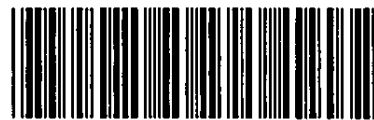


BLACKROCK
COMMODITIES
INCOME INVESTMENT
TRUST PLC
ANNUAL REPORT
AND FINANCIAL
STATEMENTS
30 NOVEMBER 2014

Registered in England, No 5612963

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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.

Details about the Company are available on the BlackRock website blackrock.co.uk/brci

[2] BLACKROCK COMMODITIES INCOME INVESTMENT TRUST PLC

Overview

Performance record

FINANCIAL HIGHLIGHTS

	As at 30 November 2014	As at 30 November 2013	Change %
Assets			
Net assets (£ 000)*	96,696	101,830	-5.0
Net asset value per ordinary share	91.95p	105.79p	-13.1
– with income reinvested	–	–	-8.1
Ordinary share price (mid-market)	99.00p	109.50p	-9.6
– with income reinvested	–	–	-4.5

	Year ended 30 November 2014	Year ended 30 November 2013	Change %
Revenue			
Net revenue after taxation (£ 000)	6,225	5,551	+12.1
Revenue return per ordinary share	6.20p	5.87p	+5.6
Interim dividends			
1st interim	1.4875p	1.4750p	+0.8
2nd interim	1.4875p	1.4750p	+0.8
3rd interim	1.4875p	1.4750p	+0.8
4th interim	1.5375p	1.5250p	+0.8
Total dividends paid and payable	6.0000p	5.9500p	+0.8

* The change in net assets reflects market movements and the issue of 8 900 000 ordinary shares in the year

Overview

Chairman's statement

I am pleased to present the Annual Report to shareholders of BlackRock Commodities Income Investment Trust plc for the year ended 30 November 2014

OVERVIEW

2014 was a challenging year for investors in natural resources as economic and geopolitical fears drove sentiment. Despite a strong first half to the year, the second half has seen a dramatic sell off in both iron ore and oil, the result of Chinese growth concerns and global oversupply. The Company has remained focused on investment into high quality diversified producers that should provide a platform for recovery.

Against this background, the Company's net asset value per share (NAV) has been disappointing returning -8.1% and the share price returned -4.5%. Over the same period, the Euromoney Global Mining Index (formerly the HSBC Global Mining Index) and MSCI World Energy Index returned -8.0% and -3.8% respectively. Since the launch of the Company in December 2005 the NAV has returned 42.3% and the share price 50.2% (all percentages calculated in sterling terms with income reinvested).

Since the year end and up to the close of business on 29 January 2015, the Company's NAV has returned -7.4% and the share price has returned -11.1%.

REVENUE RETURN AND DIVIDENDS

The Company's revenue return per share for the year amounted to 6.20 pence (2013: 5.87 pence). It remains the Company's intention to pay four quarterly dividends. Details for the 2013 and 2014 financial years are set out in note 8 to the Financial Statements.

Our objective this year was to pay dividends which in total amounted to at least 5.95 pence and I am pleased to report that we have exceeded this target by paying quarterly dividends amounting to 6.00 pence per share (2013: 5.95 pence).

It is the Company's aim to pay dividends amounting to at least 6.00 pence per share for the year ending 30 November 2015. 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 6.1% based on the share price as at the close of business on 28 November 2014.

Your Company has now been operating for nine 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 have 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 9 June 2014 that it had decided not to proceed with a tender offer in August 2014 and on 12 December 2014 that the tender offer in February 2015 would not be implemented. During the year ended 30 November 2014, the Company's shares traded at an average premium to NAV of 1.5% compared to a discount of 2.0% to NAV, the price at which any tender offer would be made.

A resolution for the renewal of the Company's semi-annual tender authorities will be put to shareholders at the forthcoming Annual General Meeting (AGM).

SHARE CAPITAL

The Company is committed to the regular issue of ordinary shares at a premium to NAV as a way of ensuring that any premium to NAV is maintained within a sensible range, to provide ongoing market liquidity and to do so in a manner that is accretive to all shareholders. Currently ordinary shares representing up to 10% of the Company's issued ordinary share capital can be allotted as new ordinary shares or sold from treasury. In recent years the Company has come close to exhausting this 10% authority and, as such, has decided to propose at the forthcoming AGM, as a precaution against the authority being exceeded prior to the 2016 AGM, that authority be sought to allot as new ordinary shares or sell from treasury ordinary shares representing up to 30% of the Company's issued ordinary share capital.

The Company will not, and indeed is prohibited from, issuing more than 10% of its issued share capital over any twelve month period without a prospectus, and, as such, any issue over this 10% limit would only take place after a prospectus has been published.

During the financial year ended 30 November 2014, the Company issued 8,900,000 ordinary shares at an average price of 107.69 pence per share for a total consideration of £9,526,000, before the deduction of issue costs. The ordinary shares were issued at an average premium of 2.2% to the cum income NAV at the close of business on the business day prior to each issue and at a premium to the estimated cum income NAV at the time of each transaction. It should be noted that the issue of new ordinary shares during the year has provided a gross capital uplift of £199,000, including income of £61,000.

Since 30 November 2014, a further 700,000 ordinary shares have been issued for consideration of £616,000, before the deduction of issue costs. The ordinary shares were issued at a premium of 2.1% to the cum income NAV at the close of business on the previous business day and at a premium to the estimated cum income NAV at the time of the transaction.

GEARING

The Company operates a flexible gearing policy which depends on prevailing market conditions. The maximum gearing used during the year was 11.2% and at 30 November 2014 gearing

was 3.9%. Gearing has been calculated in accordance with AIC guidelines and on a net basis

THE BOARD

In accordance with our policy of Board refreshment we were pleased to welcome Dr Carol Bell to the Board on 1 December 2014. Carol has also joined the Company's Audit and Management Engagement Committee and the Nomination Committee.

Carol has enjoyed a successful career in the City and is currently a non-executive director of Petroleum Geo-Services ASA, Salamander Energy plc and two listed holding companies of the Fred Olsen Group (Bonheur ASA and Ganger Rolf ASA), a member of the S4C authority, the governing body of the Welsh language public service broadcaster and a Trustee of the National Museum Wales. Dr Bell has previously been a director of Hardy Oil & Gas plc, Det norske oljeselskap ASA and Caracal Energy Inc (now Glencore E&P (Canada) Inc).

I will be standing down as a Director and as Chairman at the forthcoming AGM, having served as Chairman since the Company's incorporation in November 2005. After the AGM I shall hand over the chair to Ed Warner. Ed joined the Board in July 2013 and has provided wise and trusted counsel. I am confident that he will make an excellent Chairman and wish the Company well in the future.

CORPORATE BROKER

The Board announces the appointment, with immediate effect, of Winterflood Securities Limited as the Company's corporate broker to replace J.P. Morgan Cazenove Limited.

ALTERNATIVE INVESTMENT FUND MANAGERS' DIRECTIVE (AIFMD)

BlackRock Fund Managers Limited (BFM) was appointed as the Company's Alternative Investment Fund Manager (AIFM or Manager) on 2 July 2014. The Board has also appointed BNY Mellon Trust & Depositary (UK) Limited (the Depositary) to act as the Company's depositary. In complying with its new regulatory obligations, the Board continues to act independently of the AIFM and the arrangements in respect of the management fee remain unchanged. BlackRock Investment Management (UK) Limited (BIM (UK)) continues to act as the Company's Investment Manager under a delegation agreement with BFM.

ANNUAL GENERAL MEETING

The Company's AGM will be held at 10.30 a.m. on Tuesday, 17 March 2015 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 65 to 68 of this Annual Report. The portfolio managers will make a presentation to shareholders on the Company's progress and the outlook for the year.

OUTLOOK

As we enter a new financial year, expectations for global economic growth have been moderating. A combination of excess supply and softening demand has seen a significant fall in commodity prices, with mining and energy share prices also declining substantially during 2014. Today many commodities are trading below their marginal cost of production, and many producers are trading well below their historic average valuation. The weaker commodity price environment has seen companies aggressively cut costs and curtail spending on future growth. As we move into 2015 we would expect continued commodity price volatility. At current prices supply is highly likely to be cut, which should ultimately be supportive for prices. Despite these falls in commodity prices companies with robust balance sheets and high quality assets remain well positioned to grow dividends. Overall, we remain cautiously optimistic and believe the Company's portfolio is well positioned in high quality companies to take advantage of opportunities that arise in 2015.

ALAN HODSON

Chairman

2 February 2015



Performance

Strategic report

The Directors present the Strategic Report of the Company for the year ended 30 November 2014

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.

OBJECTIVE

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.

STRATEGY

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

BUSINESS MODEL AND INVESTMENT POLICY

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 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 and in securities of companies that operate in the commodities sector other than the mining and energy sectors.

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 Group 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 Group 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.

The Group's financial statements 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 shareholder approval.

PORTFOLIO ANALYSIS

A detailed analysis of the portfolio has been provided on pages 14 to 16.

PERFORMANCE

During the year ended 30 November 2014, the Company's NAV per share returned -8.1% and the share price returned -4.5% (both percentages are calculated in sterling terms with income reinvested).

The Investment Manager's Report on pages 9 to 11 includes a review of the main developments during the period, together with information on investment activity within the Company's portfolio.

RESULTS AND DIVIDENDS

The results for the Group are discussed in the Chairman's Statement on pages 4 and 5 and are also set out in the Consolidated Statement of Comprehensive Income on page 38. The total loss for the year, after taxation, was £8,681,000 (2013: loss of £6,331,000) of which the revenue return amounted to £6,225,000 (2013: £5,551,000) and the capital loss amounted to £14,906,000 (2013: loss of £11,882,000).

The Company pays dividends quarterly and for the year ended 30 November 2014 the Company's target was to pay dividends amounting to at least 5.95 pence per share in total (2013: target of 5.90 pence). The first three quarters' dividends of 1.4875 pence per share were paid on 22 April 2014, 25 July 2014 and 24 October 2014. A fourth quarterly dividend of 1.5375 pence per share was paid on 23 January 2015 to shareholders on the register of members at the close of business on 30 December 2014. This makes a total of 6.00 pence per share which exceeds the target for the year of 5.95 pence per share. It is the Company's aim to pay dividends amounting to at least 6.00 pence per share for the year ending 30 November 2015. This represents a yield of 6.1% based on the share price as at the close of business on 30 November 2014.

KEY PERFORMANCE INDICATORS

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 funds are set out below

	Year ended 30 November 2014	Year ended 30 November 2013
Net asset value movement ¹	-8.1%	-5.9%
Share price movement ²	-4.5%	-6.0%
Premium to net asset value (at year end)	77%	3.5%
Revenue return per share	6.20p	5.87p
Ongoing charges ³	1.5%	1.4%

1 Calculated in accordance with AIC guidelines

2 Calculated on a mid to mid basis with income reinvested

3 Ongoing charges represent the management fee and all other operating expenses excluding interest as a percentage of average shareholders funds

The Board also regularly reviews a number of indices and ratios to understand the impact on the Company's relative performance of the various components such as asset allocation and stock selection. The Board also reviews the performance of the Company against a peer group of other funds with similar investment objectives

SHARE RATING, ISSUES AND REPURCHASES

The Directors recognise the importance to investors that the Company's share price should not trade at a significant discount to NAV. Accordingly, the Directors monitor the share rating closely and 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 per share for continuing shareholders. For the year under review the Company's shares have traded in the range of a premium of 77% to a discount of 2.8% on a cum income basis and were trading at a premium of 77% at the close of business on 30 November 2014. As at the close of business on 29 January 2015 the Company's shares were trading at a premium of 3.4%

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 for monitoring the performance of the Company's Investment Manager. An inappropriate policy or strategy may lead to poor performance, dissatisfied shareholders and a widening discount. To manage this risk the Board regularly reviews the Company's investment mandate and long term strategy and the Investment Manager's

explanation of significant stock selection decisions, the rationale for the composition of the investment portfolio and any movement in the level of gearing

The Board also monitors the maintenance of an adequate spread of investments in order to minimise the risks associated with particular countries or factors specific to particular sectors, based on the diversification requirements inherent in the Company's investment policy

- **Income/dividend risk** – The amount of income and future dividend growth will depend on the Company's underlying portfolio and investment activity. Any change in the tax treatment of the income 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 income forecasts and considers the level of income at each meeting
- **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 realising investments in the face of negative market movements. Changes in general economic and market conditions, such as interest rates, rates of inflation, industry conditions, tax laws, political events and trends can also substantially and adversely affect the securities and, as a consequence, the Company's prospects and share price. The Board considers asset allocation, stock selection, any 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
- **Financial risk** – The Company's investment activities expose it to a variety of financial risks which include market price risk, currency risk, liquidity risk, credit risk and interest rate risk. Further details are disclosed in note 17, together with a summary of the policies for managing these risks
- **Gearing risk** – The Company has the power to borrow money (gearing) and does so when the Investment Manager is confident that market conditions and opportunities exist to enhance investment returns. However, if the investments fall in value, any borrowings will magnify the extent of this loss. All borrowings require the approval of the Board and gearing levels are discussed by the Board and Investment Manager
- **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 Manager, BNY Mellon Trust & Depositary (UK) Limited

Performance

Strategic report continued

(the Depositary) and the Bank of New York Mellon (International) Limited (BNYM), who maintain the Company's accounting records and provide custodian services. The security 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 controls report, which includes an assessment of operating effectiveness of internal controls. A summary of exceptions noted in the internal controls report is prepared by the Manager and reviewed by the Audit and Management Engagement Committee on a regular basis. The Manager and BNYM also produce Service Organisation Control (SOC) reports to provide assurance regarding the effective operation of controls which are reported on by their service auditors and give assurance regarding the effective operation of controls. The Board also considers succession arrangements for key employees of the Investment Manager and the business continuity arrangements for the Company's key service providers.

- **Regulatory risk** – The Company operates as an investment trust in accordance with 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 proposed dividends, if any, 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.

Following authorisation under the Alternative Investment Fund Managers Directive (AIFMD) the Company and its appointed Alternative Investment Fund Manager (AIFM or Manager) are subject to the risks that the requirements of the AIFMD are not correctly complied with. The Board and Manager also monitor changes in government policy and legislation which may have an impact on the Company.

FUTURE PROSPECTS

The Board's main focus is the achievement of an annual dividend target and, over the long term, capital growth. The future of the Company is dependent upon the success of the investment strategy. The outlook for the Company is discussed in both the Chairman's Statement on page 5 and in the Investment Manager's Report on page 11.

SOCIAL, COMMUNITY AND HUMAN RIGHTS 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 and human rights issues when selecting and retaining investments. Details of the Company's policy on socially responsible investment are set out on page 28.

DIRECTORS, GENDER REPRESENTATION AND EMPLOYEES

The Directors of the Company on 30 November 2014 are set out in the Directors' biographies on page 17. As at 30 November 2014, the Board consisted of four male Directors. With effect from 1 December 2014, following the appointment of Dr Bell, the Board consisted of four male Directors and one female Director. The Company's policy on diversity is set out on page 26. The Company does not have any employees.

The information set out on pages 9 to 16 including the Investment Managers Report, forms part of this Strategic Report. The Strategic Report was approved by the Board at its meeting on 2 February 2015.



BY ORDER OF THE BOARD
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
2 February 2015

Performance

Investment manager's report

The year started strongly, with commodities outperforming all other global asset classes. However, weaker than expected global economic growth, rising supply and a strong US dollar set the stage in the second half of the year for the steepest commodity price fall since the second half of 2008, more than offsetting the initial gains in energy and mining equities. The falls were across the board, with key commodities, such as Brent oil declining by 35%, iron ore by 48% and copper by 9% in the year under review. The sell-off among mining and energy equities was equally aggressive, with several companies expecting price movements similar to 2008.

In the current market we remain focused on high quality companies with low operating costs and strong balance sheets, making them well positioned to navigate through this volatile period. While the market back-drop remains challenging, we are seeing a number of interesting valuation opportunities emerging in high quality companies.

IMPROVING CAPITAL DISCIPLINE

A key theme in recent years has been a re-focusing of corporate strategy to maximise cash flow in a period of lower commodity prices. The mining sector began to respond to these changing conditions in 2012, accelerating in 2013 as new management teams at the largest mining companies implemented cost-cutting strategies and scaled back capital expenditures. However, it was only from the end of 2013 and 2014 that this began to translate into improved operating and financial results. The strength of oil prices in recent years has lessened the need for greater capital discipline among energy companies although the focus on cost cutting and reduced capital expenditure is likely to accelerate in 2015 as the sector responds to lower oil prices.

An important outcome of improved cash returns to shareholders is the attractive dividend yields that the energy and mining companies are currently trading on, both relative to their own history and, in the broader market. For example BHP Billiton is currently trading at a 50% dividend yield premium to the FTSE 100. Among the large cap integrated oil & gas companies and the diversified miners dividend yield is beginning to provide a floor to equity valuations. While there is a degree of uncertainty around the quantum of dividends in 2015 given recent commodity price falls, we continue to expect dividends to increase slightly year-on-year among the large mining and energy companies. This has been reiterated by the companies at their recent Capital Market Days where they have looked to prioritise dividends and the balance sheet ahead of growth and have guided the market towards flat to increasing dividends in 2015.

The table below shows the performance of key commodity prices during the year under review compared to the previous year.

