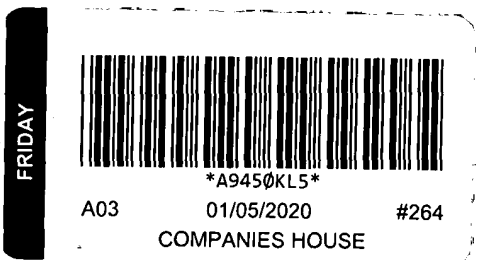


**BlackRock
Energy and
Resources
Income Trust plc**

Annual Report and
Financial Statements
30 November 2019

Registered in England, No. 5612963



Why BlackRock Energy and Resources Income Trust plc?

Investment objective

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.

Conviction

A conviction-led approach to delivering a high income from the best ideas in the global energy and resources sectors. Unconstrained by market cap, sector or region, the managers can invest in a wide range of opportunities.

Yield

The Company offers an attractive 6.1% dividend yield, as at 30 November 2019, as the managers focus on higher quality companies with strong cash flows that are good allocators of capital. The Company's global nature means that the large majority of its holdings generate earnings from around the world.

Flexibility

The Company's flexibility means that the portfolio will adapt as the demand for mining and energy changes. Over the long term, the Team is able to change the portfolio makeup to select the best income-generating stocks.

Opportunity

The Company invests in Energy Transition i.e. the move towards less carbon intensive energy supply and energy consumption. This enables shareholders to benefit from potentially attractive investment opportunities in well-established, high quality renewable energy companies and companies set to benefit from changing energy consumption. The transition is fuelling growth across a wide range of areas from metals to lithium to battery cathode manufacturers.

Expertise

The Company's assets are managed by BlackRock's Natural Resources Team (the Team), one of the largest investors in natural resources, which has been running mining funds since 1993 and energy funds since 1999. The Team undertakes extensive, proprietary, on-the-ground research to get to know the management of the companies in which they invest.

ESG

Environmental, Social and Corporate Governance (ESG) is a key consideration and embedded within the investment process. The Team's philosophy is that whilst ESG is one of many factors that should be considered when making an investment, there is a positive correlation between good ESG and investment performance. More details in respect of BlackRock's ESG policies can be found on pages 33 and 34.

Financial highlights

75.28p

NAV per
ordinary share

▲ **4.4%**^{1,3}

£85.9m⁴

Net assets

6.1%³

Yield as at
30 November 2019

▲ **0.4%**

66.00p²

Ordinary share
price

▼ **1.3%**^{1,3}

3.97p

Revenue return per
ordinary share

▼ **9.2%**

4.00p

Total dividends

No change

As at 30 November 2019. Percentage comparisons are year on year against 30 November 2018.

¹ Performance figures are calculated in sterling terms with dividends reinvested.

² Mid-market.

³ Alternative Performance Measures. See Glossary on pages 111 to 114.

⁴ The change in net assets reflects market movements, the buyback of shares and dividends paid during the year.

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Performance record

| | 30 November 2019 | 30 November 2018 | Change % |
|--------------------------------------------------|---------------------|---------------------|-------------|
| Net asset value (NAV) per ordinary share (pence) | 75.28 | 75.87 | (0.8) |
| - with dividends reinvested ¹ | | | 4.4 |
| Net assets (£'000) ² | 85,945 | 88,109 | (2.5) |
| Ordinary share (mid-market) (pence) | 66.00 | 70.60 | (6.5) |
| - with dividends reinvested ¹ | | | (1.3) |
| Discount to net asset value ¹ | 12.3% | 6.9% | |

| | Year ended 30 November 2019 | Year ended 30 November 2018 | Change % |
|----------------------------------------------------------|-----------------------------------|-----------------------------------|-------------|
| Revenue | | | |
| Net profit on ordinary activities after taxation (£'000) | 4,578 | 5,145 | (11.0) |
| Revenue earnings per ordinary share (pence) | 3.97 | 4.37 | (9.2) |
| Dividends (pence) | | | |
| 1st interim | 1.00p | 1.00p | - |
| 2nd interim | 1.00p | 1.00p | - |
| 3rd interim | 1.00p | 1.00p | - |
| 4th interim | 1.00p | 1.00p | - |
| Total dividends paid and payable | 4.00p | 4.00p | - |

¹ Alternative Performance Measures, see Glossary on pages 111 to 114.

² The change in net assets reflects market movements, the buyback of shares and dividends paid during the year.

Chairman's statement

ED WARNER

Dear Shareholder

I am pleased to present the annual report to shareholders of BlackRock Energy and Resources Income Trust plc for the year ended 30 November 2019.

Overview and performance

The year under review has been another volatile one for markets, which ended with leading indices at or around record highs. Resources have remained out of favour with investors, however, against a backdrop of low inflation and an increasing focus on climate change. The energy and mining sectors performed in stark contrast to each other with energy companies lagging badly, reflecting greater concern among investors about the impact of carbon based fuels on the environment. The MSCI World Energy Index fell by 5.7% over the year. In contrast the EMIX Global Mining Index increased by 18.3% (all data in sterling terms with dividends reinvested). A 50:50 composite of the two indices posted an increase of 10.5% for the year to 30 November 2019. Against this backdrop, the Company's NAV per share rose by 4.4%¹ for the year to 30 November 2019.

It should be noted that these comparisons are given for illustrative purposes only. The Company's objectives are to achieve both an annual dividend target and, over the long term, capital growth. Consequently the Board does not formally benchmark performance against mining and energy sector indices as meeting a specific dividend target is not within the scope of these indices.

Additional information on commodity markets and key contributors and detractors to portfolio performance are

set out in the Investment Manager's report on pages 8 to 15. Further detail on the performance of the Company is set out in the table below and in the performance record and chart, both on page 3.

Since the year end and up to the close of business on 3 February 2020, the Company's NAV has returned -2.5% and the share price has returned +0.4% (all calculations in sterling terms with dividends reinvested).

Revenue return and dividends

The Company's revenue return per share for the year amounted to 3.97 pence (2018: 4.37 pence). This was only marginally below our payment of four quarterly dividends of 1.00 pence, making a total of 4.00 pence for the year. Full details of the dividends paid for the 2018 and 2019 financial years are set out in note 8 on page 83.

The Board's current target is to declare quarterly dividends of at least 1.00 pence in the year to 30 November 2020, making a total of at least 4.00 pence for the year as a whole. This target represents a yield of 6.1%¹ based on the share price as at the close of business on 30 November 2019.

In previous years, the Company employed an option writing strategy to generate revenue returns and to ensure that the Company's dividend was covered by current year income. However, in January 2019, the Board announced a more flexible approach, recognising that it was possible to generate similar, or possibly improved returns for the Company with a lower level of option writing, particularly in rising markets where the returns might be curtailed by writing call options. Consequently, the portfolio

| | One year % | Three years % | Five years % | Since inception % |
|----------------------------------------------------------|------------|---------------|--------------|-------------------|
| Net Asset Value (with dividends reinvested) ¹ | 4.4 | 4.7 | 12.4 | 59.9 |
| Share price (with dividends reinvested) ¹ | -1.3 | -6.5 | -7.8 | 38.5 |

¹ Alternative Performance Measures. Further details of the calculation of performance with dividends reinvested are given in the Glossary on pages 111 to 114.

managers focused on investing the portfolio to generate an optimal level of total return without striving to meet an annual income target, with revenue reserves, capital and special reserves being utilised to meet the Board's dividend target if current year portfolio income alone was insufficient. In 2019, option premium income represented 22.9% of total income (2018: 36.3%).

Dividends paid and declared by the Company in respect of the year ended 30 November 2019 totalled £4,596,000 compared to current year earnings of £4,578,000. In addition to revenue reserves of £1,525,000 as at 30 November 2019, the Company has the ability to make dividend distributions out of special reserves and capital reserves which totalled £36,253,000 at 30 November 2019.

Share capital and discount control

The Board is conscious that the Company's shares have traded at a discount to the underlying NAV for most of the year under review. Recognising the importance to shareholders that the market price of the Company's shares should not trade at either a significant discount or premium to the NAV, the Board monitors the Company's share rating closely, and is committed to making share purchases where appropriate. The Company currently has authority to buy back up to 14.99% of the Company's issued share capital (excluding treasury shares) and will be seeking shareholder authority at the forthcoming AGM to renew this authority.

Equally, on occasions where the shares are trading at a premium, the Board is committed to the regular issue of ordinary shares 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 shareholders. At the forthcoming AGM the Company will be seeking the authority to allot new shares or sell from treasury ordinary shares representing up to 10% of the Company's issued ordinary share capital.

During the financial year ended 30 November 2019, the Company bought back 1,956,166 ordinary shares at an average price of 70.92 pence per share and at an average discount of 10.8% representing total consideration (excluding costs) of £1,390,000. As at the date of this report, the Company has bought back an additional 300,000 shares since the year end for total consideration of £198,350.

The Company did not issue any shares during the year ended 30 November 2019.

Gearing

The Company operates a flexible gearing policy which depends on prevailing market conditions. The maximum

gearing used during the year was as at 30 November 2019 when net gearing was 14.7%¹. Net gearing has been calculated in accordance with AIC guidelines. Further details are included in the Glossary on pages 111 and 112.

■ The Board's current target is to declare quarterly dividends of at least 1.00 pence in the year to 30 November 2020, making a total of at least 4.00 pence for the year as a whole. This target represents a yield of 6.1%¹ based on the share price as at the close of business on 30 November 2019.

Change of name

As announced on 13 May 2019, the Company changed its name to BlackRock Energy and Resources Income Trust plc. The Board believes that the new name better reflects the fact that the Company predominantly invests in energy and mining equities as opposed to commodities. The name change also reflects the portfolio having exposure to companies expected to benefit from the move towards a lower carbon global economy. There has been no change to the investment philosophy, investment process or management of the Company. More details can be found on the Company's website at www.blackrock.com/uk/beri.

