and the Directors is determined by the Board and is reviewed against the fees paid to directors of other specialist investment trusts and investment trusts of a comparable size, as well as taking account of any data published by the AIC.

Audit and Management Engagement Committee

The Audit and Management Engagement Committee is chaired by Mr van der Klugt and consists of all the Directors of the Company except Mr Ruck Keene. The Board considers that at least one member of the Audit and Management Engagement Committee has sufficient recent and relevant financial experience for it to discharge its function effectively.

The Chairman of the Company is a member of the Committee to enable him to be kept fully informed of any issues which may arise. The terms of reference of this Committee are available on request and on the Investment Manager's website at www.blackrock.co.uk/brci under the "Further Literature" section and will also be available at each Annual General Meeting.

The Audit and Management Engagement Committee meets at least three times a year and, amongst other things, examines the effectiveness of the Company's control systems. Two of the three planned meetings are held prior to the Board meetings to approve the half yearly and annual results.

During the year the principal activities of the Audit and Management Engagement Committee included

- ▶ considering and recommending to the Board for approval the half yearly and annual financial statements and the external Auditor's report thereon,
- ▶ reviewing the scope, results, cost effectiveness, independence and objectivity of the external Auditor,
- ▶ reviewing and recommending to the Board for approval the audit and non-audit fees payable to the external Auditor and their terms of engagement,
- ▶ reviewing and approving the external Auditor's plan for the following financial year,
- ▶ reviewing the appropriateness of the Company's accounting policies,
- ▶ ensuring the adequacy and effectiveness of the internal financial controls and internal control and risk management systems, and
- ▶ considering the remuneration of the Investment Manager and reviewing the terms of the investment management agreement.

The Committee has also reviewed and accepted the 'whistleblowing' policy that has been put in place by the Investment Manager under which its staff, in confidence, can raise concerns about possible improprieties in financial reporting or other matters, insofar as they affect the Company.

The appointment of the Auditor is reviewed annually and the audit partner changes at least every five years. There are no contractual obligations that restrict the Committee's choice of Auditor.

Non-audit service fees of £6,000 (excluding VAT) were paid to Ernst & Young LLP and these relate to their review of the half yearly financial statements. The Committee considers whether the skills and experience of the Auditor make them a suitable supplier of the non-audit service and whether there are safeguards in place to ensure that there is no threat to their objectivity and independence in the conduct of the audit resulting from the provision of such services.

On an annual basis Ernst & Young LLP review the independence of their relationship with the Company and report to the Board, providing details of any other relevant relationships with the Investment Manager. The Board has concluded that Ernst & Young LLP are independent of the Company and the Investment Manager.

Corporate Governance continued

The external Auditor is invited to attend the Audit and Management Engagement Committee meetings at which the annual and half yearly accounts are considered. At the meeting to consider the annual accounts they have the opportunity to meet with the Committee without representatives of the Investment Manager being present.

Attendance record

	Board	Audit and Management Engagement Committee	Nomination Committee
Number of Meetings held	6	3	1
Number of Meetings attended			
Alan Hodson (Chairman)	6	3	1
David Gibbs*	1	1	n/a
Michael Merton	6	3	1
Jonathan Ruck Keene	6	(not a member)	1
Humphrey van der Klugt	6	3	1

* Mr David Gibbs retired as a Director of the Company on 13 March 2012

Internal controls

The Board is responsible for establishing and maintaining the Company's system of internal controls and for reviewing their adequacy and effectiveness, for ensuring that financial information published or used within the business is reliable, and for regularly monitoring compliance with regulations governing the operation of investment companies. The Board reviews the effectiveness of the internal control systems on an ongoing basis to identify, evaluate and manage the Company's significant risks. As part of that process, there are procedures designed to capture and evaluate any failings or weaknesses. Should a matter be categorised by the Board as significant, procedures exist to ensure that necessary action is taken to remedy the failings. The Board is not aware of any significant failings or weaknesses arising in the year under review.

Control of the risks identified, covering financial, operational, compliance and risk management, is embedded in the operations of the Investment Manager and BNYM. There is a monitoring and reporting process to review these controls, which has been in place throughout the year under review and up to the date of this report, carried out by the Investment Manager's corporate audit department. This accords with the FRC's "Internal Control: Revised Guidance for Directors on the UK Corporate Governance Code".

The Investment Manager reports to the Company on its review of internal controls, formally on a semi-annual basis and verbally at each Board and Audit and Management Engagement Committee meeting, and provides an annual report from the Investment Manager's reporting accountants on the control policies and procedures in operation. The Audit and Management Engagement Committee also receives quarterly reports from BNYM on the

internal controls of its custodial operations, together with the opinion of their reporting accountants.

The Board recognises that these control systems can only be designed to manage rather than to eliminate the risk of failure to achieve business objectives, and to provide reasonable, but not absolute, assurance against material misstatement or loss, and relies on the operating controls established by the Investment Manager and BNYM.

The Investment Manager prepares revenue forecasts and management accounts which allow the Board to assess the Company's activities and review its performance at each Board Meeting.

The Board and the Investment Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are submitted to the Board at each meeting.

The Company does not have its own internal audit function, as all the administration is delegated to the Investment Manager and third party service providers. The Board monitors the Investment Manager's controls through the Investment Manager's internal audit department and feels that there is currently no need for the Company to have its own internal audit function although this matter is kept under review.

Financial reporting

The Statement of Directors' Responsibilities in respect of the Financial Statements is set out on page 32, the Report of the Independent Auditor on pages 33 and 34 and the Statement of Going Concern on page 21.

Socially responsible investment

The Company invests primarily in the securities of companies operating in the mining and energy sectors around the world. The Investment Manager's evaluation procedures and financial analysis of the companies within the portfolio include detailed research and appraisal. The Company invests primarily on financial grounds to meet its stated objectives.

The Investment Manager is supportive of the UK Stewardship Code, which sets out the responsibilities of institutional shareholders in respect of investee companies, and is voluntary, operating on a comply or explain basis. The Investment Manager's approach to the UK Stewardship Code, and policies on Socially Responsible Investment, are detailed on their website www2.blackrock.com/global/home/aboutus/proxyvoting.

Bribery prevention policy

The provision of bribes of any nature to third parties in order to gain a commercial advantage is prohibited and is a criminal offence. The Board has a zero tolerance policy towards bribery and a commitment to carry out business fairly, honestly and openly. The Board takes its responsibility to prevent bribery very seriously. The Investment Manager has anti-bribery policies and procedures in place which are high level, proportionate and risk-based, which are periodically reviewed by the Board. The Company's other service providers have been contacted in respect of their anti-bribery policies and, where necessary, contractual changes are made to existing agreements in respect of anti-bribery provisions.

Communication with shareholders

All shareholders have the opportunity to attend and vote at the Annual General Meeting. The Notice of Annual General Meeting sets out the business of the Meeting and any item not of an entirely routine nature is explained in the Directors' Report. The Notice of Annual General Meeting and related papers are sent to shareholders at least 20 working days before the meeting. Separate resolutions are proposed for substantive issues.

Regular updates on performance are available to shareholders and the Investment Manager reviews the Company's activities at the AGM, where the Directors, including the Chairman of the Board, Alan Hodson, and the Chairman of the Audit and Management Engagement Committee, Humphrey van der Klugt, and representatives of the Investment Manager are available to answer shareholders' questions. Proxy voting figures are announced to the shareholders at the AGM and will be made available on the Investment Manager's website shortly after the Meeting.

The Board regularly endeavours to take soundings from shareholders. The Board discusses with the Investment Manager at each Board meeting any feedback from meetings with shareholders, and it also receives reports from its corporate broker.

There is a section within this report entitled "Additional Shareholder Information", on pages 58 to 60, which provides an overview of useful information available to shareholders.

The Company's report and accounts are also published on www.blackrock.co.uk/brci, in the "Literature" section which is the website maintained by the Company's Investment Manager, BlackRock Investment Management (UK) Limited ("BlackRock"). The work undertaken by the Auditor does not involve consideration of the maintenance and integrity of the website and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the accounts since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in their jurisdiction.

Disclosure and Transparency Rules

Other information required to be disclosed pursuant to the Disclosure and Transparency Rules has been placed in the Directors' Report on pages 17 to 24 because it is information which refers to events that have taken place during the course of the year.

The following is a list of that information:

- ▶ Directors' shareholdings,
- ▶ Substantial share interests,
- ▶ Share capital,
- ▶ Share issues, and
- ▶ Share repurchases.

By order of the Board

Alan Hodson

Chairman

18 January 2013



Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the annual report, the Directors' Remuneration Report and the financial statements in accordance with applicable United Kingdom law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the financial statements under IFRSs as adopted by the European Union. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these Group financial statements, the Directors are required to

- ▶ present fairly the financial position, financial performance and cash flows of the Group,
- ▶ select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently,
- ▶ present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- ▶ make judgements and estimates that are reasonable and prudent,
- ▶ state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements, and
- ▶ provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance, and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation.