Commodity	30 November 2013	30 November 2014	% change
Base Metals (US\$/tonne)			
Aluminium	1,710	2,030	+18.7
Copper	7,054	6,412	-9.1
Lead	2,055	2,024	-1.5
Nickel	13,451	16,223	+20.6
Tin	22,789	20,276	-11.0
Zinc	1,866	2,213	+18.6
Precious Metals (US\$/oz)			
Gold	1,253	1,182	-5.7
Silver	19.93	15.5	-22.2
Platinum	1,376	1,205	-12.4
Palladium	724	809	+11.7
Energy			
Oil (WTI) (US\$/Bbl)	92.5	65.9	-28.8
Oil (Brent) (US\$/Bbl)	111.1	71.7	-35.5
Natural Gas (HH) (US\$/MMBTU)	3.8	4.2	+10.5
Uranium (US\$/lb)	36.3	40.0	+10.2
Bulk Commodities (US\$/tonne)			
Iron ore	136.4	71.3	-47.7
Coking coal	136.0	112.0	-17.6
Thermal coal	84.9	63.4	-25.3
Potash	410	370	-9.8
Equity Indices			
Euromoney Global Mining Index (US\$)	401.2	342.9	-14.5
Euromoney Global Mining Index (£)	244.9	219.0	-10.6
MSCI World Energy Index (US\$)	268.1	240.7	-10.2
MSCI World Energy Index (£)	163.7	153.7	-6.1

Source: Bloomberg

INCOME

During the year, the portfolio generated £7,641,000 (2013: £6,719,000) in gross income. This enabled payment of a dividend of 1.5375 pence per share for the final interim payment, bringing the total dividend for 2014 to 6.00 pence per share, a 0.8% increase compared with the previous year.

As we mentioned in the interim report, the strength of sterling in the first half of the year more than offset many of the announced dividend increases. However, in the final quarter of the year, sterling fell by almost 6% versus the US dollar. Whilst this brought some welcome relief its impact will not be felt until 2015, as the first half of each year typically sees higher dividend receipts as companies pay out their final dividends.

Performance

Investment manager's report continued

At the start of 2014, we viewed the sector as being well positioned to deliver a step change in free cash flow. Capital spending started to roll-off after a record multi-year investment cycle and new projects began to contribute to production. Companies have delivered operationally to allow this but the recent sharp falls in commodity prices have reduced the magnitude of the free cash flow that can be delivered. This meant that dividend increases in 2014 were at the low end of expectations with little scope for additional returns via special dividends or buybacks, such as those seen in 2012. Unless commodity prices, in particular the oil price, rebound during the first half of 2015, we would expect dividend growth in 2015 to be muted for the sector as a whole. While we expect the large oil & gas and mining companies to be able to increase dividends, there are some companies that will look to cut dividends in order to maintain a strong balance sheet, for example, Canadian Oil Sands (a regular strong contributor to the Company's dividend) recently slashed its dividend by 42% in response to the lower oil price.

Option premia this year accounted for approximately 40% of gross income, a moderate increase versus prior years. Although the volatility of general equity markets was subdued for much of the year with the VIX Index (implied volatility on S&P 500 options) reaching multi-year lows, the volatility in the mining sector remained high for much of the year, allowing both covered calls and puts to be written at attractive premiums. In the second half of the year a strengthening US Dollar put pressure on most commodity prices, and volatility increased in the energy sector. We took advantage of this by writing puts to re-enter positions in Southwestern and Ultra Petroleum, two gas weighted companies in the US where valuations had become attractive.

ENERGY

Over the past four years the energy market has become somewhat accustomed to a stable oil price, trading within a US\$90-US\$120/bbl range and creating a relatively positive backdrop for energy related equities. Investors were caught unaware by the dramatic oil price move in the second half of 2014 which saw the Brent and WTI oil price tumble to five year lows during November. A combination of weaker demand growth, particularly from Europe and Asia, reduced supply outages, notably from Libya, and continued production growth from the US have driven the oil price lower. As the oil price declined, the market looked to the OPEC cartel to reduce supply. At their 27 November 2014 meeting, OPEC chose not to cut production and set 5 June 2015 as the next meeting date. This was taken as a change of strategy by OPEC and provided no near term oil price support.

At current oil price levels we would expect to see capital expenditure reduce, setting the stage for a longer term supply response over the next 12-18 months. Lower oil prices should impact on spending on higher cost oil plays where analysts estimate that the majority of production in the US is not economic at an oil price below US\$70/bbl (WTI price). If correct, some wells would be marginal at current prices and reduced

spending in these areas should help moderate supply growth and support prices. In addition, there is potential for certain oil producing states that are extremely dependent on oil revenues to come under significant strain. With the fiscal budgets of many OPEC nations swelling, the oil price required to balance these budgets has been rising and is currently at or above US\$100/bbl for many of the world's key oil producing countries.

MINING

As outlined in the interim report, the mining sector had a positive start to the year spurred on by strong performance from base metals with zinc, copper and aluminium spot prices increasing by 13%, 1% and 19% respectively in the first three months of the year. However, lacklustre Chinese economic data and anaemic growth in Europe began to emerge from August and, in September, the sector suffered its largest monthly fall since June 2013. Iron ore was the worst performing commodity, the effect of record new supply, primarily from the major low cost producers, combined with weakening Chinese steel production. Prices fell by 48% to record five year lows, finishing at US\$71/t at the end of November. Increased volume growth, an ongoing focus on cost-cutting, lower oil prices and weaker producer currency (AUD, SA Rand and Brazilian Real) has enabled producers to lower costs, continuing to put pressure on the cost curve. While low cost producers such as Rio Tinto and BHP Billiton are still able to generate healthy profits at the current price level, we would expect to see ongoing displacement of higher cost tonnes in coming years.

During the year we have seen a divergence between the performance of the base metals versus the bulk commodities. There are number of discrete drivers behind the performance of each of the base metals but, in general, many of the base metals have been in oversupply in recent years and have now seen supply curtailment sufficient to begin to tighten the market. We remain positive on the outlook for base metals, in particular copper, zinc and aluminium.

notably Japan, increased their monetary easing programmes. A strong US dollar is typically associated with challenging markets for commodities so through the second half of the year we reduced the level of gearing in the fund from a peak of over 10% to 3% at the year end.

During the last three months of the year we moderately increased the mining exposure in the fund as we increased holdings in a number of mid-cap base metal companies such as Lundin Mining. This increase was funded by reducing our positions in a number of higher cost oil producers and reducing our position in BHP Billiton given its oil exposure and disappointing lack of capital management evidenced in the company's full year results in August.

The oil companies have yet to show the market what flexibility they have in their capital expenditure schedules and their operating cost base in this lower oil price environment. If indications are that these costs will be hard to drive down, we will likely reassess our high allocation to the energy sector.

OUTLOOK

As we enter a new financial year, the global economy remains poised for another year of economic growth, despite moderating expectations in recent months. The US economic recovery continues and, although China's economic growth rate has slowed, the Government has showed it is committed to avoiding a so-called hard landing scenario. However, the level of uncertainty around the supply side of commodity markets has increased materially of late, in particular in the oil market. The failure of OPEC to make coordinated supply cuts to defend prices means that a forecast of range bound oil prices is no longer possible and we would anticipate increased volatility in oil prices in 2015, both to the up and down side.

The trend of base metals outperforming the bulk commodities is one we expect to continue in 2015 and the portfolio reflects this view. A number of the base metals, such as copper, are close to moving into deficit so any disruption to supply or upside surprise to demand could see prices move higher. We have positioned the portfolio in a number of copper and nickel companies that would benefit if this happened.

Given the recent falls in commodity prices, a step change upwards in dividends for the sector has been delayed but, even at current prices, there are some companies with higher quality assets and robust balance sheets that are well positioned to grow their dividends. We will focus the portfolio on these companies and a selection of mid-cap companies that have strong profiles to deliver long term dividend growth.

OLIVIA MARKHAM AND TOM HOLL

BlackRock Investment Management (UK) Limited

2 February 2015

Throughout the year we maintained a greater exposure to the energy sector than the mining sector as we held a broad view that developed markets, notably the US, would have stronger economic performance than emerging markets. Although we did not hold a view that China would experience a hard landing/significant negative economic event, we saw downside risk to the market's forecast of continued growth in steel output in the country. This view was driven by a combination of Government difficulty trying to transition the economy from one driven by fixed asset investment to a more consumption led economy and the crackdown on high polluting industries.

As the year progressed, there was increased momentum in the strength of the US dollar as Quantitative Easing (QE) was withdrawn by the Federal Reserve and other countries' most

Portfolio

Distribution of investments as at 30 November 2014

Portfolio

Ten largest investments as at 30 November 2014

Chevron 6.0% (2013 7.6%) 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, ExxonMobil, Royal Dutch Shell and Total.

ExxonMobil 6.0% (2013 5.7%) is the world's largest publicly traded international oil and gas company and the largest refiner and marketer of petroleum products.

Glencore 4.4% (2013 3.5%) is one of the world's largest globally diversified natural resource companies; it is an integrated producer and marketer of commodities, with activities in every part of the supply chain, from sourcing materials to delivering products to an international customer base. In the mining sector, the company has interests in base metals and iron ore, while its energy portfolio is focused on oil and coal. The company also has storage, handling and processing facilities for grains, oils and oilseeds, cotton and sugar.

BHP Billiton 4.1% (2013 5.3%) 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.

Enbridge Income Fund Trust 3.8% (2013 1.8%) is a Canadian listed company that is focused on energy infrastructure assets in North America. It has a strong commitment to paying cashflow out to shareholders with a long-term target of paying out approximately 80% of cash generated and available for distribution on a monthly basis.

Royal Dutch Shell 3.6% (2013 3.8%) is one of the world's leading energy companies. The Anglo-Dutch company is active in every area of the oil and gas industry from exploration and production, refining and marketing, power generation and energy trading. The company also has renewable energy interests in biofuels.

Eni 3.6% (2013 3.2%) is a major integrated energy company with activities in exploration and production, refining and marketing as well as power generation. Based in Italy, 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.

Canadian Oil Sands 3.5% (2013 2.4%) is a company that holds a 36.7% interest in the Syncrude project – a joint venture with several other companies including Imperial Oil Resources and Suncor. It is a large oil sands mining and upgrading operation located in northeast Alberta. It produces 100% light, sweet crude oil and has a strong track record of distributing cashflows to shareholders as dividends.

ConocoPhillips 3.2% (2013 2.1%) is the world's largest independent exploration and production company (based on proved reserves and production of liquids and natural gas). It has producing assets in North America, Europe, Asia and Australia in conventional oil and gas and a growing portfolio of North American shale and oil sands businesses.

Total 3.2% (2013 2.7%) is based in France and 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.

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. The percentages in brackets represent the value of the holding as at 30 November 2013. Together, the ten largest investments represents 41.4% of total investments (ten largest investments as at 30 November 2013: 42.5%).

Portfolio

Investments as at 30 November 2014

	Main geographic exposure	Market value £'000	% of investments %
Integrated Oil			
Chevron	Global	5,915	6.0
ExxonMobil	Global	5,899	6.0
Royal Dutch Shell	Global	3,577	3.6
Eni	Europe	3,521	3.6
ConocoPhillips	USA	3,164	3.2
Total	Global	3,111	3.2
Statoil	Europe	2,510	2.4
Repsol	Europe	1,982	2.0
Occidental Petroleum	USA	1,833	1.9
BP	Global	1,051	1.1
		32,563	33.0
Diversified Mining			
Glencore	Global	4,351	4.4
BHP Billiton	Global	4,246	4.3
BHP Billiton put option 19/12/14	Global	(170)	(0.2)
Rio Tinto	Global	2,993	3.0
Rio Tinto put option 19/12/14	Global	(29)	-
Lundin Mining	Europe	1,821	1.8
Lundin Mining 7.875% 1/11/22	Europe	659	0.7
Vale	Latin America	2,379	2.4
Vale call option 20/12/14	Latin America	(17)	-
Teck Resources	Canada	561	0.6
Teck Resources call option 17/01/15	Canada	(10)	-
		16,784	17.0
Exploration & Production			
Anadarko Petroleum	USA	2,299	2.3
Ultra Petroleum	USA	2,042	2.1
Southwestern Energy	USA	1,952	2.0
Peyto Explorations & Development	Canada	1,835	1.9
Devon Energy	USA	1,770	1.8
Encana	Canada	1,714	1.7
Vermilion Energy	Canada	1,485	1.5
Crescent Point Energy	Canada	1,172	1.2
Pioneer Natural Resources	USA	733	0.7
		15,002	15.2
Copper			
Freeport-McMoRan Copper & Gold	Asia	2,553	2.6
First Quantum Minerals	Global	1,399	1.4
First Quantum Minerals put option 17/01/15	Global	(67)	(0.1)
Southern Copper	Latin America	1,314	1.3
Antofagasta	Latin America	1,194	1.2
Antofagasta call option 19/12/14	Latin America	(37)	-
Hudbay Minerals 9.5% 1/10/20	Canada	1,156	1.2
Southern Peru Copper	Latin America	385	0.4
		7,897	8.0

	Main geographic exposure	Market value £'000	% of investments %
Gold			
Eldorado Gold	Global	2,479	2.5
Gold Fields	South Africa	1,309	1.3
Nevsun Resources	Africa	1,139	1.2
Nevsun Resources call option 17/01/15	Africa	(37)	–
Goldcorp	Canada	627	0.6
Goldcorp call option 20/12/14	Canada	(11)	–
		5,506	5.6
Oil Sands			
Canadian Oil Sands	Canada	3,334	3.5
Suncor Energy	Canada	1,131	1.1
Cenovus Energy	Canada	711	0.7
		5,176	5.3
Distribution			
Enbridge Income Fund Trust	Canada	3,721	3.8
		3,721	3.8
Nickel			
MMC Norilsk Nickel	USA	2,495	2.5
Western Areas	Australia	1,124	1.1
		3,619	3.6
Oil Services			
Baker Hughes	USA	910	0.9
Aker Solutions	Europe	765	0.8
Schlumberger	USA	494	0.5
Akastor	Global	381	0.4
		2,550	2.6
Coal			
China Shenhua Energy	China	2,350	2.4
		2,350	2.4
Silver			
Fresnillo	Latin America	1,135	1.2
Fresnillo put option 19/12/14	Latin America	(52)	(0.1)
First Majestic	Latin America	259	0.3
		1,342	1.4
Iron Ore			
Fortescue Metals	Australia	716	0.7
Fortescue Metals call option 18/12/14	Australia	(48)	–
Labrador Iron Ore	Canada	504	0.5
Labrador Iron Ore call option 20/12/14	Canada	(3)	–
London Mining	Europe	–	–
		1,169	1.2
Diamonds			
Petra Diamonds	South Africa	561	0.6
		561	0.6

Portfolio

Investments as at 30 November 2014 continued

	Main geographic exposure	Market value £'000	% of investments %
Fertilizers			
Potash Corporation of Saskatchewan	Canada	333	0.3
		333	0.3
Total investments		98,573	100.00

All investments are ordinary shares unless otherwise stated

The total number of holdings (including open options) at 30 November 2014 was 64 (30 November 2013: 75)

The total number of open options as at 30 November 2014 was 11 (30 November 2013: 14)

The negative valuations of £481,000 in respect of options held represent the notional cost of repurchasing the contracts at market prices as at 30 November 2014

As at 30 November 2014, the Company did not hold any equity interests comprising more than 3% of any company's share capital

Governance

Governance structure and directors' biographies

Responsibility for good governance lies with the Board. The governance framework of the Company reflects that as an investment company the Company has no employees, the Directors are all non-executive and the investment management and administration functions are outsourced to the Manager and other external service providers.

The Board

Five non-executive Directors (NEDs), all independent of the Investment Manager with the exception of Mr Ruck Keene

Chairman Alan Hodson (since November 2005)

6 scheduled meetings per annum

Objectives

- ▶ To determine investment policy strategy and parameters
- ▶ To provide leadership within a framework of prudent and effective controls which enable risk to be assessed and managed and the Company's assets to be safeguarded
- ▶ To challenge constructively and scrutinise performance of all outsourced activities and
- ▶ To set the Company's remuneration policy

Committees

Audit and Management Engagement Committee

3 scheduled meetings per annum

Membership All independent NEDs

Chairman Michael Merton (since March 2014)

Key objectives

- ▶ To oversee financial reporting and the control environment
- ▶ To review the performance of the Manager and
- ▶ To review other service providers

Nomination Committee

1 scheduled meeting per annum

Membership All independent NEDs

Chairman Alan Hodson

Key objectives

- ▶ To regularly review the Board's structure and composition
- ▶ To be responsible for Board succession planning and
- ▶ To make recommendations to the Board for any new appointments

Directors

Alan Hodson

Chairman
Appointed November 2005

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. Alan 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 JP Morgan Elect plc and Harbourvest Global Private Equity Limited.

Attendance record

Board 6/6
Audit and Management Engagement Committee 3/3
Nomination Committee 1/1

Michael Merton

Audit and Management Engagement Committee Chairman
Appointed July 2010

is a Chartered Accountant with extensive experience in the international resources industry having spent the majority of his executive career at Rio Tinto where he held senior operational roles around the world. Michael is currently a non-executive director of Cape plc. Chairman of its audit committee, a member of its remuneration and nomination committees and the senior independent director. He is also Chairman of the J Sainsbury Pension Scheme and its investment committee and a trustee of the Universities Superannuation Scheme and the HALO Trust.

Attendance record

Board 6/6
Audit and Management Engagement Committee 3/3
Nomination Committee 1/1

Carol Bell

Appointed December 2014

is currently a non-executive director of Petroleum Geo-Services ASA, Salamander Energy plc and two listed holding companies of the Fred Olsen Group (Bonheur ASA and Ganger Rolf ASA). A member of the S4C authority and a Trustee of the National Museum Wales. Dr Bell was formerly a managing director of Chase Manhattan Banks Global Oil & Gas Group, head of European equity research at JP Morgan and an equity research analyst in the oil and gas sector at Credit Suisse First Boston and UBS. She has also previously been a director of Hardy Oil & Gas plc, Det norske oljeselskap ASA and Caracal Energy Inc (now Glencore E&P (Canada) Inc).