Board composition

The Board is mindful of the increasing focus on independence, tenure and succession planning set out in the updated Financial Reporting Council's review of the UK Corporate Governance Code, which applies for periods commencing on or after 1 January 2019. With this in mind, the Board commenced a search during the year to identify a new Director to join the Board, assisted by a third-party recruitment firm. Following a detailed evaluation of each of the candidates, the Board selected Mr Adrian Brown who was subsequently appointed with effect from 10 December 2019. Mr Brown brings a wealth of financial sector experience and expertise, both complementing and enhancing the skills and experience of the existing Board. Mr Brown will stand for election at the forthcoming Annual General Meeting.

¹ Alternative Performance Measures. Further details of the calculation of performance with dividends reinvested are given in the Glossary on pages 111 to 114.

Chairman's statement continued

Further information on Mr Brown and all of the Directors can be found in their biographies on pages 25 and 26. Information on the recruitment and selection process undertaken and details of the Board's policy on director tenure and succession planning can be found in the Directors' Report on pages 42 and 43.

After many years of excellent service to the Company, Jonathan Ruck Keene is standing down from the Board at this AGM. Jonathan oversaw the launch of the Company in 2005 and acted as an alternative Non-Executive Director from 2007 to 2009 when he became a full member of the Board. On behalf of all shareholders, and my fellow Directors, I would like to thank Jonathan for all his hard work and wise counsel over the years.

Financial and corporate reporting

The Board takes its governance responsibilities very seriously and follows best practice requirements as closely as possible. Consequently, key aspects of the revised UK Code of Corporate Governance (the UK Code) published in 2018 are being early-adopted in the Company's annual report this year. As part of the enhanced disclosure recommended under the UK Code, a separate statement has been included for the first time within the Strategic Report setting out how we, as Directors, have fulfilled our duties in taking into account the wider interests of stakeholders in promoting the success of the Company. As part of this reporting, and given the environmental

impact of the extractive industries that many portfolio companies within the Company's investment universe engage in, we have provided more information on our approach towards environmental, social and governance (ESG). We have also provided more information on our Manager's approach to shareholder engagement and voting activities. Further details are set out on pages 33 and 34 of the Strategic Report.

Earlier this year, the Association of Investment Companies (AIC) also published updates to its Code of Corporate Governance (the AIC Code) which were endorsed by the Financial Reporting Council (FRC) as being appropriate for investment companies. The 2019 AIC Code applies to accounting periods beginning on or after 1 January 2019. With effect from the Company's new financial year, the Board has adopted the recommendations of the 2019 AIC Code.

Annual general meeting

The Company's AGM will be held on Tuesday, 17 March 2020 at 10.30 a.m. 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 116 to 119 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

In the mining sector, future prospects depend to a large extent on the outlook for global trade and economic growth in China; the ongoing trade tensions between the US and China are likely to drive continuing volatility. This uncertainty has contributed to steel, iron ore and copper inventories running at lower than historical averages, which leaves these commodities well positioned to benefit from any upturn in economic activity; the Company's manager believes that the outlook is positive for such commodities and the portfolio has substantial holdings in the major diversified mining companies.

In the energy sector, structural shifts away from carbon-based energy supplies towards alternative and renewable energy sources continue to gain momentum, and are likely to cause permanent change in demand for these fuels. If the move away from carbon based fuels presents challenges for some entities in the Company's investment universe, it creates opportunities elsewhere, and although there is still a strong rationale for investment in the traditional sectors of the industry, the Board is increasingly mindful of the growing use of renewable sources of power in electricity generation and the rapid development of energy technology. BlackRock has a dedicated Sustainable Energy team, who form a key part of the wider natural resources team and are well placed to identify investment opportunities in this space.

ED WARNER

Chairman

5 February 2020

A handwritten signature in black ink, appearing to be 'Ed Warner', with a long horizontal line extending to the right.

Investment manager's report

OLIVIA MARKHAM

TOM HOLL

Market Overview

This has been another year where markets have been buffeted by trade wars, changes in direction from various central banks around the world and, of course, tweets from the US President. Despite a very volatile start to the Company's financial year 2019 as markets sold off sharply in December 2018, the rapid pivot by the Federal Reserve (the Fed) from tightening to loosening of monetary policy provided the supportive backdrop for many equity indices to make new highs through 2019. Lack of inflation meant that there was little general investor interest in the commodities themselves, which are seen by many as a hedge in a portfolio against rising inflation. In the short to medium term we expect many of the deflationary pressures, such as the impact of technology and ageing populations in the western world to persist so commodities are more likely to be driven by specific supply and demand characteristics as opposed to any uplift from inflation-driven financial inflows.

Whilst the mining sector just failed to keep pace with broader markets, energy companies again underperformed and delivered a negative return for the year. This was a result of Exploration & Production (E&P) companies underperforming again as investors fled riskier oil companies and sought their exposure via the Integrated Oil Majors, which actually fell less than

the price of oil over the twelve months. The investment portfolio continues to focus the majority of its energy holdings in the Integrated Oil Companies (IOC) because many of these offer attractive yields and evolving business models, and because we cannot see a clear catalyst for E&P companies to deliver a sufficiently large inflection in returns to compensate for their higher risk business models.

■ With the larger companies on both the mining and energy sides having strong balance sheets and maintaining capital discipline with very few new projects being approved, the dividend outlook remains robust going into 2020.

| Commodity | 30 November 2019 | 30 November 2018 | % change | 2019 on 2018 Average Price % Change (Average of 30/11/17- 30/11/18 to 30/11/18- 30/11/19) |
|--------------------------------------|---------------------|---------------------|-------------|----------------------------------------------------------------------------------------------------------------|
| Base Metals (US\$/tonne) | | | | |
| Aluminium | 1,792 | 1,957 | -8.4 | -14.8 |
| Copper | 5,843 | 6,227 | -6.2 | -8.9 |
| Lead | 1,923 | 1,961 | -1.9 | -12.3 |
| Nickel | 13,618 | 11,136 | 22.3 | 3.8 |
| Tin | 16,504 | 18,398 | -10.3 | -6.6 |
| Zinc | 2,300 | 2,655 | -13.4 | -13.2 |
| Precious (US\$/oz) | | | | |
| Gold | 1,461.5 | 1,219.2 | 19.9 | 8.1 |
| Silver | 17.0 | 14.2 | 19.7 | 1.1 |
| Platinum | 894.0 | 805.0 | 11.1 | -4.1 |
| Palladium | 1,832.0 | 1,205.0 | 52.0 | 46.5 |
| Energy | | | | |
| Oil (WTI) (US\$/Bbl) | 55.2 | 50.8 | 8.7 | -14.6 |
| Oil (Brent) (US\$/Bbl) | 64.5 | 57.5 | 12.2 | -11.5 |
| Natural Gas (US\$/MMBTU) | 2.6 | 4.6 | -43.5 | 1.7 |
| Uranium (US\$/lb) | 26.0 | 29.1 | -10.7 | 8.0 |
| Bulk Commodities (US\$/tonne) | | | | |
| Iron ore | 87.0 | 65.0 | 33.8 | 30.5 |
| Coking coal* | 260.0 | 314.0 | -17.2 | -15.1 |
| Thermal coal | 69.4 | 102.9 | -32.6 | -24.2 |
| Equity Indices | | | | |
| EMIX Global Mining Index (US\$) | 787.9 | 657.0 | 19.9 | n/a |
| EMIX Global Mining Index (£) | 609.2 | 515.0 | 18.3 | n/a |
| MSCI World Energy Index (US\$) | 303.6 | 317.7 | -4.4 | n/a |
| MSCI World Energy Index (£) | 234.7 | 249.0 | -5.7 | n/a |

Source: Datastream unless otherwise indicated.

* Source: Macquarie.

Investment manager's report continued

The portfolio's sector positioning between mining and energy remained around the same level for much of the year from an equity standpoint, with the higher mining sector exposure shown on the chart above being a result of the mining fixed income securities held. Within this stable sector allocation though there were some notable changes in the sub-sector allocation within energy and commodity allocation within mining.

In mining, we increased the exposure to gold in the first half of the year, driven by a view that expectations for real interest rates in the US would decline, the Fed would adopt a looser stance on monetary policy and this would be a positive for gold. This thesis played out with the Fed cutting interest rates several times in 2019, compared to expectations at the start of the year that they would raise the Fed Fund Rates further. We have kept a higher percentage of the portfolio in gold than in 2018 because monetary policy is loose in most major economies and in the US, the Fed began to expand its balance sheet at the start of September, following almost a year of tightening.

In energy, as mentioned in the introduction, we have continued to reduce E&P holdings in favour of Integrated Oil Companies as well as selected refiners and, to date, one National Oil Company (CNOOC). The dividend yields, which are covered by underlying operational cashflow at our current oil price expectations, are sufficiently attractive for investors not to have to take on E&P risk. Because of this, we think that the larger Integrated Oil companies offer a better risk-adjusted return proposition.

Subsequent to the end of the financial year, we reduced gearing by decreasing our holding in a number of oil sensitive stocks because we became increasingly cautious on the shorter-term outlook for the oil markets - we go into greater detail on this in the energy section of the report.

Income

The Company generated £5.6 million in gross income during 2019. This supported a dividend payment of 4.00 pence per share for the year as a whole.

Most companies announce capital return plans with their annual results unless there are significant changes at the mid-point of the year that compel an out of cycle change. Given the second half of 2019 saw a relatively benign market, there were very few surprises on the capital return side either on the up or downside. With the larger companies on both the mining and energy sides having strong balance sheets and maintaining capital discipline with very few new projects being approved, the dividend outlook remains robust going into 2020.

As we look to 2020, oil markets look balanced to modestly over supplied without further OPEC production cuts, at least for the first half of the year. We would therefore expect oil to trade closer to the bottom end of its recent price range. However, as we look towards the end of 2020

and beyond, the combined impact of US shale production growth slowing significantly and non-OPEC, non-US production starting to suffer from the lower investment levels seen in the last few years, is supportive of a stronger oil price.

Investment manager's report continued

Mining

In our interim report, we discussed the characteristics of a strong first half of 2019 for the mining sector, which was driven by better than expected iron ore prices. The second half of the year started well with iron ore continuing to move higher due to the continued supply disruption from Brazil. However, towards the end of the summer, not even commodities supported by supply disruption could overcome the downturn in global economic activity. This downturn was seen in purchasing managers index readings across many of the main economies going below 50 – indicating contraction in the manufacturing side. This synchronous slowdown in global demand caused many of the mined commodities to trade at or around twelve-month lows at the start of September.