They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing the Director's Report, the Directors' Remuneration Report and the Corporate Governance Statement in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure and Transparency Rules. The Directors have delegated responsibility to the Investment Manager for the maintenance and integrity of the Group's corporate and financial information included on the Investment Manager's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names are listed on page 16, confirm to the best of their knowledge that

- ▶ the financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and net profit/(loss) of the Group, and
- ▶ the annual report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board

Alan Hodson

Chairman

18 January 2013



Report of the Independent Auditor

to the members of BlackRock Commodities Income Investment Trust plc

We have audited the financial statements of BlackRock Commodities Income Investment Trust plc for the year ended 30 November 2012, which comprise the Consolidated Statement of Comprehensive Income, Group and Company Statements of Changes in Equity, Group and Company Statements of Financial Position, Group and Company Cash Flow Statements, and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards to the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 32, the Directors' are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Company's 2012 annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion

- ▶ the Company's financial statements give a true and fair view of the state of the Group's and Company's affairs as at 30 November 2012 and of the Group's net profit/(loss) for the year then ended,
- ▶ the Group's financial statements have been properly prepared in accordance with IFRS as adopted by the European Union,
- ▶ the Company's financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- ▶ the Company's financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- ▶ the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- ▶ the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditor continued

to the members of BlackRock Commodities Income Investment Trust plc

Matters on which we are required to report by exception

We have nothing to report in respect of the following

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

- ▶ adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us, or
- ▶ the Company's financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns, or
- ▶ certain disclosures of Directors' remuneration specified by law are not made, or
- ▶ we have not received all the information and explanations we require for our audit

Under the Listing Rules we are required to review

- ▶ the Directors' statement on page 21 in relation to going concern,
- ▶ the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2010 UK Corporate Governance Code specified for our review, and
- ▶ certain elements of the report to shareholders by the Board on Directors' remuneration



Matthew Price
Senior Statutory Auditor
For and on behalf of Ernst & Young LLP
Statutory Auditor
London
18 January 2013

Consolidated Statement of Comprehensive Income

for the year ended 30 November 2012

	Notes	Revenue 2012 £'000	Revenue 2011 £'000	Capital 2012 £'000	Capital 2011 £'000	Total 2012 £'000	Total 2011 £'000
Income from investments held at fair value through profit or loss	3	4,724	4,625	-	-	4,724	4,625
Other income	3	1,910	1,822	-	-	1,910	1,822
Losses on investments held at fair value through profit or loss	10	-	-	(10,890)	(6,401)	(10,890)	(6,401)
Total revenue		6,634	6,447	(10,890)	(6,401)	(4,256)	46
Expenses							
Investment management fee	4	(307)	(363)	(922)	(1,090)	(1,229)	(1,453)
Other expenses	5	(235)	(268)	-	-	(235)	(268)
Total operating expenses		(542)	(631)	(922)	(1,090)	(1,464)	(1,721)
Profit/(loss) before finance costs and taxation		6,092	5,816	(11,812)	(7,491)	(5,720)	(1,675)
Finance costs	6	(8)	(20)	(22)	(55)	(30)	(75)
Profit/(loss) before taxation		6,084	5,796	(11,834)	(7,546)	(5,750)	(1,750)
Taxation (charge)/credit	7	(514)	(475)	3	125	(511)	(350)
Net profit/(loss) for the year after taxation		5,570	5,321	(11,831)	(7,421)	(6,261)	(2,100)
Earnings/(loss) per ordinary share	9	6 10p	5 88p	(12 96p)	(8 20p)	(6 86p)	(2 32p)

The total column of this statement represents the Group's Consolidated Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union

The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies ("AIC"). All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year. All income is attributable to the equity holders of BlackRock Commodities Income Investment Trust plc. There were no minority interests.

The total net loss of the Company and the Group for the year was £6,261,000 (2011: loss of £2,100,000).

The Group does not have any other recognised gains or losses. The net profit/(loss) disclosed above represents the Group's total comprehensive income/(loss).

Statements of Changes in Equity

for the year ended 30 November 2012

Group	Notes	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
For the year ended 30 November 2012							
At 30 November 2011		905	20,778	71,223	22,638	3,098	118,642
Total comprehensive income							
Net (loss)/profit for the year		-	-	-	(11,831)	5,570	(6,261)
Transactions with owners, recorded directly to equity							
Shares issued	14 & 15	38	4,658	-	-	-	4,696
Share issue costs	15	-	(7)	-	-	-	(7)
Dividends paid	8	-	-	-	-	(5,407)	(5,407)
At 30 November 2012		943	25,429	71,223	10,807	3,261	111,663
For the year ended 30 November 2011							
At 30 November 2010		905	20,748	71,223	30,059	2,913	125,848
Total comprehensive income							
Net (loss)/profit for the year		-	-	-	(7,421)	5,321	(2,100)
Transactions with owners, recorded directly to equity							
Write back of issue costs	15	-	30	-	-	-	30
Dividends paid	8	-	-	-	-	(5,136)	(5,136)
At 30 November 2011		905	20,778	71,223	22,638	3,098	118,642

Company	Notes	Ordinary share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
For the year ended 30 November 2012							
At 30 November 2011		905	20,778	71,223	24,196	1,540	118,642
Total comprehensive income							
Net (loss)/profit for the year		-	-	-	(11,755)	5,494	(6,261)
Transactions with owners, recorded directly to equity							
Shares issued	14 & 15	38	4,658	-	-	-	4,696
Share issue costs	15	-	(7)	-	-	-	(7)
Dividends paid	8	-	-	-	-	(5,407)	(5,407)
At 30 November 2012		943	25,429	71,223	12,441	1,627	111,663
For the year ended 30 November 2011							
At 30 November 2010		905	20,748	71,223	31,444	1,528	125,848
Total comprehensive income							
Net (loss)/profit for the year		-	-	-	(7,248)	5,148	(2,100)
Transactions with owners, recorded directly to equity							
Write back of issue costs	15	-	30	-	-	-	30
Dividends paid	8	-	-	-	-	(5,136)	(5,136)
At 30 November 2011		905	20,778	71,223	24,196	1,540	118,642

The notes on pages 39 to 55 form part of these financial statements

Statements of Financial Position

as at 30 November 2012

	Notes	2012 Group £'000	2012 Company £'000	2011 Group £'000	2011 Company £'000
Non current assets					
Investments held at fair value through profit or loss	10	115,118	116,752	120,961	122,519
Current assets					
Other receivables	12	654	654	354	1,577
Cash and cash equivalents		75	26	-	46
		729	680	354	1,623
Total assets		115,847	117,432	121,315	124,142
Current liabilities					
Other payables	13	(951)	(656)	(557)	(431)
Bank overdraft		(3,233)	(5,113)	(2,116)	(5,069)
		(4,184)	(5,769)	(2,673)	(5,500)
Net assets		111,663	111,663	118,642	118,642
Equity attributable to equity holders					
Ordinary share capital	14	943	943	905	905
Share premium account	15	25,429	25,429	20,778	20,778
Special reserve	16	71,223	71,223	71,223	71,223
Capital reserves	16	10,807	12,441	22,638	24,196
Revenue reserve	16	3,261	1,627	3,098	1,540
Total equity		111,663	111,663	118,642	118,642
Net asset value per ordinary share	9	118.47p	118.47p	131.08p	131.08p

The financial statements on pages 35 to 55 were approved and authorised for issue by the Board of Directors on 18 January 2013 and signed on its behalf by Alan Hodson, Chairman



BlackRock Commodities Income Investment Trust plc
Registered in England, No 5612963

Cash Flow Statements

for the year ended 30 November 2012

	Note	2012 Group £'000	2012 Company £'000	2011 Group £'000	2011 Company £'000
Operating activities					
Loss before taxation		(5,750)	(5,919)	(1,750)	(1,848)
Add back interest paid		37	37	68	67
Losses on investments held at fair value through profit or loss including transaction costs		10,890	10,814	6,401	6,228
(Increase)/decrease in other receivables		(15)	1,208	30	(1,193)
Increase/(decrease) in other payables		252	252	(520)	(520)
(Increase)/decrease in amounts due from brokers		(266)	(266)	1,128	1,128
Decrease in amounts due to brokers		-	-	(533)	(533)
Movements in investments held at fair value through profit or loss		(4,972)	(4,972)	(1,102)	(1,102)
Net cash inflow from operating activities before interest and taxation		176	1,154	3,722	2,227
Interest paid		(37)	(37)	(68)	(67)
Taxation (paid)/recovered		(16)	(16)	(319)	119
Taxation on investment income included within gross income		(372)	(372)	(394)	(394)
Net cash (outflow)/inflow from operating activities		(249)	729	2,941	1,885
Financing activities					
Share issue costs paid		(7)	(7)	(320)	(320)
Shares issued		4,696	4,696	-	-
Equity dividends paid	8	(5,407)	(5,407)	(5,136)	(5,136)
Net cash outflow from financing activities		(718)	(718)	(5,456)	(5,456)
(Decrease)/increase in cash and cash equivalents		(967)	11	(2,515)	(3,571)
Cash and cash equivalents at start of the year		(2,116)	(5,023)	374	(1,477)
Effect of foreign exchange rate changes		(75)	(75)	25	25
Cash and cash equivalents at end of the year		(3,158)	(5,087)	(2,116)	(5,023)
Comprised of					
Cash and cash equivalents		75	26	-	46
Bank overdraft		(3,233)	(5,113)	(2,116)	(5,069)
		(3,158)	(5,087)	(2,116)	(5,023)