Attendance record

Attendance record n/a

Jonathan Ruck Keene

Appointed April 2007

is a managing director of BlackRock Investment Management (UK) Limited with over 35 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.

Attendance record

Board 6/6
Audit and Management Engagement Committee n/a
Nomination Committee n/a

Ed Warner

Appointed July 2013

is chairman of Panmure Gordon & Co Plc, UK Athletics, LMAX and the Standard Life European Private Equity Trust. Ed is also a non-executive director of Clarkson PLC, Grant Thornton UK LLP, SafeCharge International Group Limited and DCI (Ireland) Funds. He was previously a non-executive director of BlackRock Emerging Europe plc (formerly The Eastern European Trust) and chief executive of IFX Group, chief executive of Old Mutual Financial Services UK, Head of Pan European Equities at BT, Alex Brown and Head of Global Research at both NatWest Markets and Dresdner Kleinwort Benson.

Attendance record

Board 6/6
Audit and Management Engagement Committee 3/3
Nomination Committee 1/1

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 will be available at the AGM.

Governance

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 2014

STATUS OF THE COMPANY

The Company is registered as a public limited company under The Companies Act and is an investment company under Section 833 of the Companies Act 2006. The Company has been approved as an investment company under Regulation 5 of the Investment Trust (Approved Company) (Tax) Regulations 2011 for the year ended 30 November 2013. The Directors are of the opinion, under advice, that the Company continues to conduct its affairs as an Approved Investment Trust under the Investment Trust (Approved Company) (Tax) Regulations 2011.

As an investment company that is managed and marketed in the United Kingdom, the Company is an Alternative Investment Fund (AIF) falling within the scope of, and subject to the requirements of the Alternative Investment Fund Managers Directive (AIFMD). The Company is governed by the provisions of the European Union (Alternative Investment Fund Managers) Regulations 2013 (the Regulations) and is required to be authorised by the Financial Conduct Authority (FCA) and must comply with a number of new obligations, including the appointment of an Alternative Investment Fund Manager (AIFM) and a depositary to carry out certain functions. The AIFM must also comply with the Regulations in respect of leverage, outsourcing, conflicts of interest, risk management, valuation, remuneration and capital requirements and must also make additional disclosures to both shareholders and the FCA. Further details are set out on the Company's website at blackrock.co.uk/brci, the Regulatory Disclosures section on page 34 and in the notes to the financial statements on pages 51 to 59.

The Company is a qualifying company for the purposes of Stocks & Shares Individual Savings Accounts.

Facilitating retail investments

The Company currently conducts its affairs so that its shares can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

DIVIDENDS

Details of dividends paid and payable in respect of the year are set out in the Strategic Report on page 6.

INVESTMENT MANAGEMENT AND ADMINISTRATION

BlackRock Fund Managers Limited (BFM) was appointed as the Company's AIFM with effect from 2 July 2014, having been

authorised as an AIFM by the FCA on 1 May 2014. The management contract is terminable by either party on six months' notice.

BlackRock Investment Management (UK) Limited (BIM (UK)) continues to act as the Company's Investment Manager under a delegation agreement with BFM. BIM (UK) also acted as the Secretary of the Company throughout the year. BFM receives a management fee of 1.1% of gross assets. Further details in relation to the management fee are given in note 4 to the Financial Statements on page 45.

The Company contributes to a focused investment trust sales and marketing initiative operated by BIM (UK) on behalf of the investment trusts under its management which commenced on 1 November 2013. The Company's contribution to the consortium element of the initiative, which enables the trusts to achieve efficiencies by combining certain sales and marketing activities, will represent 0.03% per annum of its net assets (£105.8 million) as at 30 November 2014, and this contribution is matched by BIM (UK). For the year ended 30 November 2014, £31,800 (excluding VAT) has been accrued in respect of this initiative. The purpose of the programme is to ensure effective communication with existing shareholders and to attract new shareholders to the Company. This has the benefits of improving liquidity in the Company's shares and helps sustain the stock market rating of the Company.

BFM and BIM (UK) are subsidiaries 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 U.S. public company.

Appointment of the 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 believes that the appointment of BFM as AIFM, and the delegation of Investment Management Services to BIM (UK) on the terms disclosed above, is in the interests of all shareholders as a whole given the proven track record of the Natural Resources team at BlackRock in successfully investing in the commodities sector.

DEPOSITARY AND CUSTODIAN

The Company is required under the AIFMD to appoint an AIFM compliant depositary. The Company appointed BNY Mellon Trust & Depositary (UK) Limited (the Depositary) in this role with effect from 2 July 2014. Their duties and responsibilities are outlined in the investment fund legislation (as defined in the FCA AIF Rulebook). The main role of the Depositary under AIFMD is to act as a central custodian with additional duties to monitor the operations of the Company, including monitoring cash flows and ensuring the Company's assets are valued.

appropriately in accordance with the relevant regulations and guidance. The Depositary is also responsible for enquiring into the conduct of the AIFM in each annual accounting period. The Depositary receives a fee payable at 0.015% of the net assets of the Company. The Company has appointed the Depositary in a tripartite agreement to which BFM as AIFM is also a signatory. The Depositary is also liable for the loss of the financial instruments held in custody. The depositary agreement is subject to 90 days' notice of termination by any party.

Under the depositary agreement, custody services in respect of the Company's assets have been delegated to the Bank of New York Mellon (International) Limited (BNYM). BNYM receives a custody fee payable by the Company at rates depending on the number of trades effected and the location of securities held.

FOREIGN EXCHANGE

At the financial year end, approximately 80.9% of the Company's portfolio was invested in non-sterling assets, with 45.9% invested in US dollar denominated assets. 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 £3,093,000 (2013: £2,185,000). 11 contracts remained open at 30 November 2014, details of which are given in the portfolio holdings listed on pages 14 to 16. All open call options were fully covered.

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.

EXERCISE OF VOTING RIGHTS IN INVESTEE COMPANIES

The exercise of voting rights attached to the Company's portfolio has been delegated to the Investment Manager by BFM. BIM (UK)'s approach to voting at shareholder meetings, engagement with companies and corporate governance is framed within an investment context. BIM (UK)'s proxy voting process is led by its Corporate Governance and Responsible Investment team, located in six offices around the world. In addition to its own professional staff, the Corporate Governance and Responsible Investment team draws upon the expertise of BIM (UK)'s portfolio managers, researchers and other internal and external resources globally.

BIM (UK)'s global corporate governance and engagement principles are published on the website blackrock.com/corporate/en-gb/about-us/responsible-investment/engagement-and-proxy-voting. The principles set out BIM (UK)'s views on the overarching features of corporate governance that apply in all markets. For each region, BIM (UK)

also publish market-specific policies, which are updated every year to ensure that they remain relevant.

The voting guidelines are principles-based and not prescriptive because BIM (UK) believes that each voting situation needs to be assessed on its merits. Voting decisions are taken to support the outcome that BIM (UK) believe in their professional judgement will best protect the economic interests of their clients.

During the year under review, the Investment Manager voted on 921 proposals at 62 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 48 management resolutions. Most of the votes against were in respect of proposals which contained insufficient disclosure for the Investment Manager to make an informed decision, or in respect of executive remuneration packages which were considered to be poorly structured.

PRINCIPAL RISKS

The key risks faced by the Company are set out in the Strategic Report on pages 7 and 8.

GOING CONCERN

The financial statements of the Company and the Group have been prepared on a going concern basis which the Directors believe is the appropriate basis. The forecast projections and actual performance are reviewed on a regular basis throughout the year. The Company and Group has adequate resources to continue in operational existence for the foreseeable future and is financially sound. The Company and Group are able to meet all of their liabilities from its assets and the ongoing charges are approximately 1.5% of the net assets.

DIRECTORS

The Directors of the Company as at 30 November 2014 and their biographies are set out on page 17, together with the biography of Carol Bell who joined the Board on 1 December 2014. Details of the Directors' interests in the shares of the Company are set out in the Directors' Remuneration Report on page 25 of the Directors' Remuneration Report. All of the Directors held office throughout the year under review with the exception of Dr Bell who was appointed on 1 December 2014.

In accordance with the Company's Articles of Association, a Director appointed since the previous AGM is required to retire and seek election by shareholders at the next AGM. Therefore, Dr Bell, having been appointed subsequent to the last Annual General Meeting (AGM) is subject to election by shareholders at the forthcoming AGM.

Although the Articles of Association require that one third of the Directors retire and submit themselves for re-election at each AGM, the Board has resolved that all of the Directors should be subject to re-election on an annual basis.

Governance

Directors' report continued

Accordingly, Mr Merton, Mr Warner and Mr Ruck Keene will offer themselves for re-election for a further year. Mr Hodson will retire at the AGM and will not offer himself for re-election.

The Board has considered the position of Mr Ruck Keene, Mr Warner, Mr Merton and Dr Bell as part of the evaluation process and believes that it would be in the Company's best interests for each of them to be proposed for re-election or election respectively at the forthcoming AGM, given their material level of contribution.

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 the year under review or up to the date of this report 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.

None of the Directors has a service contract with the Company.

The powers of the Directors are described in the Corporate Governance Statement on pages 26 to 29.

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. All Directors are required to notify the Company Secretary of any situations, or potential situations, where they consider that they have or may have a direct, or indirect interest or duty that conflicted, or possibly conflicted, with the interests of the Company. The Board considers that the framework has worked effectively throughout the year under review. All such situations were reviewed by the Board and duly authorised. Directors were also made aware at each meeting that there remains a continuing obligation to notify the Company Secretary of any new situations that may arise, or any changes to a situation previously notified. It is the Board's intention to continue to review all notified situations on a regular basis.

DIRECTORS' REMUNERATION REPORT

The Directors' Remuneration Report is set out on pages 23 to 25. An ordinary resolution to approve this report will be put to shareholders at the forthcoming AGM.

SUBSTANTIAL SHARE INTERESTS

As at 30 November 2014 and as at 29 January 2015, the Company had received notification in accordance with the FCA's Disclosure and Transparency Rule 5.1.2R 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
Brewin Dolphin Limited	8,754,813	8.3
Charles Stanley & Co Limited	6,451,209	6.1
Investec Wealth & Investment Limited	5,672,219	5.4
Rathbone Brothers Plc	5,147,774	4.9

As at 30 November 2014, the Board is also aware that 2.4% of the Company's voting rights were held by investors through the BlackRock Investment Trusts Savings Plan and Stocks and Shares ISA as at 30 November 2014.

As at 29 January 2015, the Board is aware that 2.5% of the Company's share capital was held through the BlackRock Investment Trusts Savings Plan and Stocks and Shares ISA.

ORDINARY SHARE ISSUES AND REPURCHASES

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 per share for continuing shareholders.

Share Issues

The Company is committed to the regular issue of ordinary shares at a premium to NAV as a way of ensuring that any premium to NAV is maintained within a sensible range, to provide ongoing market liquidity and to do so in a manner that is accretive to all shareholders. During the financial year ended 30 November 2014, the Company allotted 8,900,000 ordinary shares for a total consideration of £9,526,000 before the deduction of issue costs; details of the allottees are set out on page 35. The Company had 105,158,000 ordinary shares in issue at the year end. Full details of the Company's issued share capital are given in note 14 to the Financial Statements on page 50. Details of the voting rights in the Company's ordinary shares as at the date of this report are also given in note 16 to the Notice of Annual General Meeting on page 68. 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 of the ordinary shares. There are no shares which carry specific rights with regard to the control of the Company.

Since 30 November 2014, the Company has issued a further 700,000 ordinary shares. The ordinary shares were issued at a price of 88 pence per ordinary share for a total consideration of £616,000 before the deduction of issue costs.

The current authority to issue new ordinary shares or sell ordinary shares from treasury for cash was granted to the Directors on 28 March 2014 and will expire at the conclusion of the 2015 AGM. The Directors are proposing that their authority to issue new ordinary shares or sell shares from treasury for cash be increased at the forthcoming AGM. The existing authority to allot as new ordinary shares or sell ordinary shares from treasury relates to ordinary shares representing up to 10% of the Company's share capital. In recent years the Company has come close to exhausting this authority and will propose at the AGM, as a precaution against this authority being exceeded prior to the 2016 AGM, that authority be sought to allot as new ordinary shares or sell from treasury ordinary shares representing up to 30% of the Company's ordinary share capital.

The Company will not, and indeed is prohibited from, issuing more than 10% of its issued ordinary share capital over any twelve month period without a prospectus, and as such any issue over this 10% limit would only take place after a prospectus has been published.

Share repurchases

The current authority to repurchase up to 14.99% of the Company's issued share capital to be held in treasury or for cancellation was granted to the Directors on 28 March 2014 and will expire at the conclusion of the 2015 AGM. No ordinary shares were bought back in the year under review. 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 Directors are proposing that their authority to buy back up to 14.99% of the Company's issued share capital be renewed at the forthcoming AGM.

Although the Manager would initiate any buy backs, 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, as described above, the Company is authorised to purchase its own ordinary shares to be held in treasury for reissue or cancellation at a future date. This authority was not used during the year and the Company does not currently hold any ordinary shares in treasury.

TENDER OFFERS

The Board concluded that it would not exercise its discretion to operate the half yearly tender offers in August 2014 and February 2015.

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

GLOBAL GREENHOUSE GAS EMISSIONS FOR THE PERIOD 1 DECEMBER 2013 TO 30 NOVEMBER 2014

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

ARTICLES OF ASSOCIATION

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

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 10 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 to increase the authority of the Directors to allot ordinary shares for cash up to an aggregate nominal amount of £317,574 per annum which is equivalent to 31,757,400 ordinary shares and represents 30% of the Company's issued ordinary share capital (excluding any treasury shares) as at the date of the Notice of the Annual General Meeting.

The Directors will use this authority when it is in the best interests of the Company to issue ordinary shares for cash. This authority will expire at the conclusion of the AGM to be held in 2016 unless renewed prior to that date.

Governance

Directors' report continued

Resolution 11 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

Resolution 11 empowers the Directors to allot new ordinary 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 £317,574 which is equivalent to 31,757,400 ordinary shares and represents 30% of the Company's issued ordinary share capital as at the date of the Notice of Annual General Meeting. This authority will expire at the conclusion of the AGM to be held in 2016 unless renewed prior to that date

Resolution 12 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

The Directors are seeking authority to purchase up to 15,868,114 ordinary shares, being approximately 14.99% of the issued share capital as at the date of the Notice of Annual General Meeting. This authority will expire at the conclusion of the AGM to be held in 2016 unless renewed prior to that date

Any ordinary shares purchased pursuant to resolution 12 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 13 and 14 Regular tender offers

Resolutions 13 and 14 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 2015 and 30 April 2016

RECOMMENDATION

Your Board considers that the resolutions to be proposed at the AGM are likely to promote the success of the Company for the benefit of its members as a whole and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that shareholders 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 26 to 29. The Corporate Governance Statement forms part of this Directors' Report

AUDIT INFORMATION

As required by Section 418 of the Companies Act 2006 each of the Directors who held office at the date of approval of this Directors' Report confirm 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

The Directors report was approved by the Board at its meeting on 2 February 2015

BY ORDER OF THE BOARD

BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED

Company Secretary

2 February 2015

Governance

Directors' remuneration report

The Board presents the Directors Remuneration Report for the year ended 30 November 2014 which has been prepared in accordance with Sections 420-422 of the Companies Act 2006. The remuneration policy report which is subject to a triennial binding vote is set out in the policy table on page 24.

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 36 and 37.

STATEMENT BY THE CHAIRMAN

The Board's policy on remuneration is set out in the policy table on page 24. A key element is that fees payable to Directors should reflect the time spent by them on the Company's affairs, and should be sufficient to attract and retain individuals with suitable knowledge and experience. Following a review, it was agreed that fees would not be increased with effect from 1 December 2014 and the remuneration of the Chairman would remain at £33,000, the Chairman of the Audit and Management Engagement Committee at £27,000 and the other Directors at £22,000. No external advisors were used in the review process. The remuneration was last increased on 1 December 2013. The basis for determining any level of increase in Directors' Remuneration is set out in the Policy Report below.

REMUNERATION COMMITTEE

The Board as a whole fulfils the function of the Remuneration Committee, and considers any change in the Directors' remuneration policy. A separate Remuneration 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.

POLICY REPORT

In determining Directors' fees, a number of factors are considered, including the workload of the Directors, their responsibilities, any change in these responsibilities and additional legal duties (for example as a result of new legislation being implemented), the relationship with their suppliers and the size and complexity of the Company. The time commitment required, the level of skills and appropriate experience required and the need for Directors to maintain, on an ongoing basis, an appropriate level of knowledge of regulatory and compliance requirements in an environment of

increasing complexity are also taken into account. The Board also considers the average rate of inflation during the period since the last fee increase, and reviews the level of remuneration in comparison with other investment trusts of a similar size and/or mandate as well as taking account of any data published by the Association of Investment Companies to ensure that fees are in line with industry practice. This comparison, together with the consideration of any alteration in non-executive Directors' responsibilities, is used to review whether any change in remuneration is necessary. The review is performed on an annual basis.

No element of the Directors' remuneration is performance related. The Company has not awarded any share options or long term performance incentives to any of the Directors. None of the Directors has a service contract with the Company, or receives any non-cash benefits, pension entitlements or compensation for loss of office. 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.

Other than the Directors, the Company has no employees and consequently no consideration is required to be given to employment conditions elsewhere in setting Directors' fees.