However, sentiment began to turn in the last two months of the year and economic data began to improve, albeit from a low base. This was particularly notable in China where towards the end of the period steel margins increased significantly and property data showed some positive signals too. Given the uncertainty for manufacturers and other businesses caused by the Trade War, there had been de-stocking across the industrial supply chain in China. For example, steel, iron ore and copper inventories were lower than historical averages. In our view, this means that any pickup in economic activity as we go through the first half of 2020 is likely to be positive for such commodities.

One area of material weakness in the mining sector during 2019 was thermal coal (which is used in coal-fired power stations). During the year there was an increase in supply of coal within China as a number of new mines continued to ramp up and transport bottlenecks eased with some new and expanded rail infrastructure brought online. Whilst thermal coal will be a significant part of the energy mix (especially in Asia) over the next couple of decades, it faces multiple headwinds. Regulation is of course becoming increasingly anti-coal, the alternatives continue to become more cost competitive and consumers of power (both industrial and retail) are increasingly demanding lower carbon energy from power generators. The speed of change in the investment community's attitude towards coal has seen a step-change this year and the cost of capital faced by coal companies has risen – reflected in coal companies trading at substantial discounts to other mining and energy companies. We are not convinced that these valuations are sufficiently attractive given the risks the companies face and did not hold any pure thermal coal companies in the portfolio at the end of the year.

Market Outlook and Portfolio Positioning

Mining and energy are both classic cyclical sectors, highly exposed to global trade and overall levels of economic activity so we expect the on-going trade tussles between

the US and other countries, notably China, to have a significant short-term influence on the direction of these markets. Stepping away from this unpredictable (but important) factor, we remain positive on the medium-term outlook for the energy sector as the investment boom in shale matures and the contraction in conventional oil capital are both set to tighten the supply of oil in the early part of the decade. However, as noted in the energy section of this report, we are cautious on the shorter-term outlook so have positioned the portfolio to reflect this, with a view to increase exposure on any meaningful share price falls.

The shorter-term outlook for mining is slightly more positive and we have substantial holdings in the major diversified mining companies such as BHP as well as a number of copper companies. Given the strong free cash flow generation of the largest companies in the mining sector and their bias to return cash to shareholders, we do not see many small or mid cap opportunities that are attractive relative to their larger peers.

Last year we wrote about introducing some new holdings into the investment portfolio that are beneficiaries from a transition to a lower carbon economy. At the end of this year, the portfolio had holdings in the renewables focused electricity generator Enel, the lithium producer Albemarle and the industry-leading battery cathode manufacturer Umicore. The pace of change in the energy transition has continued to accelerate and is creating a broad set of investment opportunities that have structural growth rates that are likely to be persistently higher than those for traditional energy and some parts of mining. The Natural Resources Team at BlackRock has been investing in sustainable energy companies since the early 2000s so we believe we are very well positioned to view this energy transition objectively and increase our exposure to this theme in the near future.

Whilst we are excited by the investment opportunities presented by the acceleration of the energy transition, it is also important to highlight the extensive Environmental, Social and Governance (ESG) work we do as investors in natural resources companies and that the transition is going to take time. On ESG, we consider the risks (and opportunities) presented by the full spectrum of ESG factors. These factors vary by commodity, geography and of course company but integrating ESG considerations at every step of the investment process is as important as the evaluation of the financial metrics and risks of a company.

More information about BlackRock's ESG process can be found on pages 33 and 34.

On the time frame for transition, the final charts show the breakdown of oil demand, including a split out of the transport demand, and BP Group's outlook for global oil demand under a series of different transition scenarios.

Even if the transition is quicker than their fastest transition scenario, substantial investment is still required in future oil supply. This investment, we believe, is likely to lag

the market's medium-term requirements and create investment opportunities in the traditional energy space even as we move through this transition.

Portfolio

Governance

Financial statements

Additional information

Annual general meeting

OLIVIA MARKHAM AND TOM HOLL

BlackRock Investment Management (UK) Limited
5 February 2020

Portfolio

Distribution of investments

as at 30 November 2019

Ten largest
investments

1

2

3

4

5

6

7

8

9

10

| | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>1 ► (2018: 1st)</p> <p>BHP</p> <p>Diversified mining company</p> <p>Ordinary shares £ 7,684,000</p> <p>Share of investments % 7.8% (2018: 9.1%)</p> <p>An important global player in a number of commodities including 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. (MSCI ESG Rating: BBB)</p> | <p>2 ► (2018: 2nd)</p> <p>First Quantum Minerals</p> <p>Copper producer</p> <p>Ordinary shares £ 1,969,000</p> <p>Corporate bonds £ 5,257,000</p> <p>Share of investments % 7.4% (2018: 7.2%)</p> <p>An established and rapidly growing mining company operating seven mines and developing five projects worldwide. A significant producer of copper, as well as nickel, gold, zinc and platinum group elements. (MSCI ESG Rating: BB)</p> |
| <p>3 ► (2018: 3rd)</p> <p>Royal Dutch Shell 'B'</p> <p>Integrated oil company</p> <p>Ordinary shares £ 5,892,000</p> <p>Share of investments % 6.0% (2018: 6.8%)</p> <p>The Anglo-Dutch company is one of the world's leading energy companies. The company is active in every area of the oil and gas industry including exploration and production, refining and marketing, power generation and energy trading. The company also has renewable energy interests in biofuels. (MSCI ESG Rating: A)</p> | <p>4 ▲ (2018: 37th)</p> <p>Barrick Gold</p> <p>Gold mining company</p> <p>Ordinary shares £ 4,972,000</p> <p>Share of investments % 5.0% (2018: 0.9%)</p> <p>Following the merger with Randgold Resources in 2018, Barrick Gold is the second largest gold company by market capitalisation and has operations and projects in 15 countries across the world. In 2019 the company successfully established a joint venture with Newmont Mining across both companies' Nevada assets to maximize the synergies across both sets of assets. (MSCI ESG Rating: BBB)</p> | <p>5 ▲ (2018: 7th)</p> <p>BP Group</p> <p>Integrated oil company</p> <p>Ordinary shares £ 4,769,000</p> <p>Share of investments % 4.8% (2018: 4.5%)</p> <p>An international leader in exploration and production of oil and natural gas, the company refines, markets and supplies petroleum products, generates solar energy and manufactures chemicals. (MSCI ESG Rating: BBB)</p> |
| <p>6 ► (2018: 6th)</p> <p>Chevron</p> <p>Integrated oil company</p> <p>Ordinary shares £ 4,600,000</p> <p>Share of investments % 4.7% (2018: 4.9%)</p> <p>An integrated oil and gas producer engaged in all aspects of the industry. The company has both upstream and downstream operations, as well as alternative energy including solar, wind and biofuels. (MSCI ESG Rating: BBB)</p> | <p>7 ▼ (2018: 5th)</p> <p>Exxon Mobil</p> <p>Integrated oil company</p> <p>Ordinary shares £ 4,154,000</p> <p>Share of investments % 4.2% (2018: 5.2%)</p> <p>The world's largest publicly traded international oil and gas company and the largest refiner and marketer of petroleum products. (MSCI ESG Rating: BBB)</p> | <p>8 ▲ (2018: 11th)</p> <p>ConocoPhillips</p> <p>Integrated oil company</p> <p>Ordinary shares £ 3,574,000</p> <p>Share of investments % 3.6% (2018: 3.5%)</p> <p>The company is the world's largest independent exploration and production (E&P) company based on proved reserves and production. The company operates around the world in 17 different countries. (MSCI ESG Rating: AA)</p> |
| <p>9 (2018: n/a)</p> <p>Total</p> <p>Integrated oil company</p> <p>Ordinary shares £ 3,542,000</p> <p>Share of investments % 3.6% (2018: n/a)</p> <p>The French multinational is one of the largest oil companies in the world. This integrated oil and gas company covers the entire oil and gas chain from exploration and production to power generation, transportation, refining and marketing and energy trading. (MSCI ESG Rating: A)</p> | <p>10 ▼ (2018: 4th)</p> <p>Rio Tinto</p> <p>Diversified mining company</p> <p>Ordinary shares £ 3,438,000</p> <p>Share of investments % 3.5% (2018: 6.5%)</p> <p>One of the world's leading mining operations. Although its primary product is iron ore, the company also produces aluminium, copper, diamonds, gold, industrial minerals and energy products. (MSCI ESG Rating: A)</p> | <p>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.</p> <p>Together, the ten largest investments represented 50.6% of total investments of the holding as at 30 November 2019 (ten largest investments as at 30 November 2018: 56.0%).</p> <p>MSCI ESG ratings look to identify environmental, social and governance risks and opportunities for individual stocks. Companies are rated on a scale from AAA to CCC according to their exposure to certain risks and their ability to manage them relative to the industry peers. A stock rated as AAA signifies a company which is leading in terms of ESG factors relative to its industry. On the other hand, a stock with a CCC score is considered a laggard, due to the presence of one or more ESG risks that MSCI perceives to be material. The rating scale is as follows: AAA, AA, A, BBB, BB, B, CCC. From AAA to AA a company is considered to be an ESG leader in its respective industry, A to BB is deemed to be an average score, whilst B and CCC represents a below average score.</p> |