The notes on pages 39 to 55 form part of these financial statements

Notes to the Financial Statements

1 Principal activities

The principal activity of the Company is that of an investment trust company within the meaning of section 1158 of the Corporation Tax Act 2010

The principal activity of the subsidiary, BlackRock Commodities Securities Income Company Limited, is investment dealing and options writing

2. Accounting policies

The principal accounting policies adopted by the Group and the Company are set out below

(a) Basis of preparation

The Group and Parent Company financial statements have been prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual Statement of Comprehensive Income and related notes. All of the Group's operations are of a continuing nature.

The Group's financial statements are presented in Sterling, which is the currency of the primary economic environment in which the Group operates. All values are rounded to the nearest thousand pounds (£'000) except when otherwise stated.

Insofar as the Statement of Recommended Practice ("SORP") for investment trust companies and venture capital trusts issued by the AIC, revised in January 2009 is compatible with IFRS, the financial statements have been prepared in accordance with guidance set out in the SORP.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 December 2012, and have not been applied in preparing these financial statements. Few of these are expected to have a significant effect on the measurement of the amounts recognised in the financial statements of the Company. IFRS 9 "Financial Instruments" issued in November 2009 will change the classification of financial assets, but is not expected to have an impact on the measurement basis of the financial assets since the majority of the Company's financial assets are measured at fair value through profit or loss.

IFRS 9 (effective 1 January 2015) deals with classification and measurement of financial assets and its requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: at amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of "held to maturity", "available for sale" and "loans" and "receivables".

IFRS 10 Consolidated Financial Statements (effective 1 January 2013) establishes a single control model that applies to all entities including special purpose entities. IFRS 11 Joint Arrangements (effective 1 January 2013) removes the option to account for jointly controlled entities using proportionate consolidation. IFRS 12 Disclosure of Involvement with Other Entities (effective 1 January 2013) now requires additional disclosures that relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

IFRS 13 Fair Value Measurement (effective 1 January 2013) establishes a single source of guidance under IFRS for all fair value measurements. It does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company is currently assessing the impact that this standard will have on the financial position and performance.

The standards are effective for subsequent annual periods beginning on or after 1 January 2013 but are not yet approved by the EU. Earlier application is permitted. The Company does not plan to adopt these standards early.

(b) Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and its wholly owned subsidiary, which is registered and operates in England and Wales, BlackRock Commodities Securities Income Company Limited.

Notes to the Financial Statements continued

2 Accounting policies continued

(c) Presentation of the Consolidated Statement of Comprehensive Income

In order to reflect better the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Consolidated Statement of Comprehensive Income between items of a revenue and a capital nature has been presented alongside the Consolidated Statement of Comprehensive Income. In accordance with the Company's status as an investment trust under the previous provisions of section 1158 of the Corporation Tax Act 2010, net capital returns may not be distributed by way of dividend.

(d) Segmental reporting

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

(e) Income

Dividends receivable on equity shares are treated as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the year. Provision is made for any dividends not expected to be received. Special dividends, if any, are treated as a capital or a revenue receipt depending on the facts or circumstances of each particular case. The return on a debt security is recognised on a time apportionment basis so as to reflect the effective yield on the debt security. Interest income is accounted for on an accruals basis. Premia on written options are recognised as income.

(f) Expenses

All expenses, including finance costs, are accounted for on an accruals basis. Expenses have been charged wholly to the revenue column of the Consolidated Statement of Comprehensive Income except as follows:

- ▶ expenses which are incidental to the acquisition of an investment are included within the cost of the investment. Details of transaction costs on the purchases and sales of investments are disclosed in note 10 on page 46,
- ▶ expenses are treated as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated, and
- ▶ the investment management fees and finance costs of borrowing borne by the Company have been allocated 75% to the capital column and 25% to the revenue column of the Consolidated Statement of Comprehensive Income in line with the Board's expectations of the long term split of return, in the form of capital gains and income respectively, from the investment portfolio.

(g) Taxation

Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the financial reporting date, where transactions or events that result in an obligation to pay more taxation in the future or right to pay less taxation in the future have occurred at the financial reporting date. This is subject to deferred taxation assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the temporary differences can be deducted. Deferred taxation assets and liabilities are measured at the rates applicable to the legal jurisdictions in which they arise.

(h) Investments held at fair value through profit or loss

The Company's investments are classified as held at fair value through profit or loss in accordance with IAS 39 "Financial Instruments Recognition and Measurement" and are managed and evaluated on a fair value basis in accordance with its investment strategy.

All investments are initially recognised as held at fair value through profit and loss. Purchases of investments are recognised on a trade date basis. The sales of investments are recognised at the trade date of the disposal. Proceeds are measured at fair value, which is regarded as the proceeds of sale less any transaction costs.

The fair value of financial instruments is based on their quoted bid price at the financial reporting date, without deduction for any estimated future selling costs. Unquoted investments are valued by the Directors at fair value using International Private Equity and Venture Capital Association Guidelines. This policy applies to all current and non current asset investments held by the Group.

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Consolidated Statement of Comprehensive Income as "Gains or losses on investments held at fair value through profit or loss". Also included within this heading are transaction costs in relation to the purchase or sale of investments.

Under IFRS, the investment in the trading subsidiary is carried at fair value which is deemed to be the total equity of the subsidiary.

(i) Other receivables and other payables

Other receivables and other payables do not carry any interest and are short term in nature and are accordingly stated at their nominal value.

(j) Dividends payable

Under IFRS interim dividends are recognised when paid to shareholders. Final dividends, if any, are only recognised after they have been approved by shareholders.

(k) Foreign currency translation

Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction.

Foreign currency monetary assets and liabilities are translated into Sterling at the rate ruling on the financial reporting date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income as a revenue or capital item depending on the income or expense to which they relate.

(l) Cash and cash equivalents

Cash comprises cash in hand and on demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

(m) Bank borrowings

Bank overdrafts are recorded as the proceeds received. Finance charges are accounted for on an accruals basis in the Consolidated Statement of Comprehensive Income using the effective interest rate method and are added to the carrying amount of the instruments to the extent that they are not settled in the period in which they arise.

3 Income

	2012 £'000	2011 £'000
Investment Income		
Overseas listed dividends	3,979	3,962
Fixed interest	152	321
UK listed dividends	593	342
	4,724	4,625
Other operating income		
Deposit interest	3	-
Underwriting commission	13	-
Option premium income	1,894	1,822
	1,910	1,822
Total	6,634	6,447

Option premium income is stated after deducting transaction costs incurred on the purchases and sales of investments.

Notes to the Financial Statements continued

4 Investment management fee

	2012			2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	307	922	1,229	363	1,090	1,453

Details of the investment management contract are disclosed in the Directors' Report on page 20. The investment management fee is levied at a rate of 1.1% of gross assets per annum based on the gross assets on the last day of each quarter and is allocated 25% to the revenue column and 75% to the capital column of the Consolidated Statement of Comprehensive Income. The investment management fee is levied quarterly, based on the gross assets on the last day of each quarter, and is charged 25% to the revenue column and 75% to the capital column of the Consolidated Statement of Comprehensive Income.

5 Other expenses

	2012 £'000	2011 £'000
Custody fee	18	24
Auditor's remuneration		
– audit services	24	24
– other services	6	5
Directors' emoluments	79	85
Registrar's fee	25	33
Other administrative costs	83	97
	235	268
The Company's ongoing charges, calculated as a percentage of average net assets and using expenses, excluding any interest costs and excluding taxation was	1.3%	1.3%
The Company's ongoing charges, calculated as a percentage of average net assets and using expenses, excluding any interest costs and including taxation was	1.7%	1.6%

Fees paid to the Auditor for other services comprise £6,000 (2011: £5,500) relating to the review of the half yearly financial statements.

6 Finance costs

	2012			2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank overdrafts	8	22	30	20	55	75

Finance costs are charged 25% to the revenue column and 75% to the capital column of the Consolidated Statement of Comprehensive Income.