CONSIDERATION OF SHAREHOLDERS' VIEWS

An ordinary resolution to approve the Remuneration Report is put to members at each AGM, and shareholders have the opportunity to express their views and raise any queries in respect of remuneration policy at this meeting. To date, no shareholders have commented in respect of the remuneration policy. In accordance with the Companies Act 2006, the Company has obtained shareholder approval for its remuneration policy as set out in the policy table on page 24 of this report. The policy is only subject to shareholder approval on a triennial basis, and it is the intention of the Board that the above policy on remuneration will continue to apply for all financial years of the Company up to 30 November 2016.

At the Company's AGM held on 28 March 2014, 99.77% of votes cast were in favour of the resolution to approve the Directors' Remuneration Report in respect of the year to 30 November 2013. 99.33% of the votes cast were in favour of the resolution to approve the Directors' remuneration policy resolution put to shareholders for approval at the same meeting.

Governance

Directors' remuneration report continued

POLICY TABLE

Operation	Purpose and link to strategy	Fees payable to Directors should be sufficient to attract and retain individuals of high calibre with suitable knowledge and experience. Those chairing the Board and key Committees should be paid higher fees than other Directors in recognition of their more demanding roles. Fees should reflect the time spent by Directors on the Company's affairs and the responsibilities borne by the Directors.
	Description	Current levels of fixed annual fee Chairman – £33,000 Audit and Management Engagement Committee Chairman – £27,000 Directors – £22,000 All reasonable expenses to be reimbursed
	Maximum levels	Remuneration consists of a fixed fee each year set in accordance with the stated policies. The Company's Articles of Association provide that until otherwise determined by the Company by Ordinary Resolution, there shall be paid to the Directors (other than alternate Directors) such fees for their services in the office of Director as the Directors may determine (not exceeding in the aggregate an annual sum of £150,000 (subject to increase as provided below) or such larger amount as the Company may by Ordinary Resolution decide) divided between the Directors as they agree. In accordance with the provisions of the Company's Articles of Association the Directors are also entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors including any expenses incurred in attending meetings of the Board or of Committees of the Board or Annual General Meetings or General Meetings. There is a limit of £10,000 in relation to the amount payable in respect of taxable benefits.
	Fixed fee element	The Board reviews the quantum of Directors' pay each year to ensure this is in line with the level of Directors' remuneration for other investment trusts of a similar size. When considering any changes in fees, the Board will take into account wider factors such as the average rate of inflation over the period since the previous review, and the level and any change in complexity of the Directors' responsibilities (including additional time commitments as a result of increased regulatory or corporate governance requirements).
	Taxable benefits	Taxable benefits comprise travel expenses incurred by the Directors in the course of travel to attend Board and Committee meetings which are held at the Company's registered offices in London and which are reimbursed by the Company and therefore treated as a benefit in kind and are subject to tax and national insurance. The Company's policy in respect of this element of remuneration is that all reasonable costs of this nature will be reimbursed as they are incurred.

REMUNERATION IMPLEMENTATION REPORT

A single figure for the total remuneration of each Director is set out in the table below for the years ended 30 November 2014 and 2013

Directors	Year ended 30 November 2014			Year ended 30 November 2013		
	Base salary £	Taxable benefits £	Total £	Base salary £	Taxable benefits £	Total £
Alan Hodson (Chairman) ¹	33,000	–	33,000	32,000	–	32,000
Humphrey van der Klugt ²	8,782	951	9,733	24,000	600	24,600
Michael Merton ³	25,374	–	25,374	21,000	–	21,000
Jonathan Ruck Keene ⁴	–	–	–	–	–	–
Ed Warner ⁵	22,000	–	22,000	8,750	–	8,750
Total	89,156	951	90,107	85,750	600	86,350

¹ Appointed 4 November 2005

² Retired as a Director on 28 March 2014

³ Appointed Chairman of the Audit and Management Engagement Committee on 28 March 2014

⁴ Appointed as a Director on 13 March 2009

⁵ Appointed as a Director on 1 July 2013

Mr Ruck Keene waived the entitlement to his fee. Mr Ruck Keene devotes a portion of his time employed as Head of Investment Trusts 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 Manager would materially equate to the fees received by the other Directors of the Company for similar qualifying services.

The information in the above table has been audited. The amounts paid by the Company to the Directors were for services as non-executive directors.

As at 30 November 2014 there were no amounts outstanding to Directors in respect of their annual fees (2013: nil).

RELATIVE IMPORTANCE OF SPEND ON REMUNERATION

As the Company has no employees, the table on page 24 comprises the total remuneration costs and benefits paid by the Company. To enable shareholders to assess the relative importance of spend on pay, this has been shown in the table below compared with the Company's total revenue, total operating expenditure and dividend distributions.

	2014 £'000	2013 £'000	Change %
Directors' total remuneration	90	86	+4.7
Dividends paid and payable	6,110	5,649	+8.2
Net loss on ordinary activities after tax	(8,681)	(6,331)	-37.1

No payments were made in the period to any past Directors (2013: £nil).

There are no agreements between the Company and its Directors concerning compensation for loss of office.

PERFORMANCE

The following graph compares the Company's net asset value and share price performance with the performance of an equivalent investment in a composite index, 50% Euromoney 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.

SHAREHOLDINGS

The Board has not adopted a policy that Directors are required to own shares in the Company.

The interests of the Directors in the ordinary shares of the Company are set out in the table below. None of the Directors has an interest in any share options in the Company.

	30 November 2014 Ordinary shares	30 November 2013 Ordinary shares
Alan Hodson	150,000	150,000
Michael Merton	17,000	17,000
Jonathan Ruck Keene	14,000	14,000
Ed Warner	20,000	20,000
Humphrey van der Klugt	–	35,000

The information in the table above has been audited.

All of the holdings of the Directors are beneficial. Mr Warner purchased a further 12,000 shares on 7 January 2015. No other changes to these holdings have been notified up to the date of this report.

RETIREMENT OF DIRECTORS

Further details are given in the Directors' Report on page 19.



BY ORDER OF THE BOARD
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
 Company Secretary
 2 February 2015

Governance

Corporate governance statement

CHAIRMAN'S INTRODUCTION

Corporate governance is the process by which the Board seeks to enhance shareholder value. Shareholders hold the Directors responsible for the stewardship of the Company, 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 in September 2012. However, as listed investment trust 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 February 2013, which addresses the governance issues relevant to investment companies and meets the approval of the Financial Reporting Council.

The UK Code is available from the Financial Reporting Council's website at frc.org.uk. The AIC Code is available from the Association of Investment Companies at theaic.co.uk.

This report, which is part of the Directors' Report, explains how the Board addresses its responsibility, authority and accountability.

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 five non-executive Directors. With the exception of Mr Ruck Keene, who is an employee of the Manager, all are considered to be independent of the

Company's Manager. The provision of the UK Code (A 2.1) which relates to the combination of the roles of the 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 17, demonstrate a breadth of investment knowledge, business and financial skills which enables them to provide effective strategic leadership and proper governance of the Company. Details of the Chairmans other significant time commitments can also be found on page 17.

Diversity

The Board's policy on diversity, including gender, is to take this into account during the recruitment and appointment process. However, the Board is committed to appointing the most appropriate candidate, regardless of gender or other forms of diversity and therefore no targets have been set against which to report.

Board independence and tenure

The Board's individual independence, including that of the Chairman, has been considered, and this independence allows all the Directors, with the exception of Mr Ruck Keene who is not a member of the Nomination or Audit and Management Engagement Committee, to sit on the Company's various Committees. 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 will be available at the AGM.

Directors' appointment, retirement and rotation

The rules concerning the appointment, retirement and rotation of Directors are discussed in the Directors' Report on pages 19 and 20.

The Board believes that it has a good balance of investment knowledge, business, financial skills and experience which enable it to provide effective strategic leadership and proper governance of the Company, as demonstrated by the Directors' biographies on page 17.

The Board recognises the value of progressive renewing of, and succession planning for, company boards. The refreshment of the Board will remain as an ongoing process to ensure that the Board is well balanced through the appointment of new Directors with the skills and experience necessary. Directors must be able to demonstrate commitment to the company, including in terms of time.

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 Manager whereby he or she will become familiar with the various processes which are considered

necessary for the performance of their duties and responsibilities. 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.

THE BOARD'S RESPONSIBILITIES

The Board is responsible to shareholders for the effective stewardship of the Company and a formal schedule of matters reserved for the decision of the Board has been adopted. Investment policy and strategy are determined by the Board. It is also responsible for the gearing policy, dividend policy, public documents such as the Annual Report and Financial Statements, the terms of the discount control mechanism, buy back policy and corporate governance matters.

The Board currently meets at least six times a year to review investment performance, financial reports and other reports of a strategic nature. Board or Board committee meetings are also held on an ad hoc basis to consider particular issues as they arise. Key representatives of the Manager and/or Investment Manager attend each meeting and between these meetings there is regular contact with the Manager and Investment Manager.

The Board has direct access to company secretarial advice and the services of the Manager which, through its nominated representative, is responsible for ensuring that Board and Committee procedures are followed and that applicable regulations are complied with. The Board has established a procedure whereby Directors wishing to do so in the furtherance of their duties, may take independent professional advice at the Company's expense.

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 2014 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 BFM as the Company's AIFM, and BFM (with the permission of the Company) has delegated certain investment management and other ancillary services to BIM (UK) (the Investment Manager). The contractual arrangements with, and assessment of the Manager are summarised on page 18. 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.

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 page 19.

The review of the Manager's performance is an ongoing duty and responsibility of the Board which is carried out at every Board meeting. In addition, a formal review is undertaken annually, details of which are set out on page 18 of the Directors' Report.

Committees of the Board

The Board has appointed a number of committees as set out below and on page 17. Copies of the terms of reference of each committee are available on request from the Company's registered office, on the BlackRock website at blackrock.co.uk/brci and at each Annual General Meeting.

AUDIT AND MANAGEMENT ENGAGEMENT COMMITTEE

The Audit and Management Engagement Committee which is chaired by Michael Merton consists of all the Directors of the Company, except Mr Ruck Keene.

Further details are provided in the Report of the Audit and Management Engagement Committee on pages 30 to 32.

NOMINATION COMMITTEE

The Nomination Committee which is chaired by Alan Hodson comprises all of the Directors except Mr Ruck Keene. It is responsible for Board succession planning, and will take into account the existing balance of relevant skills and experience when selecting candidates for appointment to the Board.

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.

Governance

Corporate governance statement continued

although other sources, including external search consultants, may be used as required. The Committee meets at least once a year and more regularly if required.

INTERNAL CONTROLS

The Board is responsible for the internal controls of the Company and for reviewing their 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 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 failing. 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 AIFM, the Investment Manager and the Depositary. 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. This accords with the Financial Reporting Council's 'Internal Control: Revised Guidance for Directors on the UK Corporate Governance Code'.

The Manager reports to the Company on its review of internal controls, formally on a semi-annual basis at the Audit and Management Engagement Committee meetings held to review the semi-annual and the annual reports and verbally at each Board meeting. The Audit and Management Engagement Committee also receives an annual report from the Manager and quarterly reports from the custodian on the internal controls of their operations, together with the opinion of their service auditors.

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 Manager and the Depositary.

The 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 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 Manager. The Board monitors the controls in place through the 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 33, the Report of the Independent Auditor on pages 36 and 37 and the Statement of Going Concern on page 19.

SOCIALLY RESPONSIBLE INVESTMENT

Investment trusts do not employ staff and accordingly have no direct impact on social matters but can be significant investors in the economies of the regions in which they invest. The Company invests primarily in the securities of companies operating in the mining and energy sectors around the world in a range of countries which have varying degrees of political and corporate governance standards. BlackRock's evaluation procedures and financial analysis of the companies within the portfolio take into account environmental policies and other business issues. The Company invests primarily on financial grounds to meet its stated objectives.

The Manager's policies on Socially Responsible Investment and Corporate Governance are detailed on the website at blackrock.com/corporate/en-gb/aboutus/responsible-investment/responsible-investment-reports. The Manager is supportive of the UK Stewardship Code, which sets out the responsibilities of institutional shareholders in respect of investor companies which is voluntary and operates on a comply or explain basis.

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 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 AGM. The Notice of Annual General Meeting, which is sent out at least 20 working days before the meeting sets out the business of the Meeting, any items not of a routine nature is explained in the Directors' Report on pages 21 and 22. Separate resolutions are proposed for substantive issues.

Regular updates on performance are available to shareholders and the Portfolio Managers will review the Company's portfolio and performance at the AGM, where the Directors, including the Chairman of the Board, the Chairman of the Audit and Management Engagement Committee, and representatives of the Manager are available to answer shareholders' questions. Proxy voting figures will be announced to the shareholders at the AGM and will be made available on BlackRock's website shortly after the Meeting.

The Company's willingness to enter into discussions with shareholders is demonstrated by a programme of presentations made by the Investment Manager. 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 Information – Shareholder Information' on pages 60 to 62, which provides an overview of useful information available to shareholders.

The Company's financial statements, regular factsheets and other information are also published on the BlackRock website at blackrock.co.uk/brci. 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 financial statements 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 18 to 22 because it is information which refers to events that have taken place during the course of the year.

BY ORDER OF THE BOARD

ALAN HODSON

Chairman

2 February 2015



Governance

Report of the audit and management engagement committee

As Chairman of the Audit and Management Engagement Committee (the Committee) I am pleased to present the Committee's report to shareholders for the year ended 30 November 2014

ROLE AND RESPONSIBILITIES

The Company has established a separately chaired Audit and Management Engagement Committee whose duties include considering and recommending to the Board for approval the contents of the half yearly and annual financial statements, and providing an opinion as to whether the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. The Committee operates within written terms of reference detailing its scope and duties and these are available on the Company's website at blackrock.co.uk/brci

The Committee meets at least three times a year. Two of the three planned meetings are held prior to the Board meetings to approve the half yearly and annual results and the Committee receives information from the Manager's corporate audit and compliance departments

COMPOSITION

All of the Directors, except Mr Ruck Keene, are members of the Committee. The Directors' biographies are given on page 17 of the Annual Report and the Board considers that at least one member of the Committee has sufficient recent and relevant financial experience for the Committee 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

RESPONSIBILITIES AND REVIEW OF THE EXTERNAL AUDIT

During the year the principal activities of the Committee included

- ▶ considering and recommending to the Board for approval the contents of the half yearly and annual financial statements and reviewing the external auditor's report thereon
- ▶ reviewing the scope, execution, 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 the terms of their engagement,
- ▶ reviewing and approving the external auditors' plan for the following financial year, with a focus on the identification of areas of audit risk, and consideration of the appropriateness of the level of audit materiality adopted

- ▶ reviewing the efficiency of the external audit process and the quality of the audit engagement partner and the audit team, and making a recommendation to the Board with respect to the reappointment of the auditor,
- ▶ reviewing the role of the Board, the Manager and third party service providers in an effective audit process,
- ▶ considering the quality of the formal audit report to shareholders,
- ▶ reviewing the appropriateness of the Company's accounting policies,
- ▶ ensuring the adequacy of the internal control systems and standards and evaluating the need for an internal audit function as set out in the Corporate Governance Statement on page 28, and
- ▶ considering the remuneration of the Manager and reviewing the terms of the investment management agreement as set out in the Directors' Report on page 18

The fees paid to the external Auditor are set out in note 5 on page 45. An explanation on how auditor objectivity and independence are safeguarded is reported under "Assessment of the efficiency of the external audit process" on pages 31 and 32

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

SIGNIFICANT ISSUES CONSIDERED REGARDING THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Committee reviews the effectiveness of the Company's system of internal controls on an ongoing basis to identify, evaluate and manage the Company's significant risks. During the year, as part of this process, the Committee considered a number of significant issues and areas of key audit risk in respect of the Annual Report and Financial Statements. The Committee reviewed the external audit plan at an early stage and concluded that the appropriate areas of audit risk relevant to the Company had been identified and that suitable audit procedures had been put in place to obtain reasonable assurance that the financial statements as a whole would be free of material misstatements. The table on page 31 sets out the key areas of risk identified and also explains how these were addressed

Significant issue	How the issue was addressed
The accuracy of the valuation of the investment portfolio	The Committee review detailed portfolio valuations on a regular basis throughout the year and receive confirmation from the Manager that the pricing basis is appropriate and in line with relevant accounting standards as adopted by the Company and that the carrying values are materially correct
The risk of misappropriation of assets and unsecured ownership of investments	The Committee reviews reports from its service providers on key controls over assets of the Company. Any significant issues are reported by the Manager to the Committee. The Investment Manager has put in place procedures to ensure that investments can only be made to the extent that the appropriate contractual and legal arrangements are in place to protect the Company's assets.
The risk that income is overstated, incomplete or inaccurate through failure to recognise proper income entitlements or to apply the appropriate accounting treatment for recognition of income	The Committee reviews income forecasts including special dividends, written options, and receives explanations from the Manager for any variations or significant movements from previous forecasts and prior year numbers.

As the provision of portfolio valuation, fund accounting and administration services is delegated to the Company's Manager which sub-delegates fund accounting to a third party service provider, and the provision of Depositary services is contracted to the Depositary, the Committee has reviewed the Service Organisation Control Reports (SOC) reports prepared by the Manager and fund accountants to ensure that the relevant control procedures are in place to cover those areas of risk identified in the table above are adequate and appropriate and have been designated as operating effectively by the reporting auditor.

AUDITOR AND AUDIT TENURE

The Company's Auditor, Ernst & Young LLP, has acted in this role since the launch of the Company on 13 December 2005.