Investments

as at 30 November 2019

| | Main geographic | Market value £'000 | % of investments |
|----------------------------------------------------|--------------------|--------------------------|---------------------|
| Integrated Oil, Gas and Energy Transition | | | |
| Royal Dutch Shell 'B' | Global | 5,892 | 6.0 |
| BP Group | Global | 4,769 | 4.8 |
| Chevron | Global | 4,600 | 4.7 |
| Exxon Mobil | Global | 4,154 | 4.2 |
| ConocoPhillips | USA | 3,574 | 3.6 |
| Total | Global | 3,542 | 3.6 |
| Suncor Energy | Canada | 2,953 | 3.0 |
| Marathon Petroleum | USA | 2,242 | 2.3 |
| Enel | Global | 1,850 | 1.9 |
| Albemarle | Global | 1,733 | 1.7 |
| Pilgangoora 12% 21/06/22 | Australia | 1,647 | 1.7 |
| Umicore | Global | 1,157 | 1.2 |
| | | 38,113 | 38.7 |
| Diversified Mining | | | |
| BHP | Global | 7,684 | 7.8 |
| Rio Tinto | Global | 3,438 | 3.5 |
| Vale | Latin America | 2,913 | 3.0 |
| Teck Resources | Canada | 2,414 | 2.4 |
| Anglo American | Global | 1,419 | 1.4 |
| KAZ Minerals | Asia | 1,178 | 1.2 |
| Glencore | Global | 874 | 0.9 |
| Glencore Call Option 20/12/19 £2.4 | Global | (28) | - |
| | | 19,892 | 20.2 |
| Gold | | | |
| Barrick Gold | Global | 4,972 | 5.0 |
| Newmont Mining | Global | 2,504 | 2.5 |
| Agnico Eagle Mines | Canada | 2,136 | 2.2 |
| Franco-Nevada | Global | 1,854 | 1.9 |
| AngloGold Ashanti | Global | 1,472 | 1.5 |
| Newcrest Mining | Australia | 965 | 1.0 |
| Osisko Gold Royalties Convertible Bond 4% 31/12/22 | Canada | 412 | 0.4 |
| | | 14,315 | 14.5 |

| | Main geographic exposure | Market value £'000 | % of investments |
|----------------------------------------------------------|--------------------------------|--------------------------|---------------------|
| Copper | | | |
| First Quantum Minerals 7.25% 15/05/22 | Global | 3,703 | 3.7 |
| First Quantum Minerals | Global | 1,969 | 2.0 |
| First Quantum Minerals 6.875% 01/03/26 | Global | 857 | 0.9 |
| First Quantum Minerals 7.5% 01/04/25 | Global | 350 | 0.4 |
| First Quantum Minerals 7.25% 01/04/23 | Global | 347 | 0.4 |
| OZ Minerals | Australia | 1,843 | 1.9 |
| Lundin Mining | Global | 1,717 | 1.7 |
| Freeport-McMoRan Copper & Gold Put Option 20/12/19 \$9.0 | Global | (2) | - |
| | | 10,784 | 11.0 |
| Exploration & Production | | | |
| EOG Resources | USA | 2,027 | 2.1 |
| Kosmos Energy | USA | 1,760 | 1.8 |
| Concho Resources | USA | 1,561 | 1.6 |
| Marathon Oil | Global | 901 | 0.9 |
| CNOOC | Asia | 801 | 0.8 |
| Noble Energy | Global | 513 | 0.5 |
| Occidental Petroleum | USA | 246 | 0.2 |
| | | 7,809 | 7.9 |
| Silver | | | |
| Wheaton Precious Metals | Global | 1,970 | 2.0 |
| Fresnillo | Latin America | 1,046 | 1.1 |
| | | 3,016 | 3.1 |
| Distribution | | | |
| TC Energy Corporation | Canada | 1,409 | 1.4 |
| Williams Companies | USA | 759 | 0.8 |
| | | 2,168 | 2.2 |

Investments continued

| | Main geographic exposure | Market value £'000 | % of investments |
|----------------------------------------------------|--------------------------------|--------------------------|---------------------|
| Diamonds | | | |
| Mountain Province Diamonds 8% 15/12/22 | Canada | 1,624 | 1.6 |
| Petra Diamonds 7.25% 01/05/22 | Africa | 391 | 0.4 |
| | | 2,015 | 2.0 |
| Steel | | | |
| Coronado Global Resources | Australia | 412 | 0.4 |
| | | 412 | 0.4 |
| Portfolio | | 98,524 | 100.0 |
| Comprising: | | | |
| Equity and fixed income investments | | 98,554 | 100.0 |
| Derivative financial instruments – written options | | (30) | - |
| | | 98,524 | 100.0 |

All investments are ordinary shares unless otherwise stated. The total number of holdings (including options) at 30 November 2019 was 49 (30 November 2018: 56). The total number of open options as at 30 November 2019 was 2 (30 November 2018: 10). The negative valuations of £30,000 (30 November 2018: £682,000) in respect of options held represent the notional cost of repurchasing the contracts at market prices as at 30 November 2019.

The equity and fixed income investment total of £98,554,000 (2018: £94,815,000) above before the deduction of the negative option valuations of £30,000 (2018: £682,000) represents the Company's total investments held at fair value as reflected in the Consolidated and Parent Company Statements of Financial Position on page 74. The table above excludes cash and gearing; the level of the Company's gearing may be determined with reference to the bank overdraft of £12,589,000 and cash and cash equivalents of £nil that are also disclosed in the Consolidated and Parent Company Statements of Financial Position. Details of the AIC methodology for calculating gearing are given in the Glossary on pages 111 and 112.

As at 30 November 2019, the Company did not hold any equity interests comprising more than 3% of any company's share capital.

Governance

Governance structure

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: Ed Warner (since March 2015)

Objectives:

- To determine and review the investment policy, guidelines, 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.

6 scheduled meetings per annum

Audit and Management Engagement Committee

Membership: All independent NEDs excluding the Chairman of the Board¹

Chairman: Michael Merton (since March 2014)

Key objectives:

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

3 scheduled meetings per annum

Nomination Committee

Membership: All independent NEDs

Chairman: Ed Warner (since March 2015)

Key objectives:

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

2 scheduled meeting per annum

¹ The Chairman of the Board ceased to be a member of the Audit and Management Engagement Committee with effect from 1 January 2019 but may attend the Committee meetings by invitation.

Directors' biographies

Ed Warner

Chairman

Appointed 1 July 2013

is chairman of Grant Thornton UK LLP's Partnership Oversight Board, LMAX Ltd, Harbour Vest Global Private Equity and Air Partner plc. He was previously chairman of Panmure Gordon & Co Plc and of UK Athletics and a non-executive director of Clarkson plc, BlackRock Emerging Europe plc (formerly The Eastern European Trust plc) and chairman of the Standard Life Private Equity Trust plc. He was also formerly the chief executive of IFX Group and 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 Committee¹: n/a

Nomination Committee: 2/2

Michael Merton

Audit and Management Engagement Committee Chairman

Appointed 13 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 Trustee of the Universities Superannuation Scheme. He was formerly Chairman of the J Sainsbury Pension Scheme and its investment committee and a non-executive director of Cape plc and a director and trustee of the HALO Trust.

Attendance record:

Board: 6/6

Audit and Management

Engagement Committee: 3/3

Nomination Committee: 2/2

Dr Carol Bell

Appointed 1 December 2014

is currently a non-executive director of Tharisa plc, Bonheur ASA and TransGlobe Energy Corporation and a Trustee of the National Museum Wales. Dr Bell was formerly a managing director of Chase Manhattan Bank's 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 non-executive director of Petroleum Geo-Services ASA and a director of Salamander Energy plc, Hardy Oil & Gas plc, Det norske oljeselskap ASA and Caracal Energy Inc. (now Glencore E&P (Canada) Inc.).

Attendance record:

Board: 6/6

Audit and Management

Engagement Committee: 3/3

Nomination Committee: 1/2

¹ Mr Warner stepped down as a member of the Audit and Management Engagement Committee with effect from 1 January 2019.

Directors' biographies continued

Jonathan Ruck Keene

Appointed 23 March 2009

was formerly 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 head of Closed End Funds from March 2004 until his retirement in April 2017.

Attendance record:

Board: 5/6

Audit and Management

Engagement Committee: n/a

Nomination Committee: n/a

Adrian Brown

Appointed 10 December 2019

is a senior advisor for MJ Hudson Allenbridge. He has a wealth of experience in the financial and commerce sectors, starting his career as an Investment Analyst and Corporate Finance Manager at Morgan Grenfell & Co and then moving to join Pearson plc as a Corporate Resources Executive in the 1990's. In 1992 he joined Boots plc, holding a range of senior roles before returning to work in the financial services sector in 2006 as a Senior Portfolio Manager in the Equity / Multi-Asset Group at AllianceBernstein LP and subsequently at JPMorgan Asset Management, where he was a Managing Director and Client Portfolio Manager in the Global / International Equity Group from 2011 until his retirement in 2018.

Attendance record:

Board: n/a

Audit and Management

Engagement Committee: n/a

Nomination Committee: n/a

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 Annual General Meeting.

Strategic report

The Directors present the Strategic Report of the Company for the year ended 30 November 2019. The aim of the Strategic Report is to provide shareholders with the information required to enable them to assess how the Directors have performed in their duty to promote the success of the Company during the year under review.

The Board's summary of their activities in the year in this regard are set out in more detail on pages 29 to 32.

Business and management of the Company

BlackRock Energy and Resources Income Trust plc (the Company) is an investment trust company that has a premium listing on the London Stock Exchange. Its principal activity is portfolio investment. The Company's wholly owned subsidiary is BlackRock Energy and Resources Securities Income Company Limited (together 'the Group'). Its principal activities are option writing and investment dealing.

Investment trusts, like unit trusts and Open Ended Investment Companies (OEICs), are pooled investment vehicles which allow exposure to a diversified range of assets through a single investment thus spreading, although not eliminating, investment risk.

In accordance with the Alternative Investment Fund Managers' Directive (AIFMD) the Company is an Alternative Investment Fund (AIF). BlackRock Fund Managers Limited (the Manager) is the Company's Alternative Investment Fund Manager (AIFM). The management of the investment portfolio and the administration of the Company have been contractually delegated to the Manager. The Manager, operating under guidelines determined by the Board, has direct responsibility for decisions relating to the running of the Company and is accountable to the Board for the investment, financial and operating performance of the Company.

The Company delegates fund accounting services to BlackRock Investment Management (UK) Limited (BIM (UK) or the Investment Manager), which in turn sub-delegates these services to The Bank of New York Mellon (International) Limited and also sub-delegates registration services to the Registrar, Computershare Investor Services PLC. Other service providers include the Depositary, The Bank of New York Mellon (International) Limited. Details of the contractual terms with these service providers are set out in the Directors' Report on page 41.