7 Taxation

a) Analysis of charge for the year

	2012			2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current taxation						
Corporation taxation	169	-	169	126	-	126
Overseas taxation	345	-	345	383	-	383
Prior year adjustment	-	-	-	(29)	-	(29)
Total current taxation	514	-	514	480	-	480
Deferred taxation	-	(3)	(3)	(5)	(125)	(130)
Total taxation charge/(credit) (note 7b)	514	(3)	511	475	(125)	350

b) Factors affecting current taxation charge for the year

The taxation assessed for the year is lower than the standard rate of corporation taxation in the UK for a large company of 24.67% (2011 26.66%). The differences are explained below

	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Total profit/(loss) on ordinary activities before taxation	6,084	(11,834)	(5,750)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation taxation 24.67%	1,501	(2,919)	(1,418)
Effects of			
Non taxable capital loss	-	2,686	2,686
Taxation effect of allowable expenses in capital	(233)	233	-
UK dividends	(146)	-	(146)
Non taxable overseas dividends	(947)	-	(947)
Expense relief for overseas taxation	(5)	-	(5)
Marginal relief	(1)	-	(1)
Provision for Peruvian capital gains taxation	-	(3)	(3)
Overseas taxation charge	345	-	345
	(987)	2,916	1,929
Total corporation taxation charge/(credit) for the year (note 7a)	514	(3)	511

Notes to the Financial Statements continued

7 Taxation continued

b) Factors affecting current taxation charge for the year continued

	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000
Total profit/(loss) on ordinary activities before taxation	5,796	(7,546)	(1,750)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation taxation 26.66%	1,545	(2,012)	(467)
Effects of			
Non taxable capital loss	-	1,707	1,707
Taxation effect of allowable expenses in capital	(305)	305	-
Prior year adjustment	(29)	-	(29)
UK dividends	(91)	-	(91)
Non taxable overseas dividends	(1,021)	-	(1,021)
Effect of income taxable in different periods	3	-	3
Expense relief for overseas taxation	(6)	-	(6)
Marginal relief	(4)	-	(4)
Provision for Peruvian capital gains taxation	-	3	3
Reversal of deferred taxation provision	-	(128)	(128)
Overseas taxation charge	383	-	383
	(1,070)	1,887	817
Total corporation taxation charge for the year (note 7a)	475	(125)	350

Investment trusts are exempt from corporation taxation on capital gains provided the Company obtains agreement from HM Revenue & Customs that the tests outlined in Chapter 4 of Part 24 of the Corporation Tax Act 2010 have been met

Due to the Company's intention to meet the conditional requirement to obtain approval under section 1158 of the Corporation Tax Act 2010 it has not provided for taxation on any capital gains

8 Dividends

Under IFRS final dividends, if any, are not recognised until approved by shareholders, and special and interim dividends are not recognised until they are paid. They are also debited directly to reserves. The dividends disclosed in the table below have been considered in view of the requirements of section 1158 of the Corporation Tax Act 2010 and section 833 of the Companies Act 2006, and the amounts declared meet the relevant requirements. Amounts recognised as distributions to ordinary shareholders during the year to 30 November 2012 were as follows

	2012 £'000	2011 £'000
Fourth interim dividend for the year ended 30 November 2011 - 1.55p (2010: 1.475p)	1,403	1,335
First interim dividend for the year ended 30 November 2012 - 1.4375p (2011: 1.40p)	1,316	1,267
Second interim dividend for the year ended 30 November 2012 - 1.4375p (2011: 1.40p)	1,344	1,267
Third interim dividend for the year ended 30 November 2012 - 1.4375p (2011: 1.40p)	1,344	1,267
	5,407	5,136

For the year ended 30 November 2012, a fourth interim dividend of 1.5875p (2011: 1.55p) per ordinary share has been declared and will be paid on 24 January 2013, to shareholders on the Company's register on 21 December 2012

The total dividends payable in respect of the year which form the basis of section 1158 of the Corporation Tax Act 2010 are set out below

	2012 £'000	2011 £'000
First interim dividend paid on 21 April 2012 of 1 4375p (2011 1 40p)	1,316	1,267
Second interim dividend paid on 22 July 2012 of 1 4375p (2011 1 40p)	1,344	1,267
Third interim dividend paid on 21 October 2012 of 1 4375p (2011 1 40p)	1,344	1 267
Fourth interim dividend payable on 24 January 2013 of 1 5875p (2012 1 55p)	1,496	1,403
	5,500	5,204

9 Consolidated earnings and net asset value per ordinary share

Revenue and capital earnings per share are shown below and have been calculated using the following

	2012	2011
Net revenue profit attributable to ordinary shareholders (£'000)	5,570	5,321
Net capital loss attributable to ordinary shareholders (£'000)	(11,831)	(7,421)
Total loss attributable to ordinary shareholders (£'000)	(6,261)	(2,100)
Equity shareholders funds (£'000)	111,663	118 642
The weighted average number of ordinary shares in issue during each period, on which the return per ordinary share was calculated was	91,308,022	90,508,000
The actual number of ordinary shares in issue at the year end, on which the net asset value was calculated was	94,258,000	90,508,000
The number of ordinary shares in issue including treasury shares at the year end was	94,258,000	90,508,000
Revenue earnings per share	6 10p	5 88p
Capital earnings per share	(12 96p)	(8 20p)
Total earnings per share	(6 86p)	(2 32p)
Net asset value per share	118 47p	131 08p
Share price (mid-market)	122 75p	127 75p

Notes to the Financial Statements continued

10 Investments held at fair value through profit or loss

	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
Quoted investments held at fair value through profit or loss	115,118	115,118	120,548	120,548
Unquoted investments held at fair value through profit or loss	-	1,634	413	1,971
	115,118	116,752	120,961	122,519
Valuation brought forward	120,961	122,519	126,285	127,670
Investment holdings gains	(8,586)	(10,144)	(14,635)	(16,020)
Opening cost of investments	112,375	112,375	111,650	111,650
Additions at cost	32,036	32,036	35,750	35,750
Disposals	(27,064)	(27,064)	(34,648)	(34,648)
Realised gains/(losses)	2,340	2,340	(377)	(377)
Cost carried forward	119,687	119,687	112,375	112,375
Investment holdings (losses)/gains	(4,569)	(2,935)	8,586	10,144
Closing valuation of investments	115,118	116,752	120,961	122,519

Transaction costs of £72,000 were incurred on the acquisition of investments (2011 £42,000) in the year. Costs relating to the disposal of investments during the year amounted to £88,000 (2011 £37,000). All transaction costs have been included within capital reserves.

The Group and Company investments are identical with the exception of the Company's equity investment in its subsidiary which amounted to £1,634,000 (2011 £1,558,000).

Gains/(losses) on investments held at fair value through profit or loss

	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
Realised gain/(loss) on sales	2,340	2,340	(377)	(377)
Movement in investment holding losses	(13,155)	(13,079)	(6,049)	(5,876)
Exchange losses on foreign currency transactions	(75)	(75)	25	25
	(10,890)	(10,814)	(6,401)	(6,228)

11 Investment in subsidiary

At 30 November 2012, the Company had one wholly owned subsidiary which is registered and operating in England and Wales: BlackRock Commodities Securities Income Company Limited was incorporated on 9 November 2005.

	Description of ordinary shares	Authorised and issued share capital	
		2012	2011
BlackRock Commodities Securities Income Company Limited	Ordinary shares of £1	£1	£1

Under IFRS, the investment in the subsidiary is carried at fair value which is deemed to be the total equity of the subsidiary which amounts to £1,634,000 (2011 £1,558,000).

12 Other receivables

	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
Amounts due from brokers	266	266	-	-
Amount due from subsidiary company	-	-	-	1,223
Taxation recoverable	110	110	91	91
Prepayments and accrued income	278	278	263	263
	654	654	354	1 577

13 Other payables

	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
Corporation tax payable	295	-	150	24
Deferred taxation	-	-	3	3
Accrued expenditure	656	656	404	404
	951	656	557	431

14 Share capital

	Ordinary shares number	Treasury shares number	Total shares number	Nominal value £'000
Allotted, called up and fully paid share capital comprised				
Ordinary shares of 1p each				
Shares in issue at 30 November 2011	90,508,000	-	90,508,000	905
Shares issued	3,750,000	-	3,750,000	38
At 30 November 2012	94,258,000	-	94,258 000	943

The number of ordinary shares in issue at the year end was 94,258,000 of which none were held in treasury (2011 nil)

The ordinary shares carry the right to receive any dividends and have one voting right per ordinary share. There are no restrictions on the voting rights of the ordinary shares or on the transfer of the ordinary shares.