The appointment of the Auditor is reviewed each year and the audit partner changes at least every five years. New EU regulations on mandatory auditor rotation have been approved which require the appointment of a new auditor every ten years, although this can be extended up to a further ten years if tenders are carried out at the decade mark or another audit firm is appointed to do a joint audit. The Company will put its audit contract out to tender in 2015. The EU legislation also prohibits certain non-audit consulting services and caps the amount of additional fees auditors can charge their clients. There are no contractual obligations that restrict the Company's choice of auditor. The only fees paid to the Auditor in respect of non-audit services relate to the review of the half yearly financial statements and amounted to £6,250 (excluding VAT) (2013: £6,000).

The Auditor has indicated its willingness to continue in office and resolutions proposing its reappointment and authorising the Directors to determine its remuneration for the ensuing year will be proposed at the AGM.

ASSESSMENT OF THE EFFECTIVENESS OF THE EXTERNAL AUDIT PROCESS

To assess the effectiveness of the external audit, members of the Committee work closely with the Manager to obtain a good understanding of the quality and efficiency of the audit.

The Committee has adopted a framework in its review of the effectiveness of the external audit process and audit quality. This included a review of the following areas:

- ▶ the quality of the audit engagement partner and the audit team,
- ▶ the expertise of the audit firm and the resources available to it,
- ▶ identification of areas of audit risk
- ▶ planning, scope and execution of the audit,
- ▶ consideration of the appropriateness of the level of audit materiality adopted
- ▶ the role of the Board, the Manager and third party service providers in an effective audit process,
- ▶ communications by the Auditor with the Committee,
- ▶ how the Auditor supports the work of the Committee and how the audit contributes added value,
- ▶ a review of independence and objectivity of the audit firm, and
- ▶ the quality of the formal audit report to shareholders.

Feedback in relation to the audit process and also of the effectiveness of the Manager in performing its role is also sought from relevant involved parties, notably the audit partner and team. The external auditor is invited to attend the Committee meetings at which the semi-annual and annual accounts are considered and at which they have the opportunity to meet with the Committee without representatives of the Manager being present.

The effectiveness of the Board and the Manager in the external audit process is assessed principally in relation to the timely identification and resolution of any process errors or

Governance

Report of the audit and management engagement committee continued

control breaches that might impact the Company's net asset values and accounting records. It is also assessed by reference to how successfully any issues in respect of areas of accounting judgement are identified and resolved, the quality and timeliness of papers analysing these judgements, the Board and Manager's approach to the value of independent audit, the booking of any audit adjustments arising and the timely provision of draft public documents for review by the Auditor and the Committee.

To form a conclusion with regard to the independence of the external Auditor, the Committee considers whether the skills and experience of the auditor make them a suitable supplier of the non-audit services 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 a bi-annual basis, Ernst & Young LLP review the independence of their relationship with the Group and report to the Committee, providing details of any other relationships with the Manager. As part of this review, the Committee also receives information about policies and processes for maintaining independence and monitoring compliance with relevant requirements from the Group's auditor, including information on the rotation of audit partners and staff, the level of fees that the Group pays in proportion to the overall fee income of the firm, and the level of related fees, details of any relationships between the audit firm and its staff and the Group as well as an overall confirmation from the auditors of their independence and objectivity. As a result of their review, the Committee has concluded that Ernst & Young LLP is independent of the Group and the Manager.

- ▶ the existence of satisfactory Service Organisation Control (SOC) reports that have been reviewed and reported on by external auditors to verify the effectiveness of the internal controls of the Manager, Custodian and Fund Accountants.

In addition to the work outlined above, the Committee has reviewed the Annual Report and Financial Statements and is satisfied that, taken as a whole, they are fair, balanced and understandable. In reaching this conclusion, the Committee has assumed that the reader of the Annual Report and Financial Statements would have a reasonable level of knowledge of the investment trust industry in general and of investment trusts in particular. The Committee has reported on these findings to the Board who affirm the Committee's conclusions in the Statement of Directors' Responsibilities on page 33.



MICHAEL MERTON

Chairman

Audit and Management Engagement Committee

2 February 2015

CONCLUSIONS IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The production and the audit of the Group's Annual Report and Financial Statements is a comprehensive process requiring input from a number of different contributors. In order to reach a conclusion that the Annual Report and Financial Statements are fair, balanced and understandable, the Board has requested that the Committee advise on whether it considers that these criteria are satisfied. In so doing the Committee has given consideration to the following:

- ▶ the comprehensive control framework over the production of the Annual Report and Financial Statements, including the verification processes in place to deal with the factual content;
- ▶ the extensive levels of review that are undertaken in the production process by the Manager, the Depositary and the Committee;
- ▶ the controls that are in place with the Manager and third party service providers to ensure the completeness and accuracy of the Group's financial records and the security of the Group's assets, and

Governance

Statement of directors' responsibilities in respect of the annual report and financial statements

The Directors are responsible for preparing the Annual 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 have elected to prepare the financial statements under IFRS 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 IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements,
- ▶ provide additional disclosures when compliance with the specific requirements in IFRS 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.

They are also responsible for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the Strategic Report, the Directors' Report, the Directors' Remuneration Report, the Corporate Governance Statement and the Report of the Audit and Management Engagement Committee 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 Manager for the maintenance and integrity of the Group's corporate and financial information included on the BlackRock 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 17, 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 return of the Group, and
- ▶ the Strategic Report contained in the Annual Report and Financial Statements 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.

The 2012 UK Corporate Governance Code also requires Directors to ensure that the Annual Report and Financial Statements are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit and Management Engagement Committee advise on whether it considers that the Annual Report and Financial Statements fulfil these requirements. The process by which the Committee has reached these conclusions is set out in the Audit and Management Engagement Committee's report on pages 30 to 32. As a result, the Board has concluded that the Annual Report and Financial Statements for the year ended 30 November 2014, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

FOR AND ON BEHALF OF THE BOARD

ALAN HODSON

Chairman

2 February 2015



Regulatory disclosures

AIFMD disclosures

REPORT ON REMUNERATION

The Alternative Investment Fund Managers' Directive (the AIFMD) requires certain disclosures to be made with regard to the remuneration policy of the Company's AIFM

Details of the BlackRock AIFM Remuneration Policy are disclosed on the Company's website at blackrock.co.uk/brci and have applied to the Manager since 1 January 2015, being the beginning of the first financial year of BlackRock following the Manager's authorisation as an AIFM

QUANTITATIVE REMUNERATION DISCLOSURE

Appropriate disclosures will be made in due course in accordance with FUND 3.3.5, Article 22(2)(e) and 22(2)(f) of the AIFMD and Article 107 of the Delegated Regulation

LEVERAGE

The Company may employ leverage and borrow cash in accordance with its stated investment policy or investment strategy. The Company may also employ leverage in its investment programme through foreign exchange forward contracts. The use of borrowings and leverage has attendant risks and can, in certain circumstances, substantially increase the adverse impact to which the Company's investment portfolio may be subject. No derivatives were used for leverage purposes during the year.

Consistent with its investment objectives and policy, the Company may utilise a variety of exchange traded and over-the-counter (OTC) derivative instruments such as covered put/call options as part of its investment policy.

For the purposes of this disclosure, leverage is any method by which the Company's exposure is increased, whether through borrowing of cash or securities, or leverage embedded in foreign exchange forward contracts or by any other means. The AIFMD requires that each leverage ratio be expressed as the ratio between a Company's exposure and its NAV, and prescribes two required methodologies, the gross methodology and the commitment methodology (as set out in AIFMD Level 2 Implementation Guidance), for calculating such exposure. Using the methodologies prescribed under the AIFMD, the leverage of the Group and Company is disclosed in the table below.

	Commitment leverage as at 30 November 2014	Gross leverage as at 30 November 2014
Leverage ratio	11	11

Other risk disclosures

The financial risk disclosures relating to risk framework and liquidity risk are set out in note 17 to the notes to the financial statements on pages 51 to 59.

PRE INVESTMENT DISCLOSURES

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information is available on the Company's website at blackrock.co.uk/brci.

There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider.

Regulatory disclosures

Information to be disclosed in accordance with Listing Rule 9 8 4

The disclosures below are made in compliance with the requirements of Listing Rule 9 8 4

9 8 4 (1) The Company has not capitalised any interest in the period under review

9 8 4 (2) The Company has not published any unaudited financial information in a class 1 circular or prospectus or any profit forecast or profit estimate

9 8 4 (3) This provision has been deleted

9 8 4 (4) The Company does not have any long term incentive schemes in operation

9 8 4 (5) and (6) Mr Ruck Keene has waived or agreed to waive any current or future emoluments from the Company

9 8 4 (7) During the year, the Company issued shares on twenty one separate occasions and 8,900,000 ordinary shares in total with a nominal value of £89,000 were issued at an average price of 107.69 pence per share for a total consideration of £9,526,000 before the deduction of issue costs

9 8 4 (8) and 9 8 4 (9) are not applicable

9 8 4 (10) As a managing director of BlackRock, Mr Ruck Keene is deemed to be interested in the Company's management agreement. There were no other contracts of significance subsisting during the period under review to which the Company is a party and in which a Director of the Company is or was materially interested, or between the Company and a controlling shareholder.

9 8 4 (11) This provision is not applicable to the Company

9 8 4 (12) and (13) There were no arrangements under which a shareholder has waived or agreed to waive any dividends or future dividends

9 8 4 (14) This provision is not applicable to the Company



BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
2 February 2015

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	5	2,450,000	104.50 to 95.00	2,641	2.0
Winterflood Securities	16	6,450,000	116.80	6,885	2.3

Financial statements

Independent auditor's report to the members of BlackRock Commodities Income Investment Trust plc

OPINION ON FINANCIAL STATEMENTS

In our opinion

- ▶ the financial statements give a true and fair view of the state of the Group's and Company's affairs as at 30 November 2014 and of the Group's return for the year then ended,
- ▶ the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union,
- ▶ the parent Company financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union and as applied in accordance with the requirements of the Companies Act 2006, and
- ▶ the 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

OVERVIEW OF THE SCOPE OF OUR AUDIT

We have audited the financial statements of BlackRock Commodities Income Investment Trust plc for the year ended 30 November 2014 which comprise the Consolidated Statement of Comprehensive Income, the Group and Company Statements of Changes in Equity, Group and Company Statements of Financial Position, the 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 as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of 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 AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 33 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 or 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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Following our assessment of the risk of material misstatement to the Group Annual Financial Statements our scope consists of the parent Company and its subsidiary which are subject to a full scope audit by the group audit team.

OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

We identified the following risks of material misstatement that had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team:

- ▶ incorrect valuation of the investment portfolio, including the incorrect application of exchange rates movements and assessment of stock liquidity,
- ▶ incorrect income recognition through failure to recognise proper income entitlements, particularly in relation to option income, and
- ▶ misappropriation of the Company's assets and unsecured ownership of investments

OUR APPLICATION OF MATERIALITY

We determined planning materiality for the Company to be £967,000 (2013: £1,010,000) which is 1% of total equity. This provided a basis for determining the nature, timing and extent of our risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgment was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company should be 75% of planning

materiality, namely £725,000 (2013 £760,000) Our objective in adopting this approach was to ensure that total undetected and uncorrected audit differences in all accounts did not exceed our planning materiality level

Given the importance of the distinction between revenue and capital for the Company we have also applied a separate performance materiality of £349,000 (2013 £304,800) for the revenue column of the Income Statement, being 5% of the return on ordinary activities before taxation

We have reported to the Committee all audit differences in excess of £48,000 (2013 £51,000) as well as differences below that threshold that in our view, warranted reporting on qualitative grounds

We evaluate any uncorrected misstatements against both the qualitative measures of materiality discussed above and in the light of other relevant qualitative considerations

RESPONSES TO IDENTIFIED RISKS OF MATERIAL MISSTATEMENTS

Our response to the risks identified above was as follows

- ▶ we agreed 100% of the Groups investments year end prices to an independent source,
- ▶ we agreed a sample of income receipts from quoted securities to supporting market data and bank statements and confirmed the completeness and accuracy of income was recorded in accordance with the Company's accounting policy for revenue recognition on a basis consistent with International Financial Reporting Standards and AIC SORP,
- ▶ we agreed a sample of option premium income receipts to contracts and bank statements and further obtained such supporting documentation in relation to a sample of cut off items to confirm that they were recorded in the correct accounting period, and
- ▶ we obtained independent confirmation from the custodian of the investment portfolio and cash balances agreeing them to the books and records

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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is

- ▶ materially inconsistent with the information in the audited financial statements, or
- ▶ apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit, or
- ▶ otherwise misleading

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed

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

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

Under the Listing Rules we are required to review

- ▶ the Directors' statement, set out on page 19 in relation to going concern, and
- ▶ the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review

Ernst & Young LLP

Matthew Price (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP,

Statutory Auditor

London

2 February 2015

Financial statements

Consolidated statement of comprehensive income for the year ended 30 November 2014

	Notes	Revenue 2014 £'000	Revenue 2013 £'000	Capital 2014 £'000	Capital 2013 £'000	Total 2014 £'000	Total 2013 £'000
Losses on investments held at fair value through profit or loss	10	–	–	(13 859)	(10 866)	(13 859)	(10 866)
Income from investments held at fair value through profit or loss	3	4 519	4 534	–	–	4 519	4 534
Other income	3	3 122	2 185	–	–	3 122	2 185
Total income		7 641	6,719	(13 859)	(10 866)	(6,218)	(4,147)
Expenses							
Investment management fees	4	(314)	(306)	(941)	(918)	(1 255)	(1,224)
Other operating expenses	5	(313)	(279)	(6)	–	(319)	(279)
Total operating expenses		(627)	(585)	(947)	(918)	(1 574)	(1 503)
Profit/(loss) on ordinary activities before finance costs and taxation		7,014	6 134	(14 806)	(11 784)	(7,792)	(5 650)
Finance costs	6	(44)	(38)	(100)	(98)	(144)	(136)
Profit/(loss) before taxation		6 970	6 096	(14 906)	(11 882)	(7,936)	(5,786)
Taxation	7	(745)	(545)	–	–	(745)	(545)
Net profit/(loss) on ordinary activities after taxation		6 225	5 551	(14 906)	(11 882)	(8 681)	(6,331)
Earnings/(loss) per ordinary share	9	6 20p	5 87p	(14 85p)	(12 57p)	(8 65p)	(6 70p)

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 £8,681,000 (2013: loss of £6,331,000).

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).

Financial statements

Statements of changes in equity for the year ended 30 November 2014

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 2014							
At 30 November 2013		963	27 584	71 223	(1 075)	3 135	101 830
Total comprehensive income							
Net (loss)/profit for the year		-	-	-	(14 906)	6,225	(8 681)
Transaction with owners recorded directly to equity							
Shares issued	14 & 15	89	9 437	-	-	-	9 526
Share issue costs	15	-	(18)	-	-	-	(18)
Dividends paid	8	-	-	-	-	(5,961)	(5 961)
At 30 November 2014		1,052	37 003	71 223	(15,981)	3 399	96 696
For the year ended 30 November 2013							
At 30 November 2012		943	25 429	71 223	10,807	3 261	111 663
Total comprehensive income							
Net (loss)/profit for the year		-	-	-	(11 882)	5 551	(6,331)
Transaction with owners recorded directly to equity							
Shares issued	14 & 15	20	2 158	-	-	-	2 178
Share issue costs	15	-	(3)	-	-	-	(3)
Dividends paid	8	-	-	-	-	(5 677)	(5 677)
At 30 November 2013		963	27,584	71,223	(1 075)	3 135	101 830

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 2014							
At 30 November 2013		963	27,584	71,223	326	1,734	101,830
Total comprehensive income							
Net (loss)/profit for the year		-	-	-	(15 001)	6,320	(8 681)
Transaction with owners, recorded directly to equity							
Shares issued	14 & 15	89	9 437	-	-	-	9 526
Share issue costs	15	-	(18)	-	-	-	(18)
Dividends paid	8	-	-	-	-	(5,961)	(5 961)
At 30 November 2014		1 052	37 003	71 223	(14,675)	2 093	96 696
For the year ended 30 November 2013							
At 30 November 2012		943	25,429	71 223	12 441	1,627	111 663
Total comprehensive income							
Net (loss)/profit for the year		-	-	-	(12,115)	5 784	(6 331)
Transaction with owners recorded directly to equity							
Shares issued	14 & 15	20	2,158	-	-	-	2 178
Share issue costs	15	-	(3)	-	-	-	(3)
Dividends paid	8	-	-	-	-	(5 677)	(5 677)
At 30 November 2013		963	27 584	71 223	326	1 734	101 830

The notes on pages 42 to 59 form part of these financial statements

Financial statements

Statements of financial position as at 30 November 2014

	Notes	2014 Group £'000	2014 Company £'000	2013 Group £'000	2013 Company £'000
Non current assets					
Investments designated as held at fair value through profit or loss	10	99 054	100 360	108 127	109 528
Current assets					
Other receivables	12	1,127	1 127	3,905	3,905
Collateral pledged with brokers		1,804	-	1 484	-
Cash and cash equivalents		776	776	47	47
		3,707	1 903	5,436	3,952
Total assets		102,761	102 263	113 563	113,480
Current liabilities					
Other payables	13	(1,908)	(1 530)	(879)	(715)
Derivative financial liabilities held at fair value through profit or loss	10	(481)	(481)	(704)	(704)
Bank overdraft		(3 676)	(3 556)	(10 150)	(10 231)
		(6 065)	(5 567)	(11 733)	(11 650)
Net current liabilities		(2 358)	(3,664)	(6 297)	(7 698)
Net assets		96,696	96 696	101 830	101 830
Equity attributable to equity holders					
Ordinary share capital	14	1,052	1 052	963	963
Share premium account	15	37 003	37,003	27 584	27 584
Special reserve	16	71 223	71 223	71 223	71 223
Capital reserves	16	(15,981)	(14 675)	(1 075)	326
Revenue reserve	16	3 399	2,093	3 135	1 734
Total equity		96 696	96 696	101 830	101,830
Net asset value per ordinary share	9	91 95p	91 95p	105 79p	105 79p

The financial statements on pages 38 to 59 were approved and authorised for issue by the Board of Directors on 2 February 2015 and signed on its behalf by Alan Hodson, Chairman

BlackRock Commodities Income Investment Trust plc

Registered in England, No 5612963



Financial statements

Cash flow statements for the year ended 30 November 2014

	2014 Group £'000	2014 Company £'000	2013 Group £'000	2013 Company £'000
Operating activities				
Loss before taxation	(7 936)	(8 314)	(5 786)	(5,950)
Add back interest paid	153	142	126	121
Losses on investments held at fair value through profit or loss including transaction costs	13 859	13,954	10 866	11 099
Decrease/(increase) in other receivables	16	16	(11)	(11)
Increase in other payables	9	9	59	59
Decrease/(increase) in amounts due from brokers	2,497	2 497	(2 166)	(2,166)
Movements in investments held at fair value through profit or loss	(4,974)	(4,974)	(3 164)	(3,164)
Net cash inflow/(outflow) from operating activities before interest and taxation	3 624	3 330	(76)	(12)
Interest paid	(153)	(142)	(126)	(121)
Taxation (paid)/recovered	(164)	–	(240)	55
Taxation on investment income included within gross income	(380)	(380)	(436)	(436)
Net cash inflow/(outflow) from operating activities	2,927	2,808	(878)	(514)
Financing activities				
Share issue costs paid	(18)	(18)	(3)	(3)
Proceeds from shares issued	10 610	10 610	1 094	1,094
Equity dividends paid	(5,961)	(5 961)	(5 677)	(5 677)
Net cash inflow/(outflow) from financing activities	4 631	4 631	(4 586)	(4 586)
Increase/(decrease) in cash and cash equivalents	7 558	7,439	(5 464)	(5 100)
Cash and cash equivalents at start of the year	(8 619)	(10 184)	(3 158)	(5,087)
Effect of foreign exchange rate changes	(35)	(35)	3	3
Cash and cash equivalents at the end of year	(1 096)	(2 780)	(8 619)	(10,184)
Comprised of				
Cash and cash equivalents	776	776	47	47
Collateral pledged with brokers	1 804	–	1,484	–
Bank overdraft	(3 676)	(3,556)	(10 150)	(10 231)
	(1 096)	(2,780)	(8,619)	(10 184)

The notes on pages 42 to 59 form part of these financial statements

Financial statements

Notes to the financial statements

1. PRINCIPAL ACTIVITY

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 Company was incorporated on 4 November 2005 and this is the ninth annual report.