Business model

The Company invests in accordance with the investment objective. The Board is collectively responsible to shareholders for the long term success of the Company and is its governing body. There is a clear division of responsibility between the Board and the Manager. Matters reserved for the Board include setting the

Company's strategy, including its investment objective and policy, setting limits on gearing, capital structure, governance, and appointing and monitoring of the performance of service providers, including the Manager.

As the Company's business model follows that of an externally managed investment trust, it does not have any employees and outsources its activities to third party service providers including the Manager who is the principal service provider.

Investment objective

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.

Investment policy and strategy

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

Although the Company has the flexibility to invest within this range, at 30 November 2019 the portfolio consisted of forty-nine investments, and the detailed portfolio listing is provided on pages 20 to 22.

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 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 Group is also permitted to enter into stock lending arrangements

Strategic report continued

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 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.

Environmental, Social and Governance ("ESG") impact

The Board's ESG policies are set out on pages 33 and 34. The direct impact of the Company's activities is minimal as it has no employees, premises, physical assets or operations either as a producer or a provider of goods or services. Neither does it have customers. Its indirect impact occurs through the investments that it makes and this is mitigated through BlackRock's ESG policies.

Performance

Details of the Company's performance for the year are given in the Chairman's Statement on page 4. The Investment Manager's Report on pages 8 to 15 includes a review of the main developments during the year, together with information on investment activity within the Company's portfolio.

Results and dividends

The Company's revenue earnings for the year amounted to 3.97p per share (2018: 4.37p).

Details of dividends paid and declared in respect of the year, together with the Company's dividend policy, are set out on page 4 of the Chairman's Statement.

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 7 and in the Investment Manager's Report on pages 14 and 15.

Employees, social, community and human rights issues

The Company has no employees and all the Directors are non-executive, therefore, there are no disclosures to be made in respect of employees.

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 55.

Modern Slavery Act

As an investment vehicle the Company does not provide goods or services in the normal course of business, and does not have customers. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015. The Board considers the Company's supply chain, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

Directors and gender representation

The Directors of the Company are set out in the Governance Structure and Directors' biographies on pages 24 to 26. All the Directors held office throughout the year with the exception of Mr Adrian Brown who was appointed to the Board on 10 December 2019.

The Board consists of four male Directors and one female Director.

Promoting the success of BlackRock Energy and Resources Income Trust plc

New regulations (The Companies (Miscellaneous Reporting) Regulations 2018) require Directors to explain more fully how they have discharged their duties under section 172(1) of the Companies Act 2006 in promoting the success of their companies for the benefit of members as a whole. This enhanced disclosure covers how the Board has engaged with and understands the views of stakeholders and how stakeholders' needs have been taken into account, the outcome of this engagement and the impact that it has had on the Board's decisions.

The Board consider the main stakeholders in the Company to be the Manager and the shareholders. The Board's main working relationship is with the Manager, who is responsible for the Company's portfolio management (including, asset allocation, stock and sector

selection) and risk management, as well as ancillary functions such as administration, secretarial, accounting and marketing services. The Board is also focused on fostering good working relationships with shareholders so they understand the Board's strategy and objectives in delivering long term growth and income. In addition to this the Board consider investee companies and key service providers to the Company to be stakeholders; the latter comprise the Company's Custodian, Depositary, Registrar and Broker.

A summary of the key areas of engagement undertaken by the Board with its key stakeholders in the year under review and how Directors have acted upon this to promote the long term success of the Company are set out in the table below.

| Area of Engagement | Issue | Engagement | Impact |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Discount management | One of the Board's long-term strategic aspirations is that the Company's shares should trade consistently at a price close to the NAV per share. | <p>The Board monitors the Company's discount on an ongoing basis and has met with the Manager and the Company's Broker on a regular basis to discuss methods to manage the discount. A range of discount control mechanisms have been considered and the benefits and disadvantages of these have been discussed at length. As a result of these discussions the Board announced in January 2019 that it would no longer seek to implement half yearly tenders but would instead adopt an active buy-back policy.</p> <p>In addition, the Board has worked closely with the Manager to develop the Company's marketing strategy, with the aim of ensuring effective communication with existing shareholders and to attract new shareholders to the Company in order to improve liquidity in the Company's shares and to sustain the share rating of the Company.</p> | <p>For much of the second half of the year, the shares traded consistently at a discount. Between 1 December 2018 and 30 November 2019 the Company bought back 1,956,166 shares at a cost of £1,390,000. Since the year end and up to the date of this report, the Company has bought back a further 300,000 shares at a cost of £198,350.</p> <p>The Company contributed during the year to a focused investment trust sales and marketing initiative operated by BIM (UK) on behalf of the investment trusts under its management. For the year ended 30 November 2019, the Group's contribution to the consortium element of the initiative, which enables the trusts to achieve efficiencies by combining certain sales and marketing activities, represented 0.025% per annum of its net assets (£84.4 million) as at 31 December 2018, and this contribution was matched by BIM (UK).</p> <p>The Company's average discount for the year to 30 November 2019 was 8.3% and as at the date of this report the discount stands at 9.9%.</p> |
| | | | |
| | | | |

Strategic report continued

| Area of Engagement | Issue | Engagement | Impact |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investment mandate and objective | The Board is committed to promoting the role and success of the Company in delivering on its investment mandate to shareholders over the long term. However, the Board recognises that the sectors in which the Company invests are undergoing structural changes, with a shift in the energy sector away from carbon based energy supplies towards alternative and renewable energy sources. The extractive industries in which the companies in the Company's investment universe operate are facing ethical and sustainability issues that cannot be ignored by asset managers and investment companies alike. More than ever, consideration of sustainable investment is a key factor in making investment decisions. The Board also has responsibility to shareholders to ensure that the Company's portfolio of assets is invested in line with the stated investment objective and in a way that ensures an appropriate balance between spread of risk and portfolio returns. | <p>The Board believes that responsible investment and sustainability are integral to the longer term delivery of growth in capital and income and has worked very closely with the Manager throughout the year to regularly review the Company's performance, investment strategy and underlying policies to ensure that the Company's investment objective continues to be met in an effective, responsible and sustainable way that is transparent to current and future investors.</p> <p>The Manager's approach to the consideration of ESG factors in respect of the Company's portfolio, as well as its engagement with investee companies to encourage the adoption of sustainable business practices which support long term value creation, are kept under review by the Board. The Manager reports to the Board in respect of its consideration of ESG factors and how these are integrated into the investment process; a summary of BlackRock's approach to ESG and sustainability is set out on pages 33 and 34.</p> <p>The Board has also worked closely during the year with the Manager and the Company's broker to review the Company's name and whether this is the most appropriate title given the structural changes to the Company's investment universe.</p> | <p>Within the parameters of the Company's existing investment policy, the Manager is continuing to expand its investment in Energy Transition stocks. This enables shareholders to benefit from investment opportunities in well-established, high quality dividend paying renewable energy companies as well as companies set to benefit from changing energy consumption and structural changes in the energy sector.</p> <p>BlackRock has stated that, as part of its commitment to sustainability, it will divest any investment in companies that derive more than 25% of revenues from thermal coal production from all discretionary active investment portfolios. The Company did not hold securities within its portfolio that fell within this category during the year under review or since the year end.</p> <p>The portfolio activities undertaken by the Manager, including the specific strategic decisions concerning a reallocation away from traditional energy stocks towards transitional energy companies can be found in the Investment Manager's Report on pages 8 to 15.</p> <p>As part of this recognition of shifting trends in the energy sector, the Board changed the Company's name to BlackRock Energy and Resources Income Trust plc in May 2019; the name change reflects the portfolio having exposure to companies expected to benefit from the move towards a lower carbon global economy and the fact that the Company predominantly invests in energy and mining equities as opposed to commodities.</p> |
| | | | |
| | | | |

| Area of Engagement | Issue | Engagement | Impact |
|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dividend target | <p>A key element of the Company's investment objective is to achieve an annual dividend target. The Board is cognisant that portfolio investments with a high yield may have lower capital growth, and that seeking to ensure that any dividend target is covered by current year dividend revenue may result in a lower total return. Conversely, a move to invest a higher proportion of the portfolio in higher growth investments (including certain Energy Transition stocks) may result in a lower yielding portfolio. In previous years the Manager has written options to generate premium income to ensure that the dividend is covered.</p> | <p>The Board undertook a review of option writing activity in conjunction with the Manager to determine the most effective approach for meeting the dividend target whilst generating the optimal level of total return for shareholders.</p> | <p>In January 2019 the Board announced that it was adopting a more flexible approach, recognising that it was possible to generate similar or improved returns for the Company with a lower level of option writing (particularly in rising markets where returns might be curtailed by writing call options). The Board has committed to the use of revenue reserves and capital reserves as necessary to meet the current dividend target of 4.00 pence per share (a yield of 6.1% based on the share price at 30 November 2019) to the extent that current year revenue is not sufficient. For the year to 30 November 2019, 0.03p of the total dividends of 4.00p per share paid were distributed from brought forward special reserves.</p> |
| Service levels of third party providers | <p>The Board acknowledges the importance of ensuring that the Company's principal suppliers are providing a suitable level of service: this includes the Manager in respect of investment performance and delivering on the Company's investment mandate; the Custodian and Depositary in respect of their duties towards safeguarding the Company's assets; the Registrar in its maintenance of the Company's share register and dealing with investor queries and the Company's Brokers in respect of the provision of advice and acting as a market maker for the Company's shares.</p> | <p>The Manager reports to the Board on the Company's performance on a regular basis. The Board carries out a robust annual evaluation of the Manager's performance, its commitment and available resources.</p> <p>The Board performs an annual review of the service levels of all third party service providers and concludes on their suitability to continue in their role.</p> <p>The Board receives regular updates from the AIFM, Depositary, Registrar and Brokers on an ongoing basis.</p> | <p>All performance evaluations were performed on a timely basis and the Board concluded that all third party service providers, including the Manager were operating effectively and providing a good level of service.</p> <p>The level of fee paid to the Depositary was reviewed and was reduced from 0.00115% per annum of net assets to a rate of 0.00095% per annum with effect from 1 January 2019.</p> |