15 Share premium account

	2012 £'000	2011 £'000
At start of the year	20,778	20,748
(Issue costs)/write back of issue costs	(7)	30
Premium on shares issued	4,658	-
At 30 November	25,429	20 778

Notes to the Financial Statements continued

16 Reserves

Group	Special reserve £'000	Capital reserve - arising on investments sold £'000	Capital reserve - arising on investments held £'000	Revenue reserve £'000
At 1 December 2011	71,223	14,052	8,586	3,098
Movement during the year				
Net profit/(loss) for the year	-	1,324	(13,155)	5,570
Dividends paid	-	-	-	(5,407)
At 30 November 2012	71,223	15,376	(4,569)	3,261

Company	Special reserve £ 000	Capital reserve - arising on investments sold £'000	Capital reserve - arising on investments held £'000	Revenue reserve £'000
At 1 December 2011	71,223	14 052	10,144	1,540
Movement during the year				
Net profit/(loss) for the year	-	1,324	(13,079)	5,494
Dividends paid	-	-	-	(5,407)
At 30 November 2012	71,223	15,376	(2 935)	1,627

The special reserve may be used as distributable profits for all purposes and in particular the acquisition by the Company of its own ordinary shares

17 Transactions with the Investment Manager

The transactions with BlackRock are set out in the Directors' Report on page 20

BlackRock Investment Management (UK) Limited ("BlackRock") provides management and administration services to the Company under a contract which is terminable on six months' notice. Details of the fees receivable by BlackRock in relation to these services are set out in note 4 on page 42

The fees due to BlackRock for the year ended 30 November 2012 amounted to £1,229,000 (2011 £1,453,000). At the year end £519,000 was outstanding in respect of these fees (2011 £219,000)

18 Related party disclosure

The related party transactions with the Directors are set out in the Directors' Report on page 21 and in the Directors' Remuneration Report on pages 25 and 26

The Board consists of four non-executive Directors all of whom, with the exception of Mr Ruck Keene, are considered to be independent by the Board. Mr Ruck Keene is an employee of the Investment Manager and is deemed to be interested in the Company's management agreement

None of the Directors has a service contract with the Company. For the year ended 30 November 2012, the Chairman received an annual fee of £30,000, the Chairman of the Audit and Management Engagement Committee received an annual fee of £23,000 and each other Director received an annual fee of £20,000, with the exception of Mr Ruck Keene who has waived his entitlement to fees. With effect from 1 December 2012 the annual remuneration of the Chairman was increased to £32,000, the Chairman of the Audit and Management Engagement Committee to £24,000 and the other Directors to £21,000

19 Risk Management policies and procedures

As an investment trust, the Company invests in equities and other investments for the long term so as to secure its investment objectives as stated on pages 17 and 18. In pursuing its investment objectives, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction in the revenue available for distribution by way of potential dividends.

These financial risks, market risk (comprising currency risk, interest rate risk and market risk), liquidity risk and credit risk, and the Directors' approach to the management of them, are set out below. The Investment Manager, in close co-operation with the Board of Directors, co-ordinates the Company's risk management.

The objectives, policies and processes for managing these risks, are set out below, and have not changed from the previous accounting period.

(i) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate due to changes in market prices. Market risk comprises currency risk (see note 19(ii)), interest rate risk (see note 19(iii)) and market risk (see note 19(iv)). The Board of Directors reviews and agrees policies for managing these risks. The Investment Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(ii) Currency risk

A large proportion of the Company's assets, liabilities and income are denominated in currencies other than Sterling (the Company's functional currency, and in which it reports its results). As a result, movements in exchange rates will affect the Sterling value of those items. As at 30 November 2012, the value of non-Sterling denominated investments amounted to £93,507,000 (2011: £105,562,000).

Management of the risk

The Investment Manager monitors the Group's exposure to foreign currencies on a daily basis and reports to the Board on a regular basis.

The Investment Manager does not normally hedge against foreign currency movement, but takes account of this risk when making investment decisions.

Foreign currency borrowing facilities are available in the form of a multi-currency overdraft facility to limit the Company's exposure to future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. Income denominated in foreign currency is converted into Sterling on receipt.

The Group does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt.

Notes to the Financial Statements continued

19 Risk Management policies and procedures continued

(ii) Currency risk continued

Foreign currency exposure

The fair values of the Company's monetary items which have foreign currency exposure at 30 November 2012 are shown below. Where the Company's equity investments which are not monetary items are denominated in a foreign currency, the principals have been included separately in the analysis so as to show the overall exposure

	Canadian Dollar £'000	US Dollar £'000	Euro £'000	Other £'000
2012				
Debtors (due from brokers, dividends and other income receivable)	266	-	54	56
Cash at bank and on deposit	68	4	-	3
Total foreign currency exposure on net monetary items	334	4	54	59
Investments at fair value through profit or loss that are equities	16,604	56,684	8,248	11,971
Total net foreign currency exposure	16,938	56,688	8,302	12,030
	Canadian Dollar £'000	US Dollar £'000	Euro £'000	Other £'000
2011				
Debtors (due from brokers, dividends and other income receivable)	90	131	-	-
Cash at bank and on deposit	14	29	2	1
Total foreign currency exposure on net monetary items	104	160	2	1
Investments at fair value through profit or loss that are equities	16,987	55,466	12,198	20,911
Total net foreign currency exposure	17,091	55,626	12,200	20,912

The above amounts are not representative of the net exposure to risk during the year as levels of monetary foreign currency exposure change significantly during the year

Foreign currency sensitivity

The following table illustrates the sensitivity of the profit after taxation for the year and the net assets in regard to the Company's monetary financial assets and financial liabilities and the exchange rates for the portfolio's significant currency exposures, these being Sterling/Canadian Dollar, Sterling/US Dollar, Sterling/Euro

It assumes the following changes in exchange rates

Sterling/Canadian Dollar +/- 5% (2011 5%)

Sterling/US Dollar +/- 5% (2011 5%)

Sterling/Euro +/- 5% (2011 5%)

For the year ended 30 November 2012, a 5% sensitivity has been determined for all significant currency exposures in order to demonstrate clearly the impact on net assets of a fixed percentage movement in any of the material currencies

In the prior year percentages were determined based on the average market volatility in exchange rates in the previous twelve months

The sensitivity analysis is based on the Company's monetary foreign currency financial instruments held at each financial reporting date. No consideration has been given to the impact of gearing on the grounds of immateriality

If Sterling had strengthened against the currencies shown, this would have had the following effect

	2012			2011		
	Canadian Dollar £'000	US Dollar £'000	Euro £'000	Canadian Dollar £'000	US Dollar £'000	Euro £'000
Projected change	5%	5%	5%	5%	5%	5%
Impact on revenue return	(31)	(172)	(23)	(27)	(60)	(27)
Impact on capital return	(784)	(2,677)	(390)	(802)	(2,619)	(576)
Total return after taxation for the year/effect on shareholders' funds	(815)	(2,849)	(413)	(829)	(2,679)	(603)

If Sterling had weakened against the currencies shown, this would have had the following effect

	2012			2011		
	Canadian Dollar £'000	US Dollar £'000	Euro £'000	Canadian Dollar £'000	US Dollar £'000	Euro £'000
Projected change	5%	5%	5%	5%	5%	5%
Impact on revenue return	34	190	26	30	66	30
Impact on capital return	867	2,959	431	887	2,895	637
Total return after taxation for the year/effect on shareholders' funds	901	3,149	457	917	2,961	667

Incorporated into the impact on capital return is the result a change would have on the revaluation of affected investments as held in the portfolio at the reporting date

(iii) Interest rate risk

Interest rate risk movements may affect the interest payable on the Company's variable rate borrowings and the level of income receivable on cash deposits

Management of the risk

The possible effects on fair value and cash flows that could arise are a result of changes in interest rates are taken into account when making investment decisions and borrowing under the multi-currency overdraft facility

The Company, generally, does not hold significant balances, with short term borrowings being used when required

The Company finances part of its activities through borrowings at levels approved and monitored by the board

Derivative contracts are not used to hedge against the exposure to interest rate risk

Notes to the Financial Statements continued

19 Risk Management policies and procedures continued

(iii) Interest rate risk continued

Interest rate exposure

The exposure at 30 November 2012 of financial assets and liabilities to interest rate risk is shown by reference to

- floating rate interest rates - when the interest rate is due to be re-set
- fixed interest rates - when the financial instrument is due for repayment

	2012			2011		
	Within one year £'000	More than one year £'000	Total £'000	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates						
Bank overdraft	(3,233)	-	(3,233)	(2,116)	-	(2,116)
Cash at bank	75	-	75	-	-	-
Exposure to fixed interest rates						
Fixed interest investments	695	-	695	413	2,987	3,400
Total exposure to interest rates	(2,463)	-	(2,463)	(1,703)	2,987	1,284

The above year end amounts are not representative of the exposure to interest rates during the year, as the level of exposure changes as investments are made in fixed interest securities, borrowings are drawn down and repaid, and the mix of borrowings between floating and fixed interest rate change. The Company has little exposure to interest rates as the majority of the financial assets are equity shares which do not pay interest. Therefore, the Company's total income and equity is not materially affected by changes in interest rates.