2 ACCOUNTING POLICIES

The principal accounting policies adopted by the Group and 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 Consolidated 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 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 on or after 1 December 2013, and have not been applied in preparing these financial statements (major changes and new standards issued detailed below). None of these are expected to have a significant effect on the measurement of the amounts recognised in the financial statements of the Company; however, additional disclosures will be required.

IFRS 9 Financial Instruments (2014) replaces IAS 39 and deals with a package of improvements including principally a revised model for classification and measurement of financial instruments, a forward looking expected loss impairment model and a revised framework for hedge accounting. In terms of classification & measurement the revised standard is principles based depending on the business model and nature of cash flows. Under this approach instruments are measured at either amortised cost or fair value, though the standard retains the fair value option allowing designation of debt instruments at initial recognition to be measured at fair value.

The standard is effective from 1 January 2018 with earlier application permitted but has not yet been endorsed by the European Commission. The Group does not plan to early adopt this standard.

IFRS 10 Consolidated Financial Statements Investment Entities amendments (effective 1 January 2014) establish a single control model that applies to all entities including special purpose entities. The changes introduced by the Investment Entities amendments require management to exercise significant judgment to determine which entities are controlled, and therefore are required to be consolidated by a parent.

Consolidated financial statements are prepared and the provisions of these amendments are applicable. However, these changes have no material impact.

IFRS 12 Disclosure of Interest in Other Entities (effective 1 January 2014) requires additional disclosures that relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

The amendments to IFRS 12 introduce new disclosure requirements related to investment entities which have been set out in note 11; however, these amendments have not had any impact on the financial position or results of operations of the Group.

IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016) allows first time IFRS adopters to continue to account for 'regulatory deferral account balances' in accordance with previous GAAP.

As the Company has already adopted IFRS the provisions of this standard are not applicable.

IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017) specifies how and when an entity should recognise revenue and enhances the nature of revenue disclosures.

Given the nature of the Group's revenue streams from financial instruments the provisions of this standard are not expected to be applicable.

The SORP was revised and reissued in November 2014 (effective 1 January 2015) and where compatible with IFRS will be applied to financial statements in subsequent reporting periods

(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

The consolidated financial statements are made up to 30 November each year and incorporate the financial statements of the Company and its wholly-owned subsidiary, BlackRock Commodities Securities Income Company Limited. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are based on consistent accounting policies. All intra-group balances and transactions, including unrealised profits arising therefrom, are eliminated.

(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.

(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 recognised as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available dividends receivable on or before the period 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. Options are marked to market and the gain or loss is taken to capital. Where options are exercised the loss is taken to capital.

(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 charged to the capital column of the Statement of Comprehensive Income. Details of transaction costs on the purchases and sales of investments are disclosed in note 10 on page 48,
- ▶ 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 returns, in the form of capital gains and income, respectively from the investment portfolio.

(g) Taxation

The Group accounts do not reflect any adjustment for group relief between the Company and the subsidiary.

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that were applicable at the balance sheet date.

Where expenses are allocated between capital and revenue any tax relief in respect of the expenses is allocated between capital and revenue returns on the marginal basis using the Company's effective rate of corporation taxation for the accounting period.

Financial statements

Notes to the financial statements continued

2 ACCOUNTING POLICIES continued

(g) Taxation continued

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 or loss. Purchases of investments are recognised on a trade date basis. 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 the financial instruments is based on their quoted bid price at the financial reporting date, without the deduction for any estimated future selling costs. Any 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 the 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 special and 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.

(n) Derivatives

Derivatives are held at fair value based on the bid/offer prices of the options written to which the Group is exposed. The value of the option is subsequently marked to market to reflect the fair value of the option based on traded prices. Where the premium is taken to revenue, an appropriate amount is shown as capital return such that the total return reflects the overall change in the fair value of the option. When an option is closed out or exercised the gain or loss is accounted for as a capital gain or loss.

3. INCOME

	2014 £'000	2013 £'000
Investment income		
Overseas listed dividends	3 484	3,652
Fixed interest	212	57
UK listed dividends	823	825
	4 519	4 534
Other income		
Deposit interest	29	–
Option premium income	3 093	2 185
	3 122	2 185
Total	7 641	6 719

Option premium income is stated after commission expenses incurred on transactions

During the year, the Group received option premium income totalling £3,093,000 (2013 £2,185,000) for writing covered put/call options for the purposes of revenue generation which were taken to income. At 30 November 2014, there were 11 (2013 14) open positions with an associated liability of £481,000 (2013 £704,000)

4. INVESTMENT MANAGEMENT FEES

	2014			2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	314	941	1 255	306	918	1 224

The investment management fee is levied at a rate of 11% 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

5. OTHER OPERATING EXPENSES

	2014 £'000	2013 £'000
Custody and depositary fees	10	18
Auditors' remuneration		
– audit services	25	24
– other services	6	6
Directors' emoluments	90	86
Registrar's fee	29	28
Marketing fees	32	3
Other administration costs	121	114
	313	279
The Company's ongoing charges, calculated as a percentage of average net assets and using expenses excluding any interest costs and excluding taxation, were	1.5%	1.4%
The Company's ongoing charges, calculated as a percentage of average net assets and using expenses including any interest costs and taxation, were	2.4%	1.9%

Fees paid to the Auditor for other services comprise £6,250 (2013 £6,000, excluding VAT) relating to the review of the half yearly financial statements

Details of the Directors' emoluments are given in the Directors' Remuneration Report on page 24

Financial statements

Notes to the financial statements continued

6 FINANCE COSTS

	2014			2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank overdrafts	44	100	144	38	98	136

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 in year

	2014			2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current taxation						
Corporation taxation	378	-	378	163	-	163
Overseas taxation	367	-	367	382	-	382
Total taxation charge (note 7b)	745	-	745	545	-	545

The AIC SORP states that any tax relief obtained on expenses should be allocated between capital and revenue on the assumption that expenses charged to revenue are matched first against taxable revenue items. Tax relief is only reflected in capital to the extent that 'additional' expenses are utilised from capital to reduce or eliminate the Investment Company's tax liability. The amount of tax relief on such expenses should be the amount of corporation tax, or additional corporation tax, that would have been payable were it not for the existence of these 'additional' expenses.

In accordance with the HMRC taxation structure for the Group, the Company surrenders its excess management expenses to the subsidiary in order to reduce the taxation calculated on a standalone basis for the subsidiary. As Group relief is not charged between the Company and subsidiary, the group accounts do not include any allocation of tax relief between capital and revenue as the substance of any such transfer within the group accounts would be a payment for group relief which is an inter-group transaction that is eliminated on consolidation. Consequently the consolidated accounts do not reflect the marginal basis of taxation allocation as recommended by the SORP. The Board consider that including this adjustment would result in a misleading consolidated earnings per share figure.

Had the recommended approach within the SORP been adopted, the Company's consolidated tax charge to the revenue column of the Consolidated Statement of Comprehensive Income would have been increased by £227,000 (2013: £237,000) and this would have been offset by a credit to the tax charge in the capital column of the same primary statement for the same amount, resulting in a nil impact on the tax charge in the total column of the Consolidated Statement of Comprehensive Income. There would have been no impact on either the parent company or the subsidiary company accounts.

£1,049,000 management expenses accounted for through the capital column of the income statement has been surrendered to the subsidiary for the year ended 30 November 2014 (2013: £1,016,000). In accordance with the Company's accounting policy, transfer has been made for group tax relief between the Company and its subsidiary.

b) Factors affecting current taxation charge for the year

The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for a large company of 21.66% (2013: 23.33%). The differences are explained below

	2014			2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Total profit/(loss) on ordinary activities before taxation	6,970	(14,906)	(7,936)	6,096	(11,882)	(5,786)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax 21.66% (2013: 23.33%)	1,511	(3,230)	(1,719)	1,422	(2,772)	(1,350)
Effects of						
Taxation effect of allowable expenses in capital	(227)	227	-	(237)	237	-
Non taxable capital loss		3,002	3,002	-	2,535	2,535
Non taxable UK dividends	(178)	-	(178)	(193)	-	(193)
Non taxable overseas dividends	(723)	-	(723)	(826)	-	(826)
Disallowed expenses	-	1	1	-	-	-
Expenses relief for overseas taxation	(5)	-	(5)	(3)	-	(3)
Overseas taxation charge	367	-	367	382	-	382
	(766)	3,230	2,464	(877)	2,772	1,895
Total taxation charge for the year (note 7(a))	745	-	745	545	-	545

Due to the Company's intention to meet the requirements to continue to be approved under section 1158 of the Corporation Tax Act 2010 it has not provided for taxation on any capital gains

Investment trusts are exempt from corporation tax on capital gains provided the company obtains agreement from HM Revenue and Customs that tests under section 1158 of the Corporation Tax Act 2010 have been met

No deferred tax has been provided for in either the current financial year or the prior

8 DIVIDENDS

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 2014 were as follows

	2014 £'000	2013 £'000
Fourth interim dividend for the year ended 30 November 2013 – 1.5250p (2012: 1.5875p)	1,468	1,496
First interim dividend for the year ended 30 November 2014 – 1.4875p (2013: 1.4750p)	1,482	1,390
Second interim dividend for the year ended 30 November 2014 – 1.4875p (2013: 1.4750p)	1,502	1,390
Third interim dividend for the year ended 30 November 2014 – 1.4875p (2013: 1.4750p)	1,509	1,401
	5,961	5,677

For the year ended 30 November 2014, a fourth interim dividend of 1.5375p (2013: 1.5250p) per ordinary share has been declared and will be paid on 23 January 2015, to shareholders on the Company's register on 30 December 2014

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

	2014 £'000	2013 £'000
First interim dividend paid on 22 April 2014 of 1.4875p (2013: 1.4750p)	1,482	1,390
Second interim dividend paid on 25 July 2014 of 1.4875p (2013: 1.4750p)	1,502	1,390
Third interim dividend paid on 24 October 2014 of 1.4875p (2013: 1.4750p)	1,509	1,401
Fourth interim dividend paid on 23 January 2015 of 1.5375p (2013: 1.5250p)	1,617	1,468
	6,110	5,649

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Notes to the financial statements continued

9. CONSOLIDATED EARNINGS AND NET ASSET VALUE PER ORDINARY SHARE

	2014	2013
Net revenue profit attributable to ordinary shareholders (£ 000)	6 225	5 551
Net capital loss attributable to ordinary shareholders (£'000)	(14 906)	(11 882)
Total loss attributable to ordinary shareholders (£ 000)	(8 681)	(6 331)
Equity shareholders funds (£'000)	96 696	101,830
The weighted average number of ordinary shares in issue during the period on which the return per ordinary share was calculated was	100 393 478	94,551 836
The actual number of ordinary shares in issue at the year end, on which the net asset value was calculated was	105 158 000	96,258,000
The number of ordinary shares in issue including treasury shares at the year end was	105,158 000	96 258 000
Revenue return per share	6 20p	5 87p
Capital loss per share	(14 85p)	(12 57p)
Total loss per share	(8 65p)	(6 70p)
Net asset value per share	91 95p	105 79p
Share price (mid-market)	99 00p	109 50p

10. INVESTMENTS

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Quoted investments held at fair value through profit or loss	99 054	99 054	108 127	108 127
Derivative financial instruments – written options	(481)	(481)	(704)	(704)
Investment in subsidiary held at fair value through profit or loss ¹	–	1 306	–	1 401
	98 573	99 879	107 423	108 824
Valuation brought forward	107 423	108 824	115 118	116 752
Investment holding losses at 1 December	11 924	10 523	4 569	2 935
Opening cost of investments	119 347	119 347	119,687	119 687
Additions at cost	56,460	56 460	44 291	44 291
Disposals	(51 486)	(51 486)	(41 127)	(41,127)
Realised losses	(14 785)	(14 785)	(3,504)	(3 504)
Cost carried forward	109 536	109 536	119 347	119 347
Investment holding losses at 30 November	(10 963)	(9 657)	(11 924)	(10 523)
Closing valuation of investments	98 573	99 879	107,423	108 824

1 Relates to wholly owned subsidiary BlackRock Commodities Security Income Company Limited

In the Statements of Financial Position investments has been further analysed between financial assets and liabilities. Accordingly, derivative financial instruments has been included in current liabilities. The comparatives for prior year have been restated.

Transaction costs of £117,000 (2013: £95,000) were incurred on the acquisition of investments. Costs relating to the disposal of investments during the year amounted to £78,000 (2013: £35,000). All transaction costs have been included within the capital reserves.

Losses on investments held at fair value through profit or loss

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Realised losses on sales	(14 785)	(14 785)	(3,504)	(3,504)
Movement in investment holding losses	961	866	(7,355)	(7 588)
Exchange losses on foreign currency transactions	(35)	(35)	(7)	(7)
	(13 859)	(13,954)	(10,866)	(11 099)

11. INVESTMENT IN SUBSIDIARY

At 30 November 2014, the Company had one wholly owned subsidiary which is registered and operating in England and Wales and has been included in the consolidated financial statements BlackRock Commodities Securities Income Company Limited was incorporated on 9 November 2005. There are no non-controlling interests in the subsidiary.

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

	Description of ordinary shares	Authorised and issued share capital	
		2014	2013
BlackRock Commodities Securities Income Company Limited	Ordinary shares of £1	£1	£1

12. OTHER RECEIVABLES

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Amount due from brokers	741	741	2 432	2,432
Amounts from shares issued	–	–	1 084	1 084
Taxation recoverable	113	113	100	100
Prepayments and accrued income	273	273	289	289
	1,127	1 127	3 905	3,905

13. OTHER PAYABLES

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Amount due to brokers	806	806	–	–
Corporation tax payable	378	–	164	–
Accrued expenditure	724	724	715	715
	1 908	1,530	879	715

Financial statements

Notes to the financial statements continued

14 SHARE CAPITAL

	Ordinary shares number	Total shares number	Nominal value £'000
Allotted called up and fully paid share capital comprised			
Ordinary shares of 1 pence each			
Shares in issue at 30 November 2013	96 258 000	96,258 000	963
Shares issued	8 900 000	8 900 000	89
At 30 November 2014	105,158 000	105 158 000	1 052

The number of ordinary shares in issue at the year end was 105,158,000 (2013 96,258,000) of which none were held in treasury (2013 nil)

During the year 8,900,000 (2013 2,000,000) shares were issued for a total consideration of £9,526,000 (2013 £2,178,000) before deduction of issue costs. Since 30 November 2014, a further 700,000 shares have been issued for a total consideration of £616,000 before deduction of issue costs.

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

	2014 £'000	2013 £'000
At start of the year	27,584	25,429
Premium on shares issued	9 437	2,158
Issue costs	(18)	(3)
At 30 November 2014	37 003	27 584

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 2013	71 223	10,849	(11 924)	3,135
Movement during the year				
Net (loss)/profit for the year	–	(15 867)	961	6 225
Dividends paid	–	–	–	(5 961)
At 30 November 2014	71 223	(5 018)	(10 963)	3 399

Company	Special reserve £'000	Capital reserve – arising on investments sold £'000	Capital reserve – arising on investments held £'000	Revenue reserve £'000
At 1 December 2013	71 223	10,849	(10,523)	1 734
Movement during the year				
Net (loss)/profit for the year	–	(15,867)	866	6,320
Dividends paid	–	–	–	(5 961)
At 30 November 2014	71 223	(5,018)	(9 657)	2 093

17. RISK MANAGEMENT POLICIES AND PROCEDURES

The Group's investment activities expose it to various types of risks which are associated with the financial instruments and markets in which it invests. The following information is not intended to be a comprehensive summary of all risks and shareholders should refer to the Alternative Investment Fund Managers' Directive Fund 3 2 2R Disclosures which can be found at blackrock.co.uk/brci for a more detailed discussion of the risks inherent in investing in the Company.