Strategic report continued

| Area of Engagement | Issue | Engagement | Impact |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Board composition | The Board is committed to ensuring that its own composition brings an appropriate balance of knowledge, experience and skills, and that it is compliant with best corporate governance practice under the UK Code, including guidance on tenure and the composition of the Board's committees. | The Board undertook a review of succession planning arrangements in the year and identified the need for a new Director. The Nomination Committee agreed the selection criteria and the method of selection, recruitment and appointment. Board diversity, including gender, was taken into account when establishing the criteria. The services of an external search consultant, Cornforth Consulting Limited, was used to identify potential candidates. | The Board appointed Mr Adrian Brown as a Director of the Company with effect from 10 December 2019. Mr Brown's biography is set out on page 26. Details of each Directors' contribution to the success and promotion of the Company are set out in the Directors' report on pages 44 and 45. |

Sustainability and our ESG policies

The Board's approach

Environmental, social and governance (ESG) issues can present both opportunities and threats to long term investment performance. The Company's investment universe comprises sectors that are undergoing significant structural change and are likely to be highly impacted by increasing regulation as a result of climate change and other social and governance factors. Your Board is committed to ensuring that we have appointed a manager that applies the highest standards of ESG practice, and also one that has the skill and vision to navigate the structural transition that the Company's investment universe is undergoing. The Board believes effective engagement with management is, in most cases, the most effective way of driving meaningful change in the behaviour of investee company management. This is particularly true for the Company's Manager given the extent of BlackRock's shareholder engagement (last year¹ BlackRock held 2,050 engagements with 1,458 companies based in 42 markets). As well as the influence afforded by its sheer scale, the Board believes that BlackRock is well placed as Manager to fulfil these requirements due to the integration of ESG into its investment processes, the emphasis it places on sustainability, its collaborative approach in its investment stewardship activities and its position in the industry as one of the largest suppliers of sustainable investment products in the global

market. More information on BlackRock's approach to sustainability is set out on the following pages.

Responsible ownership - BlackRock's approach

As a fiduciary to its clients, BlackRock has built its business to protect and grow the value of clients' assets. From BlackRock's perspective, business-relevant sustainability issues can contribute to a company's long term financial performance, and thus further incorporating these considerations into the investment research, portfolio construction, and stewardship process can enhance long-term risk adjusted returns. By expanding access to data, insights and learning on material ESG risks and opportunities in investment processes across BlackRock's diverse platform, BlackRock believes that the investment process is greatly enhanced. ESG factors have been a key consideration of the BlackRock Natural Resources Team's investment process since the team was formed in 1991 and the Company's portfolio managers work closely with BlackRock's Investment Stewardship team to assess the governance quality of companies and investigate any potential issues, risks or opportunities. The portfolio managers use ESG information when conducting research and due diligence on new investments and again when monitoring investments in the portfolio.

¹ For the 12 months ended 30 June 2019.

The importance of considering ESG when investing in the Natural Resources Sector

Environmental

Digging mines and drilling for oil will inevitably have an impact on the local environment. Key is how companies manage this process ensuring the benefits are appropriately shared amongst all stakeholders. The value wiped off the market cap of companies like BP, after the Macondo oil spill, and BHP and Vale, after the Samarco tailings dam failure, highlights the key role that ESG has on share price performance. As set out in more detail below, BlackRock will be aligning its engagement and stewardship priorities to UN Sustainable Development Goals and is committed to voting against management to the extent that they have not demonstrated sufficient progress in how they manage these environmental impacts and operating events.

Social

BlackRock believes it is vital that natural resources companies maintain their social licence to operate. By this, BlackRock means that companies maintain broad acceptance from their employees, stakeholders, local communities and the national government. The portfolio management team's site visits to companies' assets provide them with valuable insight into these issues which often cannot be properly understood from company reports.

Corporate Governance

As with all companies, good corporate governance is critical for natural resources companies. In conjunction with the BlackRock Investment Stewardship team, the portfolio management team actively engage with companies on a wide range of governance issues including board independence, executive compensation, shareholder protection and timely disclosure.

Strategic report continued

What does the transition to a lower carbon world mean for commodities?

The world is moving towards lower carbon solutions to tackle climate change. This will have a major impact on global commodity demand and we recognise that we will need to be adept at positioning the Company for such changes. The proportion of global electricity generation accounted for by solar and wind is set to rise sharply over the next 20 years. Meanwhile, the rise of electric vehicles will eventually be a headwind for global oil demand. However, while we see electric vehicles as a longer-term problem for oil we do not expect peak oil demand until the 2030's. We believe this allows oil and traditional energy equities room for at least one more growth cycle. This trend will be negative for some commodities, but it also creates opportunities elsewhere. For example, the electric vehicle theme will drive demand for certain commodities used in the batteries, such as lithium, cobalt and nickel.

BlackRock's approach to sustainable investing

Considerations about sustainability have been at the centre of BlackRock's investment approach for many years and the firm offers more than 100 sustainable products and solutions. BlackRock believes that climate change is now a defining factor in companies' long term prospects, and that it will have a significant and lasting impact on economic growth and prosperity. BlackRock believes that climate risk now equates to investment risk, and this will drive a profound reassessment of risk and asset values as investors seek to react to the impact of climate policy changes. This in turn is likely to drive a significant reallocation of capital away from traditional carbon intensive industries over the next decade.

In January 2020, with this transition in mind, BlackRock announced that it would accelerate its sustainable investing efforts and make a number of enhancements to its investment management and risk processes, including the following:

- Heightening scrutiny on sectors and issuers with a high ESG risk, such as thermal coal producers, due to the investment risk they present to client portfolios;
- Putting ESG analysis at the heart of Aladdin (BlackRock's proprietary trading platform) and using proprietary tools to help analyse ESG risk; and
- Placing oversight of ESG risk with BlackRock's Risk and Quantitative Analysis group (RQA), to ensure that ESG risk is given increased weighting as a risk factor and is analysed with the same weight given to traditional measures such as credit or liquidity risk.

Investment Stewardship

BlackRock also places a strong emphasis on sustainability in its stewardship activities. BlackRock have engaged with companies on sustainability-related questions for a number

of years, urging management teams to make progress while also deliberately giving companies time to enhance disclosure consistent with the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD). This includes each company's plan for operating under a scenario where the Paris Agreement's goal of limiting global warming to less than two degrees is fully realized, as expressed by the TCFD guidelines. To this end, BlackRock is now a member of Climate Action 100+, a group of investors that engages with companies to improve climate disclosure and align business strategy with the goals of the Paris Agreement. BlackRock will be aligning its engagement and stewardship priorities to UN Sustainable Development Goals (including Gender Equality and Affordable and Clean Energy). BlackRock is committed to voting against management to the extent that they have not demonstrated sufficient progress on sustainability issues.

BlackRock is committed to transparency in terms of disclosure on its engagement with companies and voting rationales. Last year BlackRock voted against or withheld votes from 4,800 directors at 2,700 different companies. More details about BlackRock's investment stewardship process can be found on BlackRock's website at <https://www.blackrock.com/uk/individual/about-us/investment-stewardship>.

In terms of its own reporting, BlackRock believes that the SASB provides a clear set of standards for reporting sustainability information across a wide range of issues, from labour practices to data privacy to business ethics. For evaluating and reporting climate-related risks, as well as the related governance issues that are essential to managing them, the TCFD provides a valuable framework. BlackRock recognize that reporting to these standards requires significant time, analysis, and effort. BlackRock's own SASB-aligned disclosure is available on its website at <https://www.blackrock.com/corporate/literature/blackrock2018sasbdisclosure.pdf>, and BlackRock is working towards a TCFD-aligned disclosure by the end of 2020.

BlackRock is also a founding member of the TCFD and a signatory to the UN's Principles for Responsible Investment. BlackRock also signed the Vatican's 2019 statement advocating carbon pricing regimes, which it believes are essential to combating climate change. BlackRock has also joined with France, Germany, and global foundations to establish the Climate Finance Partnership, which is one of several public-private efforts to improve financing mechanisms for infrastructure investment. More information on BlackRock's policies on Corporate Sustainability can be found on BlackRock's website at <https://www.blackrock.com/uk/individual/about-us/corporate-sustainability>.

Key performance indicators

A number of performance indicators (KPIs) are used to monitor and assess the Company's success in achieving its objectives and to measure its progress and performance.

The principal KPIs are described below:

Performance

At each meeting the Board reviews the performance of the portfolio as well as the net asset value and share price for the Company and compares this to the performance of other companies in the peer group. The Company does not have a benchmark; however the Board also reviews performance in the context of the performance of the EMIX Global Mining Index and the MSCI World Energy Index and a 50:50 composite of both indices.

Information on the Company's performance is given in the performance record on page 3 and the Chairman's Statement and Investment Manager's Report on pages 4 and 8 to 15 respectively.

Share rating

The Board monitors the level of the Company's premium or discount to NAV on an ongoing basis and considers strategies for managing any premium or discount.

In the year to 30 November 2019, the Company's share price to NAV traded in the range of a premium of 1.5% to a discount of 14.5% on a cum income basis. The average discount for the year was 8.3%. No shares were issued during the year. The Company bought back a total of 1,956,166 shares during the year and further details are given in the Chairman's Statement on page 5. Details of shares bought back since the year end date are given in note 14 on page 86.

Further details setting out how the discount or premium at which the Company's shares trade is calculated are included in the Glossary on page 111.

Ongoing charges

The ongoing charges represent the Company's management fee and all other recurring operating expenses, excluding finance costs, direct transaction costs, custody transaction charges and taxation, expressed as a percentage of average net assets.

The ongoing charges are based on actual costs incurred in the year as being the best estimate of future costs. The Board reviews the ongoing charges and monitors the expenses incurred by the Company on an ongoing basis. A definition setting out in detail how the ongoing charges ratio is calculated is included in the Glossary on page 112.