Interest receivable, and finance costs are at the following rates

Interest received on cash balances, or paid on bank overdrafts respectively for the year to 30 November 2012 was approximately 0.15% and 1.65% per annum (2011: 0.15% and 1.73% per annum)

(iv) Market risk and fair value hierarchy disclosures

The table below sets out fair value measurements using the IFRS 7 fair value hierarchy

Financial assets at fair value through profit or loss at 30 November 2012	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	115,118	-	-	115,118

Financial assets at fair value through profit or loss at 30 November 2011	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	120,548	-	413*	120,961

* Level 3 assets comprise of the only unquoted security in the Company's portfolio, High River Gold. This was redeemed at par value on the maturity date of 31 December 2011.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows

Level 1 – valued using quoted prices in active markets for identical assets,

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included in Level 1,

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data

	2012 £'000	2011 £'000
Reconciliation of level 3 financial assets		
Opening balance	413	344
High River Gold redeemed at par	(413)	-
Total gains included in the Consolidated Statement of Comprehensive Income	-	69
Closing balance	-	413

Management of the risk

The Board manages the risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Manager. The Board meets regularly and at each meeting reviews investment performance. The Board monitors the Investment Manager's compliance with the Company's objectives and is directly responsible for investment strategy and asset allocation.

The Company's exposure to other changes in market prices at 30 November 2012 on its quoted investments is illustrated in the 'Market price risk sensitivity' paragraph below.

Concentration of exposure to market price risks

An analysis of the Company's investment portfolio is shown on pages 13 to 15. At 30 November 2012, this shows the majority of the investments' value is in US companies, with significant amounts also in European and Canadian companies. Accordingly, there is a concentration of exposure to those countries, though it is recognised that an investment's country of domicile or of listing does not necessarily equate to the economic conditions in that country.

Market price risk sensitivity

The following illustrates the sensitivity of the revenue after taxation for the year and the net assets to an increase or decrease of 20% in the fair values of the Company's equities (2011: 20%). This level of change is considered to be reasonably possible based on observation of current market conditions in 2012. The sensitivity analysis is based on the Company's equity exposure at each financial reporting date, with all other variables held constant.

The impact of a 20% (2011: 20%) increase in the value of investments on the revenue return as at 30 November 2012 is a decrease of £48,000 (2011: £49,000) and on the capital return is an increase of £22,818,000 (2011: £24,004,000).

The impact of a 20% (2011: 20%) decrease in the value of investments on the revenue return as at 30 November 2012 is an increase of £48,000 (2011: £49,000) and on the capital return is a decrease of £22,818,000 (2011: £24,004,000).

Notes to the Financial Statements continued

19 Risk Management policies and procedures continued

(v) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities

The Company maintains a diversified portfolio consisting almost entirely of listed securities and, in general, does not have holdings which are unduly large in individual securities. The Investment Manager has regard to the liquidity of the individual securities when making investment decisions, and the Company manages its liquid resources to ensure sufficient cash is available to meet its contractual commitments.

The Board gives guidance to the Investment Manager as to the maximum amounts of the Company's resources that should be invested in any one company. The Company may from time to time use borrowings to gear its investment portfolio. The Investment Manager may also hold a net cash position when they consider it advantageous to do so. The Company has an overdraft facility of £20 million (2011: £20 million).

Liquidity risk exposure

The remaining contractual maturities of the financial liabilities as at 30 November, based on the earliest date on which payment can be required were as follows:

	3 months or less £'000	Not more than one year £'000	More than one year £'000	Total £'000
2012				
Current liabilities				
Bank overdraft	3,233	-	-	3,233
Amounts due to brokers and accruals	656	169	126	951
	3,889	169	126	4,184
2011				
Current liabilities				
Bank overdraft	2,116	-	-	2,116
Amounts due to brokers and accruals	404	129	24	557
	2,520	129	24	2,673

(vi) Credit risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

Management of the risk

The risk is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit standard is reviewed periodically by the Investment Manager, and limits are set on the amount that may be due from any one broker,
- the Company's listed investments are held on its behalf by The Bank of New York Mellon as the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Board monitors the Company's risk by reviewing the custodian's internal control reports,

- the credit worthiness of counterparties to stock lending is assessed by the Investment Manager prior to trading and on a regular ongoing basis. All transactions are secured with collateral to 105% of the value of the stock on loan,
- the creditworthiness of financial institutions with whom cash is held is assessed regularly by the Investment Manager, and
- all the transactions in quoted securities are settled on a payment against delivery basis using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

In summary, the exposure to credit risk at 30 November was as follows

	2012 £'000	2011 £'000
Fixed interest security	695	-
Amounts due from brokers	266	-
Accrued income	272	187
Taxation recoverable	110	91
Cash at bank	75	-
	1,418	278

None of the Company's financial liabilities are past due or impaired

(vii) Fair values of financial assets and financial liabilities

Financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value (investments and derivatives) or the balance sheet amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank, bank overdrafts and amounts due under the bank overdraft facility)

(viii) Capital management policies and procedures

The Company's capital management objectives are

- to ensure it will be able to continue as a going concern, and
- to achieve an annual dividend target and over the long term capital growth investing primarily in securities of companies operating in the mining and energy sector

This is to be achieved through an appropriate balance of equity capital and gearing. The Company operates a flexible gearing policy which depends on prevailing conditions.

The Company's total capital as 30 November 2012 was £114,896,000 (2011: £120,758,000) comprising £3,233,000 (2011: £2,116,000) of bank overdraft and £111,663,000 (2011: £118,642,000) of equity shares, capital and reserves.

20 Contingent liabilities

Contingent liabilities amounted to £780,000 in respect of underwriting contracts at 30 November 2012 (2011: nil).

Analysis of Ordinary Shareholders

30 November 2012

By type of holder

	Number of shares	% of total 2012	% of total 2011	Number of holders	% of total 2012	% of total 2011
Direct private investors	1,944,084	2.0	2.3	306	17.8	17.4
Banks and nominee companies	89,798,845	95.3	95.6	1,373	79.7	80.3
Others	2,515,071	2.7	2.1	44	2.5	2.3
	94,258,000	100.0	100.0	1,723	100.0	100.0

By size of holding

	Number of shares	% of total 2012	% of total 2011	Number of holders	% of total 2012	% of total 2011
1 - 10,000	5,692,329	6.0	6.5	1,268	73.6	74.3
10,001 - 100,000	9,451,714	10.0	10.2	356	20.6	20.0
100,001 - 1,000,000	26,832,883	28.5	28.1	77	4.5	4.4
1,000,001 - 5,000,000	40,527,775	43.0	55.2	20	1.2	1.3
Over 5,000,001	11,753,299	12.5	-	2	0.1	-
	94,258,000	100.0	100.0	1,723	100.0	100.0

Historical Analysis

	Number of shares in issue	Net assets attributable to ordinary shareholders £'000	Net asset value per ordinary share p	Ordinary share price (mid-market) p	Revenue return per ordinary share p	Dividend per ordinary share p	**Total expense/ongoing charges ratio
At launch, 13 December 2005	75,000,000	73,500	98.00	100.00	-	-	-
Period ended 30 November 2006	75,600,000	79,784	105.53	101.25	5.28	4.50	1.5
Year ended 30 November 2007	75,600,000	110,018	158.05	149.75	6.31	5.25	1.3
Year ended 30 November 2008	75,600,000	57,625	80.25	72.50	6.96	5.40	1.4
Year ended 30 November 2009	75,600,000	90,260	120.63	119.75	5.74	5.50	1.5
Year ended 30 November 2010	90,508,000	125,848	139.05	143.00	5.85	5.60*	1.4
Year ended 30 November 2011	90,508,000	118,642	131.08	127.75	5.88	5.75	1.3
Year ended 30 November 2012	94,258,000	111,663	118.47	122.75	6.10	5.90	1.3

* In addition, two special dividends were also paid during the year, totalling 1.52 pence per share.

** Based on average net assets for the year. Effective 2011, the ongoing charges ratio is calculated in accordance with the AIC recommended methodology for the calculation of ongoing charges. Until 2010, the total expense ratio was calculated in accordance with the AIC best practice guidance.

Management & Administration

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* Authorised and regulated by the Financial Services Authority

Additional Shareholder Information

Financial calendar

The timing of the announcement and publication of the Company's results may normally be expected in the months shown below

January/February

Annual results for the year ended 30 November announced and the annual report and financial statements published

March

Annual General Meeting

July

Half yearly figures to 31 May announced and half yearly financial report published

Quarterly Dividends

Dividends are paid quarterly as follows

Period ending	Ex-date	Payment date
28 February	March	April
31 May	June	July
31 August	September	October
30 November	December	January

Payment of dividends

Cash dividends will be sent by cheque to the first-named shareholder at their registered address. Dividends may also be paid direct into a shareholder's bank account via BACSTEL-IP (Bankers' Automated Clearing Service – Telecom Internet Protocol). This may be arranged by contacting the Company's registrar, Computershare Investor Services PLC, through their secure website www.investorcentre.co.uk, on 0870 707 1476 or by completing the Mandate Instructions section on the reverse of your dividend counterfoil and sending this to the Company's registrar, Computershare. Tax vouchers will be sent to shareholders at their registered address, unless other instructions have been given, to arrive on the payment date.