The following information refers to the risk management framework of the Alternative Investment Fund Manager (AIFM), however, as disclosed in the Corporate Governance Statement on page 26 and in the Statement of Directors' Responsibilities on page 33, it is the ultimate responsibility of the Board to ensure that the Group's risks are appropriately monitored, and to the extent that elements of this are delegated to third party service providers, the Board is responsible for ensuring that the relevant parties are discharging their duties in accordance with the terms of relevant agreements. The AIFM reports to the Board at each meeting on key risk metrics and risk management processes, in addition, the Depositary monitors the performance of the AIFM and reports to the Audit & Management Engagement Committee at each meeting. Any issues are reported to the Board on an ad hoc basis as they arise.

Risk management framework

The Directors of the Alternative Investment Fund Manager (AIFM) review quarterly investment performance reports and receive semi-annual presentations in person from the Investment Manager covering the Group's performance and risk profile during the year. The AIFM has delegated the day-to-day administration of the investment programme to the Investment Manager. The Investment Manager is also responsible for ensuring that the Group is managed within the terms of its investment guidelines and limits set out in the Alternative Investment Fund Managers' Directive Fund 3 2 2R Disclosures which can be found at blackrock.co.uk/brci. The AIFM is responsible for the investment performance, product risk monitoring and oversight and has the responsibility for the monitoring and oversight of regulatory and operational risk for the Group. The Directors of the AIFM have appointed a Risk Manager who has responsibility for the daily risk management process with assistance from key risk management personnel of the Investment Manager, including members of the Risk and Quantitative Analysis Group ("RQA") which is a centralised group which performs an independent risk management function. RQA independently identifies, measures and monitors investment risk and monitors the risk management practices being deployed across the Group. RQA has the ability to determine if the appropriate risk management processes are in place across the Group including the risk management tools employed, how the levels of risk are controlled, ensuring risk/return is considered in portfolio construction and reviewing outcomes.

The risk exposures of the Group are set out as follows:

(a) Market risk

Market risk arises mainly from uncertainty about future values of financial instruments influenced by other price, currency and interest rate movements. It represents the potential loss the Group may suffer through holding market positions in financial instruments in the face of market movements.

Value at Risk (VaR) is a statistical risk measure that estimates the potential portfolio loss from adverse market moves in an ordinary market environment. VaR analysis reflects the interdependencies between risk variables, unlike a traditional sensitivity analysis.

The VaR calculations are based on a confidence level of 99% with a holding period of not greater than 1 month (20 days) and a historical observation period of not less than 1 year (250 days). A VaR number is defined at a specified probability and a specified time horizon. A 99% 1 month VaR means that the expectation is that 99% of the time over a 1 month period the Fund will lose less than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk. It is noted that the use of VaR methodology has limitations, namely assumptions that risk factor returns are normally distributed and that the use of historical market data as a basis for estimating future events does not encompass all possible scenarios, particularly those that are of an extreme nature and that the use of a specified confidence level (e.g. 99%) does not take into account losses that occur beyond this level. There is some probability that the loss could be greater than the VaR amounts. These limitations and the nature of the VaR measure mean that the Group can neither guarantee that losses will not exceed the VaR amounts indicated, nor that losses in excess of the VaR amounts will not occur more frequently.

The one-month VaR as of 30 November 2014 and 30 November 2013 (based on a 99% confidence level) was 10.47% and 9.21%, respectively.

Financial statements

Notes to the financial statements continued

17. RISK MANAGEMENT POLICIES AND PROCEDURES continued

i) Market risk arising from other price risk

Exposure to other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market

The Group is exposed to market price risk arising from its equity investments and written options. The movements in the prices of these investments result in movements in the performance of the Group

Management of other price risk

By diversifying the portfolio, where this is appropriate and consistent with the Group's objectives, the risk that a price change of a particular investment will have a material impact on the NAV of the Group is minimised which is in line with the investment objectives of the Group

(ii) Market risk arising from foreign currency risk

Exposure to foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency sensitivity risk has been covered by the VaR analysis under the market risk section

The fair values of the Group's monetary items which have foreign currency exposure at 30 November 2014 and 30 November 2013 are shown below. Where the Group's equity investments which are not monetary items are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure

	Canadian Dollar £'000	US Dollar £'000	Euro £'000	Other £'000
2014				
Cash at bank	159	83	–	534
Debtors (due from brokers, dividends and other income receivable)	34	901	15	130
Payables	(806)	–	–	–
Total foreign currency exposure on net monetary items	(613)	984	15	664
Equity investments at fair value through profit or loss	17,838	43,448	8,614	8,232
Total net foreign currency exposure	17,225	44,432	8,629	8,910

	Canadian Dollar £'000	US Dollar £'000	Euro £'000	Other £'000
2013				
Cash at bank	38	9	–	–
Debtors (due from brokers, dividends and other income receivable)	523	1,315	237	85
Payables	–	–	–	–
Total foreign currency exposure on net monetary items	561	1,324	237	85
Equity investments at fair value through profit or loss	17,606	47,765	6,348	9,688
Total net foreign currency exposure	18,167	49,089	6,585	9,773

Management of foreign currency risk

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

The Investment Manager measures the risk to the Group of the foreign currency exposure by considering the effect on the Group's net asset value and income of a movement in the exchange rate to which the Group's assets, liabilities, income and expenses are exposed

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. Derivative contracts are not used to hedge against exposure to foreign currency risk.

Consequently, the Group is exposed to risks that the exchange rate of its reporting currencies relative to other currencies may change in a manner which has an adverse effect on the value of the portion of the Group's assets which are denominated in currencies other than their own currencies.

(iii) Market risk arising from interest rate risk

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk specifically through its cash holdings and its borrowing facility for investment purposes. Interest rate sensitivity risk has been covered by the VaR analysis under the market risk section.

Interest rate exposure

The exposure at 30 November 2014 and 30 November 2013 of financial assets and liabilities to interest rate risk is shown by reference to:

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

	2014			2013		
	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	(3 676)	–	(3 676)	(10 150)	–	(10 150)
Collateral pledged with brokers	1 804	–	1 804	1,484	–	1,484
Cash at bank	776	–	776	47	–	47
Exposure to fixed interest rates						
Fixed interest investments	–	1 815	1,815	631	–	631
Total exposure to interest rates	(1 096)	1 815	719	(7,988)	–	(7 988)

Interest rates received on cash balances or paid on bank overdrafts in sterling, respectively is approximately 0.15% and 1.47% per annum (2013: 0.15% and 1.63% per annum).

Management of interest rate risk

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

The Group finances part of its activities through borrowings at levels approved and monitored by the Board of the Company. The Group, generally, does not hold significant balances, with short term borrowings being used when required. Derivative contracts are not used to hedge against the exposure to interest rate risk.

b) Counterparty credit risk

Credit risk is the risk that the issuer of a financial instrument will fail to fulfil an obligation or commitment that it has entered into with the Group.

The Group is exposed to counterparty credit risk from the parties with which it trades and will bear the risk of settlement default. Counterparty credit risk to the Group arises from transactions to purchase or sell investments and through option writing transactions on equity investments held within the portfolio.

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Notes to the financial statements continued

17. RISK MANAGEMENT POLICIES AND PROCEDURES continued

b) Counterparty credit risk continued

Credit Risk is monitored and managed by BlackRock's RQA Counterparty & Concentration Risk team. The team is headed by BlackRock's Chief Credit Officer who reports to the Global Head of RQA. Credit authority resides with the Chief Credit Officer and selected team members to whom specific credit authority has been delegated. As such, counterparty approvals may be granted by the Chief Credit Officer, or by identified RQA Credit Risk Officers who have been formally delegated authority by the Chief Credit Officer.

The BlackRock RQA Counterparty & Concentration Risk team completes a formal review of each new counterparty, monitors and reviews all approved counterparties on an ongoing basis and maintains an active oversight of counterparty exposures and the collateral management process.

Depository

With effect from 2 July 2014, the Group's Depository is BNY Mellon Trust & Depository (UK) Limited (the 'Depository') (Moody's long term credit rating as at 31 December 2014: Aa2). All of the equity and debt investments and cash of the Group are held within the custodial network of the Depository. Bankruptcy or insolvency of the Depository may cause the Group's rights with respect to its investments held by the Depository to be delayed or limited. The maximum exposure to this risk at 30 November 2014 is the total value of equity investments held with the Depository and cash and cash equivalents in the Statement of Financial Position.

In accordance with the requirements of the depository agreement, the Depository will ensure that any agents it appoints to assist in safekeeping the equity and debt investments of the Group will segregate the equity and debt investments of the Group. Thus, in the event of insolvency or bankruptcy of the Depository, the Group's equity and debt investments are segregated and this reduces counterparty credit risk. The Group will, however, be exposed to the counterparty credit risk of the Depository in relation to the Group's cash held by the Depository. In the event of the insolvency or bankruptcy of the Depository, the Group will be treated as a general creditor of the Depository in relation to cash holdings of the Group.

Counterparties/Brokers

All transactions in listed securities are settled/paid for upon delivery using an approved broker. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has made payment. Payment is made on a purchase once the securities have been delivered by the broker. The trade will fail if either party fails to meet its obligation.

Counterparty credit risk also arises on transactions with a broker in relation to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the broker used. The Group monitors the credit rating and financial position of the broker used to further mitigate this risk.

Cash held as security by the counterparty to financial derivative contracts is subject to the credit risk of the counterparty. The following table details the total number of counterparties to which the Group is exposed, the maximum exposure to any one counterparty, the collateral held by the Group against this exposure, the total exposure to all other counterparties and the lowest long term credit rating of any one counterparty (or its ultimate parent if unrated).

Year	Total number of counterparties	Maximum exposure to any one counterparty* £'000	Collateral held* £'000	Total exposure to all other counterparties* £'000	Lowest credit rating of any one counterparty
2014	3	1,804	-	1,517	A-1
2013	6	1,484	1,484	2,479	A-1

* Calculated on a net basis

The Group may also be exposed to counterparty risk should there be any rehypothecation of pledged collateral. Rehypothecation refers to the practice by banks and brokers of using, for their own purposes, assets that have been posted as collateral by their clients. Clients who permit rehypothecation of their collateral may be compensated either through a lower cost of borrowing or a rebate on fees. Collateral is received/paid where the client service agreement states that there should be collateral movements agreed with the counterparty, where there is a requirement for a mark-to-market process or collateralisation to ensure that the Group is protected against any counterparty default.

Over-the-counter (OTC) financial derivative instruments

The Group may write both exchange traded and over-the-counter option contracts as part of its investment policy for securities held within the investment portfolio. Options written by the Group provide the purchaser with the opportunity to purchase from or sell the Group the underlying asset at an agreed-upon value either on or before the expiration of the option. Options are generally settled on a net basis.

During the year ended 30 November 2014 and 2013, the Group wrote covered call and put option contracts to generate revenue income for the Group. The notional amount of put/call options written that were open at 30 November 2014 was £10,083,000 (2013: £15,147,000).

Management of OTC financial derivative instruments

Economic exposure through option writing transactions is restricted such that no more than 30% of the Group's assets shall be under options at any given time. Exposures are monitored daily by the Investment Manager, BlackRock, and its independent risk management team. The Company's Board also reviews the exposures regularly.

The option positions are diversified across sectors and geographies comprising 11 positions as at 30 November 2014 (2013: 14).

The economic exposures to options can be closed out at any time by the Group with immediate effect. Details of securities and exposures to market risk and credit risk implicit within the options portfolio are given in note 17 to the Financial Statements.

Collateral

The Group engages in activities which may require collateral to be provided to a counterparty ("pledged collateral") or may hold collateral received ("inbound collateral") from a counterparty. The Group uses inbound collateral received from a counterparty to reduce the counterparty credit risk associated with any trading activity in which the Group has engaged.

Cash collateral pledged by the Group is separately identified as an asset in the Statement of Financial Position.

Inbound cash collateral received by the Group is reflected as a liability on the Statement of Financial Position as cash collateral payable. The cash is subject to certain counterparty credit risk as the Group's access to its cash could be delayed should the counterparties become insolvent or bankrupt. Collateral given/received in the form of securities is not reflected on the Statement of Financial Position. The Group has the right to sell or re-pledge collateral received in the form of securities in circumstances such as default.

The fair value of inbound securities collateral and securities collateral pledged is reflected in the table below.

	Pledged collateral	
	30 November 2014 £'000	30 November 2013 £'000
Cash collateral	1,804	1,484

Receivables

Amounts due from debtors are disclosed on the Statement of Financial Position as receivables. The counterparties included in debtors are the same counterparties discussed previously under counterparty credit risk and subject to the same scrutiny by the BlackRock RQA Counterparty & Concentration Risk team. The Group monitors the ageing of receivables to mitigate the risk of debtor balances becoming overdue.

In summary, the exposure to credit risk at 30 November 2014 was as follows:

	2014 £'000	2013 £'000
Fixed interest securities	1,815	631
Amount due from brokers	741	2,432
Accrued income	241	272
Taxation recoverable	113	100
Cash at bank	776	47
	3,686	3,482

None of the above assets are impaired nor past due but not impaired.

Financial statements

Notes to the financial statements continued

17 RISK MANAGEMENT POLICIES AND PROCEDURES continued

Management of counterparty credit risk

RQA are responsible for the risk management of the Group, with duties comprising of identifying, monitoring and managing risk, including counterparty credit risk. RQA are supported in this role by the Investment Manager.

The counterparty/credit 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 Group's listed investments are held on its behalf by The Bank of New York Mellon (International) Limited as the Group's custodian. Bankruptcy or insolvency of the custodian may cause the Group's rights with respect to securities held by the custodian to be delayed. The Board monitors the Group's risk by reviewing the custodian's internal control reports.
- ▶ transactions involving derivatives are either exchange traded where the relevant exchange guarantees settlement or on an over-the-counter basis. Transactions are entered into only with those counterparties approved by the credit department of the Investment Manager. Counterparties are selected on the basis of a number of risk migration criteria designed to reduce the risk to the Group of default.
- ▶ the creditworthiness of financial institutions with whom cash is held is reviewed regularly by the Investment Manager.
- ▶ all transactions in listed 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 made payment. Payment is made on purchase once the securities have been delivered by the broker. The trade will fail if either party fails to meet its obligation.

Offsetting disclosures

In order to better define its contractual rights and to secure rights that will help the Group mitigate its counterparty risk, the Group may enter into an ISDA Master Agreement or similar agreement with its OTC derivative contract counterparties. An ISDA Master Agreement is an agreement between the Group and the counterparty that governs OTC derivatives and foreign exchange contracts and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, the Group has a contractual right to offset with the counterparty certain derivative financial instruments payables and/or receivables with collateral held and/or posted and create one single net payment in the event of default including the bankruptcy or insolvency of the counterparty. However, bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against the right of offset in bankruptcy, insolvency or other events.

For financial reporting purposes, the Group does not offset derivative assets and derivative liabilities that are subject to netting arrangements in the Statements of Financial Position. The disclosures set out in the following tables include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement.

At 30 November 2014 and 2013, the Group's derivative assets and liabilities (by type) are as follows:

	At 30 November 2014		At 30 November 2013	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Derivatives				
Written option contracts	-	(481)	-	(704)
Total derivative assets and liabilities in the Statements of Financial Position	-	(481)	-	(704)
Total assets and liabilities subject to a master netting agreement	-	(481)	-	(704)

The following table presents the Group's derivative liabilities by counterparty, net of amounts available for offset, under a master netting agreement and net of any related collateral paid by the Group at 30 November 2014

Counterparty	Derivative liabilities subject to a master netting agreement by a counterparty £'000	Derivatives available for offset £'000	Non-cash collateral given £'000	Pledged cash collateral £'000	Net amount of derivative liabilities £'000
At 30 November 2014 – Bank of America Merrill Lynch	(481)	–	–	481	–
At 30 November 2013 – Bank of America Merrill Lynch	(704)	–	–	704	–

The Group does not hold any derivative assets

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities. The Company is also exposed to the liquidity risk for margin calls on derivative instruments. At the year end, the Group had an overdraft facility of £20 million (2013: £20 million).

Liquidity risk exposure

The remaining undiscounted gross cash outflows of the financial liabilities as at 30 November 2014 and 2013, based on the earliest date on which payment can be required, were as follows:

2014	3 months or less £'000	Not more than one year £'000	More than one year £'000	Total £'000
Derivative financial instruments – written options	(481)	–	–	(481)
Amounts due to brokers and accruals	(1,908)	–	–	(1,908)
Bank overdraft	(3,676)	–	–	(3,676)
	(6,065)	–	–	(6,065)

2013	3 months or less £'000	Not more than one year £'000	More than one year £'000	Total £'000
Derivative financial instruments – written options	(704)	–	–	(704)
Amounts due to brokers and accruals	(879)	–	–	(879)
Bank overdraft	(10,150)	–	–	(10,150)
Amounts due to CFD counterparty brokers in respect of collateral held on account	–	–	–	–
	(11,733)	–	–	(11,733)

Management of liquidity risk

Liquidity risk is minimised by holding sufficient liquid investments which can be readily realised to meet liquidity demands. Asset disposals may also be required to meet liquidity needs. However, timely sale of trading positions can be impaired by many factors including decreased trading volume and increased price volatility. As a result, the Group may experience difficulties in disposing of assets to satisfy liquidity demands. Liquidity risk is not significant as the Group's assets are investments in listed securities that are readily realisable.