Dividend target and income generation

The level of income is considered at each meeting and the Board receives detailed income forecasts. The Board also monitors performance relative to a peer

group of commodities and natural resources focused open and closed-end funds and also regularly reviews the Company's performance attribution analysis to understand how performance was achieved. This provides an understanding of how components such as sector exposure, stock selection and asset allocation impacted performance. Further details are provided in the Investment Manager's Report on pages 8 to 15

The table below sets out the key KPIs for the Company. These KPIs fall within the definition of 'Alternative Performance Measures' (APMs) under guidance issued by the European Securities and Markets Authority (ESMA) and additional information explaining how these are calculated is set out in the Glossary on pages 111 to 114.

| Key Performance Indicators | Year ended 30 November 2019 | Year ended 30 November 2018 |
|----------------------------------------------------------|-----------------------------------|-----------------------------------|
| Net asset value total return ^{1,2} | 4.4% | 3.6% |
| Share price total return ^{1,2} | (1.3%) | (0.9%) |
| Discount to net asset value (at year end) ^{2,4} | 12.3% | 6.9% |
| Revenue return per share | 3.97p | 4.37p |
| Ongoing charges ^{2,3} | 1.48% | 1.39% |

¹ This measures the Company's NAV and share price total returns, which assumes dividends paid by the Company have been reinvested.

² Alternative Performance Measures, see Glossary on pages 111 to 114.

³ Ongoing charges represent the management fee and all other recurring operating expenses excluding finance costs, direct transaction costs, custody transaction charges and taxation, expressed as a percentage of average shareholders' funds.

⁴ This is the difference between the share price and the cum-income NAV per share.

Principal risks

The Company is exposed to a variety of risks and uncertainties. The Board has in place a robust process to identify, assess and monitor the principal risks of the Company. A core element of this process is the Company's risk register which identifies the risks facing the Company and assesses the likelihood and potential impact of each risk and the controls established for mitigation. A residual risk rating is then calculated for each risk.

The risk register is regularly reviewed and the risks reassessed. The risk environment in which the Company operates is also monitored and regularly appraised. New risks are also added to the register as they are identified which ensures that the document continues to be an effective risk management tool.

Strategic report continued

The risk register, its method of preparation and the operation of key controls in the Manager's and third party service providers' systems of internal control are reviewed on a regular basis by the Audit and Management Engagement Committee. In order to gain a more comprehensive understanding of the Manager's and other third party service providers' risk management processes, and how these apply to the Company's business, BlackRock's internal audit department provides an annual presentation to the Audit and Management Engagement Committee Chairman setting out the results of testing performed in relation to BlackRock's internal control processes. The Audit and Management Engagement Committee also periodically receives presentations from BlackRock's Risk & Quantitative Analysis teams, and reviews Service Organisation Control (SOC 1) reports from BlackRock and from the Company's custodian (The Bank of New York Mellon (International) Limited). The custodian is appointed by the Company's Depositary and does not have a direct contractual relationship with the Company.

The Board has undertaken a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. Those principal risks have been

described in the table below together with an explanation of how they are managed and mitigated. The Board will continue to assess these risks on an ongoing basis. In relation to the 2016 update to the UK Corporate Governance Code, the Board is comfortable that the procedures that the Company has in place are sufficient to ensure that the necessary monitoring of risks and controls has been carried out throughout the year under review.

The Company's principal risks may be categorised under the following headings:

- investment performance;
- income/dividend;
- gearing;
- legal and regulatory compliance;
- operational;
- market; and
- financial.

The principal risks and uncertainties faced by the Company during the financial year, together with the potential effects, controls and mitigating factors, are set out in the following table.

| Principal Risk | Mitigation/Control |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Investment performance</p> <p>The returns achieved are reliant primarily upon the performance of the portfolio.</p> <p>The Board is responsible for:</p> <ul style="list-style-type: none"> • setting the investment strategy to fulfil the Company's objective; and • monitoring the performance of the Investment Manager and the implementation of the investment strategy. <p>An inappropriate investment strategy may lead to:</p> <ul style="list-style-type: none"> • poor relative performance; • a reduction or permanent loss of capital; and • dissatisfied shareholders and reputational damage. | <p>To manage this risk the Board:</p> <ul style="list-style-type: none"> • regularly reviews the Company's investment mandate and long term strategy; • has set investment restrictions and guidelines which the Investment Manager monitors and regularly reports on; • receives from the Investment Manager a regular explanation of stock selection decisions, portfolio exposure, gearing and any changes in gearing and the rationale for the composition of the investment portfolio; • monitors the maintenance of an adequate spread of investments in order to minimise the risks associated with factors specific to particular sectors, based on the diversification requirements inherent in the investment policy. |
| <p>Income/dividend</p> <p>The ability to pay dividends, and future dividend growth, is dependent on a number of factors including the level of dividends earned from the portfolio and income generated from the option writing strategy. Income returns from the portfolio are dependent, among other things, upon the Company successfully pursuing its investment policy.</p> <p>Any change in the tax treatment of dividends or interest received by the Company including as a result of withholding taxes or exchange controls imposed by jurisdictions in which the Company invests may reduce the level of dividends received by shareholders.</p> | <p>The Board monitors this risk through the receipt of detailed income forecasts and considers the level of income at each meeting.</p> <p>The Company has the ability to make dividend distributions out of special reserves and capital reserves as well as revenue reserves to support any dividend target. These reserves totalled £37.8 million at 30 November 2019.</p> <p>In setting the dividend target each year, the Board is mindful of the balance of shareholder returns between income and capital.</p> |

Principal Risk

Gearing

The Company's investment strategy may involve the use of gearing, including borrowings.

Gearing may be generated through borrowing money or increasing levels of market exposure through the use of derivatives. The Company currently has an uncommitted overdraft facility with The Bank of New York Mellon (International) Limited. The use of gearing exposes the Company to the risk associated with borrowing.

Gearing provides an opportunity for greater returns where the return on the Company's underlying assets exceeds the cost of borrowing. It is likely to have the opposite effect where the return on the underlying assets is below the cost of borrowings. Consequently, the use of borrowings by the Company may increase the volatility of the NAV.

Mitigation/Control

The Company's Articles of Association limit borrowings to an aggregate amount equal to 40% of the value of the gross assets of the Group. However, to further manage this risk the Board does not anticipate borrowings will exceed 20% of gross assets at the time of drawdown.

The use of derivatives, including options and futures has been limited to a maximum of 30% of the Group's assets.

The Investment Manager will only use gearing when confident that market conditions and opportunities exist to enhance investment returns.

The Investment Manager reports to the Board on a regular basis the levels of gearing in place as compared to limits set by the Board under the investment policy and by the Manager as Alternative Investment Fund Manager (AIFM) under the Alternative Investment Fund Managers' Directive (AIFMD). The Board monitor gearing levels and will raise any queries or concerns in respect of changes in the gearing level with the Investment Manager.

Legal and regulatory compliance

The Company has been approved by HM Revenue & Customs as an investment trust, subject to continuing to meet the relevant eligibility conditions and 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. Any breach of the relevant eligibility conditions could lead to the Company losing investment trust status and being subject to corporation tax on capital gains realised within the Company's portfolio.

Any serious breach could result in the Company and/or the Directors being fined or the subject of criminal proceedings or the suspension of the Company's shares which would in turn lead to a breach of the Corporation Tax Act 2010.

Amongst other relevant laws and regulations the Company is required to comply with the provisions of the Companies Act 2006, the Alternative Investment Fund Managers' Directive, the Market Abuse Regulation, the UK Listing Rules and the FCA's Disclosure Guidance and Transparency Rules.

The Investment Manager monitors investment movements 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. The results are reported to the Board at each meeting.

Compliance with the accounting rules affecting investment trusts is carefully and regularly monitored.

The Company Secretary and the Company's professional advisers provide regular reports to the Board for their review in respect of compliance with all applicable rules and regulations.

Following authorisation under the AIFMD, the Company and its appointed AIFM are subject to the risks that the requirements of this Directive are not correctly complied with. The Board and the AIFM also monitor changes in government policy and legislation which may have an impact on the Company.

The Market Abuse Regulation came into force across the EU on 3 July 2016. The Board has taken steps to ensure that individual Directors (and their Persons Closely Associated) are aware of their obligations under the regulation and has updated internal processes, where necessary, to ensure the risk of non-compliance is effectively mitigated.

Strategic report continued

Principal Risk

Operational

The Company relies on the services provided by third parties. Accordingly, it is dependent on the control systems of the Manager and The Bank of New York Mellon (International) Limited (who act as both Depositary and Fund Accountant and who maintain the Company's assets, settlement and accounting records). The security of the Company's assets, dealing procedures, accounting records and adherence to regulatory and legal requirements depend on the effective operation of the systems of the third party service providers.

Failure by any service provider to carry out its obligations to the Company could have a material adverse effect on the Company's performance. Disruption to the accounting, payment systems or custody records could prevent the accurate reporting and monitoring of the Company's financial position.

Mitigation/Control

Due diligence is undertaken before contracts are entered into with third party service providers. Thereafter, the performance of the provider is subject to regular review and reported to the Board.

The Fund Accountant's and the Manager's internal control processes are regularly tested and monitored throughout the year and are evidenced through their SOC 1 reports, which are subject to review by an Independent Service Assurance Auditor. The SOC 1 reports provide assurance in respect of the effective operation of internal controls. These reports are provided to the Audit and Management Engagement Committee.

The Company's financial assets are subject to a strict liability regime and in the event of a loss of assets, the Depositary must return assets of an identical type or the corresponding amount, unless able to demonstrate the loss was a result of an event beyond its reasonable control.

The Board reviews the overall performance of the Manager, Investment Manager and all other third party service providers on a regular basis.

The Board also considers the business continuity arrangements of the Company's key service providers.

Market

Market risk arises from volatility in the prices of the Company's investments. The price of shares of companies in the mining and energy sectors can be volatile and this may be reflected in the NAV and market price of the Company's shares.

The Company invests in the mining and energy sectors in many countries globally and will also be subject to country-specific risk. A lack of growth in world or country-specific industrial production may adversely affect metal and energy prices.

Companies operating within the sectors in which the Company invests may be impacted by new legislation governing climate change and environmental issues, which may have a negative impact on their valuation and share price.

There is the potential for the Company to suffer loss through holding investments in the face of negative market movements.

The Board considers the diversification of the portfolio, asset allocation, stock selection, 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.