Dividend reinvestment scheme ("DRIP")

Shareholders may request that their dividends be used to purchase further shares in the Company. Dividend reinvestment forms may be obtained from Computershare Investor Services PLC through their secure website www.investorcentre.co.uk, or on 0870 707 1476. Shareholders who have already opted to have their dividends reinvested do not need to reapply.

Share price

The Company's mid-market ordinary share price is quoted daily in *The Financial Times* and *The Times* under "Investment Companies" and in *The Daily Telegraph* under "Investment Trusts". The share price is also available on the BlackRock website at www.blackrock.co.uk/brci.

ISIN/SEDOL numbers

The ISIN/SEDOL numbers and mnemonic codes for the Company's shares are

	Ordinary Shares
ISIN	GB00B0N8MF98
SEDOL	BON8MF9
Reuters Code	BRCI L
Bloomberg Code	BRCI LN

Share dealing

Investors wishing to purchase more shares in the Company or sell all or part of their existing holding may do so through a stockbroker. Most banks also offer this service.

For existing shareholders the Company's registrar, Computershare Investor Services PLC, has both internet and telephone share dealing services. To access the internet share dealing service, log on to www.computershare.com/dealing/uk. The telephone share dealing service is available on 0870 703 0084. To use these services, you will need your shareholder reference number, which is detailed on your certificate.

Internet dealing – The fee for this service is 1% of the value of each sale or purchase of shares (subject to a minimum of £30). Stamp duty of 0.5% is payable on purchases.

Telephone dealing – The fee for this service will be 1% of the value of the transaction (plus £35). Stamp duty of 0.5% is payable on purchases.

CREST

The Company's shares may be held in CREST, an electronic system for uncertificated securities trading.

Private investors can continue to retain their share certificates and remain outside the CREST system. Private investors are able to buy and sell their holdings in the same way as they did prior to the introduction of CREST, although there may be differences in dealing charges.

Electronic communications

We encourage you to play your part in reducing our impact on the environment and elect to be notified by email when your shareholder communications become available online. This means you will receive timely, cost-effective and greener online annual reports, half yearly financial reports and other relevant documentation.

Shareholders who opt for this service will receive an email from Computershare with a link to the relevant section of the BlackRock website where the documents can be viewed and downloaded. Please submit your email address by visiting www.investorcentre.co.uk/ecomms. You will require your shareholder reference number which you will find on your share certificate or tax voucher.

You will continue to receive a printed copy of these reports if you have elected to do so. Alternatively, if you have not submitted your email address nor have elected to receive printed reports, we will write and let you know where you can view these reports online.

Electronic proxy voting

Shareholders are able to submit their proxy votes electronically via Computershare's internet site at www.eproxypointment.com using their shareholder reference number, control number and a unique identification PIN and SRN which will be provided with voting instructions and the Notice of Annual General Meeting. CREST members who wish to appoint one or more proxies or give an instruction through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. More details are set out in the notes on the form of proxy and the Notice of Annual General Meeting.

Nominee code

Where shares are held in a nominee company name, the Company undertakes

- ▶ to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance,
- ▶ to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available, and
- ▶ that investors in the BlackRock Investment Trusts Savings Plan and ISA are automatically sent shareholder communications, including details of general meetings, together with a form of direction to facilitate voting and to seek authority to attend, and

Nominee companies are encouraged to provide the necessary authority to underlying shareholders to attend the Company's general meetings.

Publication of NAV/portfolio analysis

The NAV per share of the Company is calculated daily, with details of the Company's investments and performance being published monthly.

The daily NAV and monthly information are released through the London Stock Exchange's Regulatory News Service and are available on the BlackRock website at www.blackrock.co.uk/its and through the Reuters News Service under the code "BLRKINDEX", on page 8800 on Topic 3 (ICV terminals) and under "BLRK" on Bloomberg (monthly information only).

Internet

Other details about the Company are also available on the BlackRock website at www.blackrock.co.uk/brci. The financial statements and other literature are published on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Shareholders can also manage their shareholding online by using Investor Centre, Computershare's secure website, at www.investorcentre.co.uk.

To access Computershare's website you will need your shareholder reference number (SRN) which can be found on paper or electronic communications you have previously received from Computershare.

Listed below are the most frequently used features of the website.

- ▶ Holding enquiry – view balances, values, history, payments and reinvestments
- ▶ Payments enquiry – view your dividends and other payment types
- ▶ Address change – change your registered address
- ▶ Bank details update – choose to receive your dividend payment directly into your bank account instead of by cheque
- ▶ e-Comms sign-up – choose to receive email notification when your shareholder communications become available instead of paper communications
- ▶ Outstanding payments – reissue payments using the online replacement service
- ▶ Downloadable forms – including dividend mandates, stock transfer, dividend reinvestment and change of address forms

Additional Shareholder Information continued

Savings Plan

The Company participates in the BlackRock Investment Trusts Savings Plan, which facilitates both regular monthly investments and occasional lump sum investments in the Company's ordinary shares

Shareholders who would like information on the Savings Plan should call BlackRock free on 0800 44 55 22

Stocks and Individual Savings Accounts ("ISA")

ISAs are a tax-efficient method of investment and the Company's shares are eligible investments within the BlackRock Investment Trust stocks and shares Individual Savings Account. Investors currently have an annual ISA allowance of £11,280. With effect from 6 April 2013 this allowance will be increased to £11,520. Details are available from BlackRock by calling free on 0800 44 55 22.

Shareholder enquiries

The Company's registrar is Computershare Investor Services PLC. Certain details relating to your holding can be checked through the Computershare Investor Centre website. As a security check, specific information needs to be input accurately to gain access to an individual's account. This includes the shareholder reference number, available from either the share certificate or tax voucher or other electronic communications previously received from Computershare. The address of the Computershare website is www.investorcentre.co.uk. Alternatively please contact the registrar on 0870 707 1476.

Changes of name or address must be notified to the registrar, in writing at

Computershare Investor Services PLC,
The Pavilions,
Bridgwater Road,
Bristol BS99 6ZZ,

General enquiries

Enquiries about the Company should be directed to

The Secretary
BlackRock Commodities Income Investment Trust plc
12 Throgmorton Avenue
London EC2N 2DL
Telephone 0800 44 55 22

Enquiries about the Savings Plan and ISA should be directed to
Freepost RLTZ-KHUH-KZSB

BlackRock Investment Management (UK) Limited
PO Box 9036
Chelmsford CM99 2XD
Telephone 0800 44 55 22

Notice of Annual General Meeting

Notice is hereby given that the seventh Annual General Meeting of BlackRock Commodities Income Investment Trust plc will be held at the offices of BlackRock Investment Management (UK) Limited, 12 Throgmorton Avenue, London EC2N 2DL on Friday, 8 March 2013 at 10 30 a.m. to transact the following business

Ordinary business

- 1 To receive the report of the Directors and the financial statements for the year ended 30 November 2012, together with the report of the Auditor thereon
- 2 To approve the Directors' Remuneration Report for the year ended 30 November 2012
- 3 To re-elect Mr J G Ruck Keene as a Director
- 4 To re-elect Mr H van der Klugt as a Director
- 5 To re-appoint Ernst & Young LLP as Auditor to the Company
- 6 To authorise the Directors to determine the Auditor's remuneration

Special business

To consider and, if thought fit, pass the following resolution as an ordinary resolution

- 7 That, in substitution for all existing authorities, the Directors of the Company be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act"), to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Securities"), up to an aggregate nominal amount of £94,258 (being 10% of the aggregate nominal amount of the issued ordinary share capital of the Company at the date of this notice) provided this authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2014 but so that the Company may, before such expiry, make any offer or agreement which would or might require relevant securities to be allotted pursuant to any such offer or agreement as if the authority hereby conferred had not expired

To consider and, if thought fit, pass the following resolutions as special resolutions

- 8 That, in substitution for all existing authorities and subject to the passing of resolution 7 above, the Directors of the Company be and are hereby empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in section 560 of the Act), including the grant of rights to subscribe for or to convert securities into ordinary shares of the Company, and to sell equity securities held by the Company as treasury shares (as defined in section 724 of the Act) for cash pursuant to the authority granted by

resolution 7 above, as if section 561(1) of the Act did not apply to any such allotment and sales of equity securities, provided that this authority