Financial statements

Notes to the financial statements continued

17 RISK MANAGEMENT POLICIES AND PROCEDURES continued

The Group's liquidity risk is managed on a daily basis by the Investment Manager in accordance with established policies and procedures in place. The Portfolio Managers review daily forward-looking cash reports which project cash obligations. These reports allow them to manage their obligations.

For the avoidance of doubt, none of the assets of the Group are subject to special liquidity arrangements.

d) Valuation of financial instruments

Financial assets and financial liabilities are either carried in the Statements of Financial Position at their fair value (investment and derivatives) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank and bank overdrafts). IFRS 13 requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Group are explained in the accounting policies note to the Financial Statements on pages 42 to 44.

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:

The fair value hierarchy has the following levels:

Level 1 – Quoted market price in an active market for an identical instrument. These include exchange traded derivative option contracts. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 – Valuation techniques used to price securities based on observable inputs. This category includes quoted prices for similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data. At the year end, over the counter derivative options contracts were valued based on market observable inputs represented by the underlying quoted securities to which these contracts expose the Group. There have been no changes to the valuation technique since prior year.

Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.

Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the manager. The manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Over-the-counter derivative option contracts have been classified as Level 2 investments as their valuation has been based on market observable inputs represented by the underlying quoted securities to which these contracts expose the Group.

The table below sets out fair value measurements using the IFRS 13 fair value hierarchy

Financial assets at fair value through profit or loss at 30 November 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Equity and debt investments	99,054	–	–	99,054
Liabilities				
Derivative financial instruments – written options	–	(481)	–	(481)
	99,054	(481)	–	98,573

Financial assets at fair value through profit or loss at 30 November 2013	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Equity and debt investments	108,127	–	–	108,127
Liabilities				
Derivative financial instruments – written options	–	(704)	–	(704)
	108,127	(704)	–	107,423

As at the year ended 30 November 2014 and 30 November 2013, the Group did not hold any Level 3 investments

(vii) Capital management policies and procedures

The Group'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 by investing primarily in securities of companies operating in the mining and energy sectors

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

The Group's total capital at 30 November 2014 was £100,372,000 (2013: £111,980,000), comprising a bank overdraft of £3,676,000 (2013: £10,150,000) and equity shares, capital and reserves of £96,696,000 (2013: £101,830,000).

18. RELATED PARTY DISCLOSURE: DIRECTORS' EMOLUMENTS

With effect from 1 December 2014, the Board consisted of five non-executive Directors, all of whom, with the exception of Mr Ruck Keene who is an employee of the Manager, are considered to be independent of the Manager by the Board. None of the Directors has a service contract with the Company. For the year ended 30 November 2014, the Chairman received an annual fee of £33,000, the Chairman of the Audit and Management Engagement Committee received an annual fee of £27,000 and each of the other Directors received an annual fee of £22,000.

The related party transactions with Directors are set out in the Directors' Remuneration Report on pages 23 to 25. At 30 November 2014, £nil (2013: £nil) was outstanding in respect of Directors' fees.

19. TRANSACTIONS WITH THE AIFM AND THE INVESTMENT MANAGER

BlackRock Investment Management (UK) Limited (BIM (UK)) provided management and administration services to the Company under a contract which was terminated with effect from 2 July 2014. BlackRock Fund Managers Limited (BFM) was appointed as the Company's AIFM with effect from 2 July 2014. BIM (UK) continues to act as the Company's Investment Manager under a delegation agreement with BFM. Further details of the investment management contract are disclosed in the Directors' Report on page 18.

The investment management fee due to BIM (UK) and BFM for the year ended 30 November 2014 amounted to £1,255,000 (2013: £1,224,000). At the year end, £490,000 was outstanding in respect of the management fee (2013: £495,000). The management fee was until 2 July 2014 payable to BIM (UK) and thereafter to BFM.

In addition to the above services, with effect from 1 November 2013, BIM (UK) has provided the Company with marketing services. The total fees paid or payable for these services for the year ended 30 November 2014 amounted to £31,800 excluding VAT (2013: £2,600). Marketing fees of £34,400 (2013: £2,600) were outstanding at 30 November 2014.

20. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 November 2014 (2013: nil).

Additional information

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 directly into a shareholder's bank account. This may be arranged by contacting the Company's registrar, Computershare Investor Services PLC (Computershare), on 0870 707 1476, through their secure website investorcentre.co.uk, or by completing the Mandate Instructions section on the reverse of your dividend counterfoil and sending it to 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 on 0870 707 1476 or through their secure website, investorcentre.co.uk. 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 blackrock.co.uk/brci.

ISIN/SEDOL NUMBERS

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

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, has an internet and telephone share dealing service. The telephone share dealing service is available on 0870 703 0084. To access the internet share dealing service, you will need to access computershare.com/sharedealingcentre using your shareholder reference number, which can be found on paper or electronic communications that you have previously received from Computershare.

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

Computershare provides a service to enable shareholders to receive correspondence electronically (including annual and half yearly financial reports) if they wish. If a shareholder opts to receive documents in this way, paper documents will only be available on request (unless electronic submission fails, in which case a letter will be mailed to the investor's registered address giving details of the website address where information can be found online). Shareholders who opt for this service will receive a Notice of Availability via e-mail from Computershare with a link to the relevant section of the BlackRock website where the documents can be viewed and printed. For more information, to view the terms and conditions and to register for this service, please visit Computershare's internet site at investorcentre.co.uk/ecomms (you will need your shareholder reference number).

ELECTRONIC PROXY VOTING

Shareholders are able to submit their proxy votes electronically via Computershare's internet site at eproxyappointment.com using a unique identification PIN 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. Further 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.

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 and published daily. Details of the Company's investments and performance are published monthly.

The daily NAV per share and monthly information are released through the London Stock Exchange's Regulatory News Service and are available on the BlackRock website at blackrock.co.uk/brci 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).

ONLINE ACCESS

Other details about the Company are also available on the BlackRock website at 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 investorcentre.co.uk.

To register on Computershare's website you will need your shareholder reference number. 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.

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 SHARES 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 which facilitates both regular monthly investment and occasional lump sum investment in the Company's shares. Investors currently have an annual ISA allowance of £15,000. Details are available from BlackRock by calling free on 0800 44 55 22.

Additional information

Shareholder information continued

SHAREHOLDER ENQUIRIES

The Company's registrar is Computershare Investor Services PLC. In the event of queries regarding your holding of shares, please contact the registrar on 0870 707 1476. Certain details relating to your holding can be checked through the Computershare Investor Centre website. As a security check, specific information will need to be input accurately to gain access to your account including your shareholder reference number. The address of the Computershare website is investorcentre.co.uk.

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 Company 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

Additional information

Analysis of ordinary shareholders

BY TYPE OF HOLDER

	Number of shares	% of total 2014	% of total 2013	Number of holders	% of total 2014	% of total 2013
Direct private investors	2,085,955	2.0	2.2	298	18.7	17.8
Banks and nominee companies	99,399,156	94.5	95.1	1,260	79.0	80.4
Others	3,672,889	3.5	2.7	38	2.3	1.8
	105,158,000	100.0	100.0	1,596	100.0	100.0

BY SIZE OF HOLDING

Range	Number of shares	% of total 2014	% of total 2013	Number of holders	% of total 2014	% of total 2013
1-10,000	5,234,893	5.0	6.2	1,130	70.8	74.5
10,001-100,000	8,499,338	8.0	9.3	341	21.4	19.3
100,001-1,000,000	31,119,083	29.6	29.6	96	6.0	4.7
1,000,001-5,000,000	55,291,904	52.6	49.6	28	1.7	1.4
Over 5,000,001	5,012,782	4.8	5.3	1	0.1	0.1
	105,158,000	100.0	100.0	1,596	100.0	100.0

HISTORICAL ANALYSIS

	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 expenses as a percentage of average net assets (including operating expenses and excluding taxation)**
At launch 13 December 2005	73,500	98.00	100.00	-	-	-
Period ended 30 November 2006	79,784	105.53	101.25	5.28	4.50	1.5
Year ended 30 November 2007	110,018	158.05	149.75	6.31	5.25	1.3
Year ended 30 November 2008	57,625	80.25	72.50	6.96	5.40	1.4
Year ended 30 November 2009	90,260	120.63	119.75	5.74	5.50	1.5
Year ended 30 November 2010	125,848	139.05	143.00	5.85	5.60*	1.4
Year ended 30 November 2011	118,642	131.08	127.75	5.88	5.75	1.3
Year ended 30 November 2012	111,663	118.47	122.75	6.10	5.90	1.3
Year ended 30 November 2013	101,830	105.79	109.50	5.87	5.95	1.4
Year ended 30 November 2014	96,696	91.95	99.00	6.20	6.00	1.5

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

** Revised to conform to AIC best practice guidance

Additional information

Management & other service providers

Registered Office

(Registered in England, No 5612963)
12 Throgmorton Avenue
London EC2N 2DL

Alternative Investment Fund Manager¹

BlackRock Fund Managers Limited*
12 Throgmorton Avenue
London EC2N 2DL
Telephone 020 7743 3000

Investment Manager and Company Secretary

BlackRock Investment Management (UK) Limited²
12 Throgmorton Avenue
London EC2N 2DL

Depository

BNY Mellon Trust & Depository (UK) Limited²
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

Registrar

Computershare Investor Services PLC²
The Pavilions, Bridgwater Road
Bristol BS99 6ZZ
Telephone 0870 707 1476

Auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF

Custodian and Banker

The Bank of New York Mellon (International) Limited²
One Canada Square
London E14 5AL

Stockbroker

Winterflood Securities Limited^{2 3}
The Atrium Building
25 Dowgate Hill
London EC4R 2GA

Solicitor

Wragge Lawrence Graham & Co
4 More London Riverside
London SE1 2AU

Savings Plan and ISA Administrator

Freepost RLIZ-KHUU-KZSB
BlackRock Investment Management (UK) Limited²
PO Box 9036
Chelmsford CM99 2XD
Telephone 0800 445522

¹ BlackRock Fund Managers Limited (BFM) was appointed as the Alternative Investment Fund Manager on 2 July 2014. BlackRock Investment Management (UK) Limited continues to act as the Investment Manager of the Company under a delegation agreement with BFM.

² Authorised and regulated by the Financial Conduct Authority

³ Winterflood Securities Limited was appointed as the Company's corporate broker with effect from 2 February 2015. J.P. Morgan Cazenove Limited had previously provided corporate broking services to the Company.

Annual general meeting

Notice of annual general meeting

Notice is hereby given that the ninth Annual General Meeting of BlackRock Commodities Income Investment Trust plc will be held at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL on Tuesday, 17 March 2015 at 10 30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions (which will be proposed in the case of resolutions 1 to 10, as ordinary resolutions and, in the case of resolutions 11 to 14, as special resolutions)

ORDINARY BUSINESS

ORDINARY RESOLUTIONS

- 1 To receive the report of the Directors of the Company and the Financial Statements for the year ended 30 November 2014, together with the report of the Auditor thereon
- 2 To approve the Directors' Remuneration Report for the year ended 30 November 2014
- 3 That the shareholders approve the Company's dividend policy to continue to pay four quarterly interim dividends, which in the year under review have totalled 6 00p per share
- 4 To elect Dr Bell as a Director
- 5 To re-elect Mr Merton as a Director
- 6 To re-elect Mr Ruck Keene as a Director
- 7 To re-elect Mr Warner as a Director
- 8 To reappoint Ernst & Young LLP as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting of the Company
- 9 To authorise the Directors to determine the Auditor's remuneration

SPECIAL BUSINESS

ORDINARY RESOLUTION

- 10 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 up to an aggregate nominal amount of £317,574 (being 30% of the aggregate nominal amount of the issued ordinary share capital of the Company at the date of this notice) provided this authority shall (unless previously revoked) expire at the conclusion of the Company's Annual General Meeting to be held in 2016, but the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot such securities pursuant to any such offer or agreement as if the power conferred hereby had not expired

SPECIAL RESOLUTIONS

- 11 That, in substitution for all existing authorities and subject to the passing of the resolution numbered 10 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) 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 10 above, as if section 561(1) of the Act did not apply to any such allotments and or sales of equity securities, provided that this authority
 - (a) shall expire at the conclusion of the next Annual General Meeting to be held in 2016, 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,
 - (b) shall be limited to the allotment of equity securities and/or sale of equity securities held in treasury for cash up to an aggregate nominal amount of £317,574, (representing 30% of the aggregate nominal amount of the issued share capital of the Company at the date of this notice), and
 - (c) shall be limited to the allotment of equity securities and/or the sale of equity securities held in treasury at a price of not less than the net asset value per ordinary share as close as practicable to the allotment or sale
- 12 That, in substitution for the Company's existing authority to make market purchases of ordinary shares of 1p each in the Company (Ordinary Shares), the Company be and is hereby generally and, subject as hereinafter appears, unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the Act) to make market purchases of ordinary shares (within the meaning of section 693 of the Act) provided that
 - (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 15,868,114 or, if less, that number of Ordinary Shares which is equal to 14.99% of the Company's issued ordinary share capital (excluding any treasury shares) at the date of the Annual General Meeting,
 - (b) the minimum price (exclusive of expenses) which may be paid for any such Ordinary Share shall be 1p
 - (c) the maximum price (exclusive of expenses) which may be paid for any such Ordinary Share shall be the higher of (i) 105% of the average of the middle market quotations (as derived from the Official List) of the Ordinary Shares for the five dealing days prior to the

Annual general meeting

Notice of annual general meeting continued

date on which the market purchase is made and (ii) the higher of the price quoted for the last independent trade and the highest current independent bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy back programmes and stabilisation of financial instruments (no 2273/2003), and

- (d) unless renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2016 save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under the authority hereby conferred and may make a purchase of Ordinary Shares pursuant to any such contract notwithstanding such expiry

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

13 That, in addition to the authority given to the Company to purchase its own Shares pursuant to the resolution numbered 12 above, and in accordance with the standard terms and conditions of the Company's 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 (Ordinary Shares), provided that

- (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall not exceed 20% of the Shares in issue as at 31 August 2015 (excluding any Shares held in Treasury)
- (b) the price which may be paid for an Ordinary Share shall be the Tender Price (as defined in the Terms and Conditions), and
- (c) the authority hereby conferred shall expire on 31 October 2015 (unless such authority is renewed prior to such time) save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary 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

14 That in addition to the authority given to the Company to purchase its own Shares pursuant to the resolutions numbered 12 and 13 above and in accordance with the standard terms and conditions of the Company's 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 1 pence each (Ordinary Shares), provided that

- (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall not exceed 20% of the Shares in issue as at 28 February 2016 (excluding any Ordinary Shares held in Treasury),
- (b) the price which may be paid for an Ordinary Share shall be the Tender Price (as defined in the Terms and Conditions), and
- (c) the authority hereby conferred shall expire on 30 April 2016 (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



BY ORDER OF THE BOARD
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
2 February 2015

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 Notice of Annual General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a 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 13 March 2015 (excluding non-working days). 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 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 13 March 2015 (excluding non-working days).
- 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 and 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 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 (excluding non-working days). Instructions on how to vote through CREST can be found by accessing the following website: 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 (excluding non-working days). 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 Conduct 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 Conduct 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.

Annual general meeting

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 3 February 2015, 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 29 January 2015 (being the last practicable date prior to the publication of this Notice of Annual General Meeting), the Company's issued share capital consisted of 105,858,000 ordinary shares of 1p each. 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 105,858,000.
- 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 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 2014, total equity was £96,696,000 and there were 105,158,000 ordinary shares in issue, the NAV was therefore 91.95 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.

LEVERAGE

Leverage is defined in the AIFM Directive as "any method by which the AIFM increases the exposure of an AIF it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means".

Leverage is measured in terms of 'exposure' and is expressed as a ratio of net asset value.

$$\text{Leverage ratio} = \frac{\text{exposure}}{\text{net asset value}}$$

The Directive sets out two methodologies for calculating exposure. These are the Gross Method and the Commitment Method. The process for calculating exposure under each methodology is largely the same, except that, where certain conditions are met, the Commitment Method enables instruments to be netted off to reflect 'netting' or 'hedging' arrangements and the entity's exposure is effectively reduced.

Warning to Shareholders

SHARE FRAUD WARNING

Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These calls come from fraudsters operating in 'boiler rooms' that are mostly based abroad.

While high profits are promised, those who buy or sell shares in this way usually lose their money.

The Financial Conduct Authority (FCA) (formerly the Financial Services Authority (FSA)) has found most share fraud victims are experienced investors who lose an average of £20,000, with around £200m lost in the UK each year.

PROTECT YOURSELF

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

1. Get the name of the person and organisation contacting you.
2. Check the Financial Services Register via **fca.org.uk** to ensure they are authorised.
3. Use the details on the Financial Services Register to contact the firm.
4. Call the FCA Consumer Helpline on **0800 111 6768** if there are no contact details on the Register or you are told they are out of date.
5. Search the FCA's website list of unauthorised firms and individuals to avoid doing business with.
6. **REMEMBER: if it sounds too good to be true, it probably is!**

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

REPORT A SCAM

If you are approached about a share scam you should tell the FCA using the share fraud reporting form at **fca.org.uk/consumers/scams**, where you can find out about the latest investment scams. You can also call the Consumer Helpline on **0800 111 6768**.

If you have already paid money to share fraudsters you should contact Action Fraud on

0300 123 2040