- (a) shall expire at the conclusion of the next Annual General Meeting to be held in 2014, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or sold after such expiry and notwithstanding such expiry the Directors may allot or sell equity securities in pursuance of such offers or agreements, and
 - (b) shall be limited to allotment of equity securities and/or sale of equity securities held in treasury for cash up to an aggregate nominal amount of £94,258, (representing 10% of the aggregate nominal amount of the issued share capital of the Company at the date of this notice), and
 - (c) in the case of the allotment or sale of ordinary shares, at a price of not less than the net asset value per share as close as practicable to the allotment or sale
- 9 That, in substitution for the Company's existing authority to make market purchases of ordinary shares of 1p in the Company ("Shares"), the Company be and it is hereby authorised in accordance with section 701 of the Companies Act 2006 (the "Act") to make market purchases of Shares (within the meaning of section 693 of the Act) provided that
 - (a) the maximum number of Shares hereby authorised to be purchased is 14,129,274 (being the equivalent of 14.99% of the Company's issued share capital at the date of this notice),
 - (b) the minimum price (exclusive of expenses) which may be paid for a Share shall be 1p,
 - (c) the maximum price (exclusive of expenses) which may be paid for a Share shall be the higher of (i) 5% above the average of the market values of the Shares for the five business days immediately preceding the date of purchase, as derived from the Daily Official List of the London Stock Exchange and (ii) the higher of the price quoted for (a) the last independent trade of, and (b) the highest current independent bid for, any number of Shares on the trading venue where the purchase is carried out, and
 - (d) unless renewed, the authority hereby conferred shall expire at the conclusion of the AGM of the Company in 2014 save that the Company may, prior to such expiry, enter into a contract to purchase Shares which will or may be completed or executed wholly or partly after such expiry

Notice of Annual General Meeting continued

All Shares purchased pursuant to the above authority shall be either

- (a) cancelled immediately on completion of the purchase, or
- (b) held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Act

10 That, in addition to the authority given to the Company to purchase its own Shares pursuant to the resolution numbered 9 above, and in accordance with the standard terms and conditions of the regular tender offers, (the "Terms and Conditions"), the Company be and is hereby authorised in accordance with section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of section 693 of the Act) of its Shares of 1p each ("Shares"), provided that

- (a) the maximum number of Shares hereby authorised to be purchased shall not exceed 20% of the Shares in issue as at 31 August 2013 (excluding any Shares held in Treasury),
- (b) the price which may be paid for a Share shall be the Tender Price (as defined in the Terms and Conditions), and
- (c) the authority hereby conferred shall expire on 31 October 2013 (unless such authority is renewed prior to such time) save that the Company may, prior to such expiry, enter into a contract to purchase Shares which will or may be completed or executed wholly or partly after such expiry

Save as expressly provided in this resolution, words defined in the Terms and Conditions shall bear the same meanings in this resolution

11 That, in addition to the authority given to the Company to purchase its own Shares pursuant to the resolutions numbered 9 and 10 above and in accordance with the standard terms and conditions of the regular tender offers, (the "Terms and Conditions"), the Company be and is hereby authorised in accordance with section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of section 693 of the Act) of its ordinary shares of 1p each ("Shares"), provided that

- (a) the maximum number of Shares hereby authorised to be purchased shall not exceed 20% of the Shares in issue as at 28 February 2014 (excluding any Shares held in Treasury),
- (b) the price which may be paid for a Share shall be the Tender Price (as defined in the Terms and Conditions), and

- (c) the authority hereby conferred shall expire on 30 April 2014 (unless such authority is renewed prior to such time) save that the Company may, prior to such expiry, enter into a contract to purchase Shares which will or may be completed or executed wholly or partly after such expiry

Save as expressly provided in this resolution, words defined in the Terms and Conditions shall bear the same meanings in this resolution

12 That the Articles of Association of the Company be amended by deleting the existing Articles 126 5 and 126 6 in their entirety and inserting the following new Article 126 5 in their place

"126 5 The Board shall establish a reserve to be called the "Capital Reserve". All surpluses arising from the realisation or revaluation of investments and all other monies realised on or derived from the realisation, payment off of or other dealing with any capital asset in excess of the book value thereof and all other monies which are considered by the Board to be in the nature of accretion to capital reserves shall be credited to the Capital Reserve. Subject to the Act, the Board may determine whether any amount received by the Company is to be dealt with in the income account or Capital Reserve or partly one way and partly the other. Any loss realised on the realisation or payment off of or other dealing with any investments or other capital assets and, subject to the Act, any expenses, loss or liability (or provision therefor) which the Board considers to relate to a capital reserve item or which the Board otherwise considers appropriate to be debited to the Capital Reserve shall be carried to the debit of the Capital Reserve. All sums carried and standing to the credit of the Capital Reserve may be applied for any of the purposes to which sums standing to any revenue reserve are applicable."

By Order of the Board

BlackRock Investment Management (UK) Limited
Secretary
18 January 2013

Registered Office
12 Throgmorton Avenue
London
EC2N 2DL

Notes

- 1 A member entitled to attend and vote at the meeting convened by the above Notice is also entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend, speak and vote in his place. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member.
- 2 To appoint a proxy you may use the form of proxy enclosed with this annual report. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or notarially certified or office copy of the same, must be completed and returned to the office of the Company's registrar in accordance with the instructions thereon as soon as possible and in any event by not later than 10.30 a.m. on 6 March 2013. Amended instructions must also be received by the Company's registrar by the deadline for receipt of forms of proxy. Alternatively you can vote or appoint a proxy electronically by visiting www.eproxyappointment.com. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the form of proxy. The latest time for the submission of proxy votes electronically is 10.30 a.m. on 6 March 2013.
- 3 Completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person.
- 4 Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person") should note that the provisions in Notes 1 to 2 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only ordinary shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such agreement to give instructions to the member as to the exercise of voting rights at the meeting.
- 5 Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy the information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from the Nominated Person.
- 6 Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only ordinary shareholders registered in the register of members of the Company by not later than 6.00 p.m. two days prior to the time fixed for the meeting shall be entitled to attend and vote at the meeting in respect of the number of the ordinary shares registered in their name at such time. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.00 p.m. two days prior to the time of adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 7 In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- 8 Holders of ordinary shares through the Savings Schemes are entitled to attend and vote at the meeting if the voting instruction form, which is enclosed with this document, is correctly completed and returned in accordance with the instructions printed thereon.
- 9 Shareholders who hold their ordinary shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's registrar not later than 48 hours before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST. Shareholders are advised that CREST and the internet are the only methods by which completed proxies can be submitted electronically.
- 10 If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare (ID number 3RA50) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Computershare is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 11 If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interest in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any member holding 3% or more of the voting rights in the Company, who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.
- 12 Any questions relevant to the business of the meeting may be asked at the meeting by anyone permitted to speak at the meeting. A shareholder may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office. Under Section 319A of the Companies Act 2006, the Company must answer any question a shareholder asks relating to the business being dealt with at the meeting, unless (i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (ii) the answer had already been given on a website in the form of an answer to a question, or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- 13 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

Notice of Annual General Meeting continued

- 14 Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to
- (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are laid before the meeting, or
 - (ii) any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006
- The Company may not require the members requesting such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
- 15 Under sections 338 and 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company
- (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting, and/or
 - (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless
 - (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise)
 - (b) it is defamatory of any person or
 - (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 25 January 2013, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
- 16 As at the date of this report, the Company's issued share capital consisted of 94,258,000 ordinary shares. Each ordinary share carries the right to one vote and therefore the total voting rights in the Company as at the date of this report are 94,258,000.
- 17 Further information regarding the meeting which the Company is required by section 311A of the Companies Act 2006 to publish on a website in advance of the meeting (including this Notice), can be accessed at www.blackrock.co.uk/brci.
- 18 No service contracts exist between the Company and any of the Directors, who hold office in accordance with letters of appointment and the Articles of Association.

Glossary

Net asset value per share ("NAV")

This is the value of the Company's assets attributable to one ordinary share. It is calculated by dividing "total equity" by the total number of ordinary shares in issue (excluding treasury shares). For example, as at 30 November 2012, total equity was £111,662,000 and there were 94,258,000 ordinary shares in issue, the NAV was therefore 118.46 pence per ordinary share.

Total equity is calculated by deducting from the Company's total assets, its current and long term liabilities and provision for liabilities and charges.

Discount

Investment trust shares frequently trade at a discount to NAV. This occurs when the share price is less than the NAV. In this circumstance, the price that an investor pays or receives for a share would be less than the value attributable to it by reference to the underlying assets. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV. For example, if the share price was 90p and the NAV 100p, the discount would be 10%.

Premium

A premium occurs when the share price is more than the NAV and investors would therefore be paying more than the value attributable to the shares by reference to the underlying assets. For example, if the share price was 100p and the NAV 90p, the premium would be 11.1%.

Discounts and premia are mainly the consequence of supply and demand for the shares on the stock market.