Under the Company's investment policy, the Investment Manager has the ability to invest in energy transition stocks and is mindful of the impact of any shift in energy consumption towards less carbon intensive energy supply. This is taken into account by the Investment Manager in building a well diversified portfolio.

Financial

The Company's investment activities expose it to a variety of financial risks that include interest rate risk and foreign currency risk.

The Company invests in both sterling and non-sterling denominated securities. Consequently, the value of investments in the portfolio made in non-sterling currencies will be affected by currency movements.

Details of these risks are disclosed in note 16 to the financial statements, together with a summary of the policies for managing these risks.

Viability statement

In accordance with provision C.2.2 of the 2016 UK Corporate Governance Code, the Directors have assessed the prospects of the Company for a period of three years. The Board considers three years to be an appropriate time horizon, being the period generally used to assess potential investments.

In its assessment of the viability of the Company the Directors have noted that:

- the Company predominantly invests in highly liquid, large listed companies so its assets are readily realisable;
- the Company has gearing and no concerns around facilities, headroom or covenants; and
- the business model should remain attractive for longer than three years, unless there is significant economic or regulatory change.

The Directors have also reviewed:

- the Company's principal risks and uncertainties, as previously set out;
- the potential impact of a fall in commodity equity markets on the value of the Company's investment portfolio and underlying dividend income;
- the ongoing relevance of the Company's investment objective, business model and investment policy in the current environment; and
- the level of demand for the Company's shares.

The Board has also considered a number of financial metrics in its assessment, including:

- the level of ongoing charges, both current and historic;
- the level at which the shares trade relative to NAV;
- the level of income generated;
- future income forecasts; and
- 99% of the portfolio was capable of being liquidated in less than 20 days.

The Board has concluded that the Company would be able to meet its ongoing operating costs as they fall due as a consequence of:

- a liquid portfolio; and
- expenses which comprise a small percentage of net assets.

Based on the results of their analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

By order of the Board

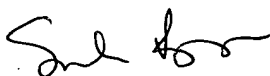
SARAH BEYNSBERGER

For and on behalf of

BlackRock Investment Management (UK) Limited

Company Secretary

5 February 2020



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 2019.

Status of the Company

The Company carries on business as an investment trust. It has been approved by HM Revenue & Customs as an investment trust in accordance with sections 1158 and 1159 of the Corporation Tax Act 2010, subject to the Company continuing to meet eligibility conditions. The Directors are of the opinion that the Company has conducted its affairs in a manner which will satisfy the conditions for continued approval.

The Company is domiciled in the UK as an investment company within the meaning of section 833 of the Companies Act 2006. It is not a close company and has no employees.

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). It must comply with a number of 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/beri, the Regulatory Disclosures section on pages 107 and 108 and in the notes to the financial statements on pages 76 to 100.

The Company's ordinary shares are eligible for inclusion in the stocks and shares component of a New Individual Savings Account (NISA).

Shareholder Rights Directive II

The Shareholder Rights Directive II took effect from 10 July 2019 with some transitional provisions. It encourages long term shareholder engagement and transparency between companies and shareholders. In substantive terms the changes are small for investment companies and the majority of requirements apply to the Company's remuneration policy and disclosure of processes, as well as related party transactions. There are also additional rules for Alternative Investment Fund Managers and proxy advisers.

GDPR

Data protection rights were harmonised across the European Union following the implementation of the General Data Protection Regulation ("GDPR") on 25 May 2018. The Board has sought and received assurances from its third-party service providers that they have taken appropriate steps to ensure compliance with the new regulation. The Company's 'Data Privacy Policy' can be found on the Company's website at www.blackrock.co.uk/beri.

Facilitating retail investments

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments 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 pooled investments because they are shares in an investment trust.

The Common Reporting Standard

New tax legislation under the OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information (The Common Reporting Standard) was introduced on 1 January 2016.

The legislation requires investment trust companies to provide personal information to HMRC about investors who purchase shares in investment trusts. As an affected company, BlackRock Energy and Resources Income Trust plc will have to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated shareholders and corporate entities. The local tax authority to which the information is initially passed may in turn exchange the information with the tax authorities of another country or countries in which the shareholder may be tax resident, where those countries (or tax authorities in those countries) have entered into agreements to exchange financial account information.

All new shareholders, excluding those whose shares are held in CREST, entered onto the share register will be sent a certification form for the purposes of collecting this information.

Dividends

Details of dividends paid and payable in respect of the year are set out in note 8 on page 83.

Investment management and administration

BlackRock Fund Managers Limited (BFM) was appointed as the Company's AIFM with effect from 2 July 2014. The management contract is terminable by either party on six months' notice.

BlackRock Investment Management (UK) Limited (BIM (UK)) acts 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 0.95% on the first £250 million of gross assets and 0.90% thereafter. Further details in relation to the management fee are given in note 4 on page 79. The Board believes that the current fee structure is appropriate for an investment company in this sector.

The Group contributes to a focused investment trust sales and marketing initiative operated by BIM (UK) on behalf of the investment trusts under its management. For the year ended 30 November 2019, the Group's contribution to the consortium element of the initiative, which enables the trusts to achieve efficiencies by combining certain sales and marketing activities, represented 0.025% per annum of its net assets (£84.4 million) as at 31 December 2018, and this contribution is matched by BIM (UK). For the year ended 30 November 2019, £29,000 (excluding VAT) has been invoiced and paid 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 benefit 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. PNC Financial Services Group, Inc. has a significant economic interest in BlackRock, Inc. PNC Financial Services Group, Inc. is a US 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 the annual 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 continuing appointment of BFM (the Manager) as AIFM, and the delegation of investment management services to BIM (UK) (the Investment Manager) on the terms disclosed above, is in the interests of shareholders as a whole given the track record of BlackRock's Natural Resources team in the commodities sector.

Depositary and custodian

The Company has appointed the Bank of New York Mellon (International) Limited (BNYM or the Depositary) to perform this role. The Depositary's duties and responsibilities are outlined in the investment fund legislation (as set out in the FCA AIF Rulebook). The main role of the Depositary under the AIFM Directive is to act as a central custodian with additional duties to monitor the operations of the Company, including monitoring cash flows and ensuring that 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. Up to 31 December 2018, the Depositary received a fee payable at a rate of 0.00115% per annum of the net assets of the Company. This rate was reduced to 0.00095% per annum of net assets with effect from 1 January 2019. The Company has appointed the Depositary in a tripartite agreement, to which the Manager as AIFM is also a signatory. The Depositary is also liable for the loss of financial instruments held in custody.

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. The depositary agreement is subject to 90 days' notice of termination by any party.

Registrar

The Company has appointed Computershare Investor Services PLC as its Registrar (the Registrar). The principal duty of the Registrar is the maintenance of the register of shareholders (including registering transfers). It also provides services in relation to any corporate actions, dividend administration and shareholder documentation, the Common Reporting Standard and for the Foreign Account Tax Compliance Act.

Computershare receive a fixed fee, plus disbursements and VAT. The fixed fee applies for the three years commencing 1 July 2017. Fees in respect of corporate actions are negotiated on an arising basis.

Foreign exchange

At the financial year end, approximately 73.3% of the Company's portfolio was invested in non-sterling assets, with 48.0% invested in US dollar denominated assets. The Investment Manager does not actively hedge currency exposure.

Directors' report continued

Derivative transactions

During the year the Group entered into a number of derivative option contracts generating option premium income of £1,294,000 (2018: £2,307,000). There is 1 covered call option and 1 put option contract that remained open at 30 November 2019, details of which are given in the portfolio holdings listed on pages 20 to 22.

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) believes that sound corporate governance practices by companies contribute to their long term financial performance and thus to better risk-adjusted returns. 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/responsible-investment/engagement-and-proxy-voting](https://www.blackrock.com/corporate/en-gb/about-us/responsible-investment/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.

Principal risks

The key risks faced by the Company are set out in the Strategic Report on pages 36 to 38.

Going concern

The financial statements of the Company have been prepared on a going concern basis. The forecast projections and actual performance are reviewed on a regular basis throughout the period and the Directors

believe that this is the appropriate basis and the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date these financial statements are approved, and is financially sound. The Company is able to meet all of its liabilities from its assets and the ongoing charges are 1.48% (2018: 1.39%) of the net assets. More information on how this Alternative Performance Measure is calculated is set out in the Glossary on pages 111 to 114.

The Company's longer term viability is considered in the Viability Statement on page 39.

Directors

The Directors of the Company and their biographies are set out on pages 25 and 26. Details of the Directors' interests in the ordinary shares of the Company are set out in the Directors' Remuneration Report on page 49. All of the Directors held office throughout the year under review, except Mr. Brown who was appointed after the year end.

The Board may appoint additional Directors to the Board but any Director so appointed must stand for election by the shareholders at the next AGM.

Board independence and tenure

The Board's policy on tenure is that length of service does not necessarily compromise the independence or contribution of directors of an investment trust company, where continuity and experience can add significantly to the strength of the Board. After due consideration and further to the annual evaluation process, the Board has concluded that both Mr Merton and Mr Ruck Keene, who have each served as a Director for over nine years, continue to be independent in both character and judgement and that there are no relationships or circumstances which are likely to affect the judgement of any Director. Mr Ruck Keene has indicated his intention to retire from the Board with effect from the date of the next AGM on 17 March 2020.

Director's appointment, retirement and succession

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. Accordingly, Dr Bell, Mr Merton and Mr Warner will offer themselves for re-election for a further year. As announced in December 2019, Mr Ruck Keene will retire from the Board at the AGM in 2020 and will not be seeking re-election. Mr Brown was appointed as a Director on 10 December 2019 and will be seeking election for the first time at the next AGM. Further details of the independence of the Board and Board tenure is

provided in the Corporate Governance Statement on pages 52 and 53.

The Board has considered the position of 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 at the forthcoming AGM, given their material level of contribution and commitment to the role. Mr Brown joined the Board in December 2019 following a rigorous selection process. A number of candidates were considered and the Nomination Committee concluded that Mr Brown was the most appropriate candidate to complement the skills of the Board. The Board approved his appointment in December 2019 and believes that it is in the Company's best interests that Mr Brown stands for election by shareholders at the forthcoming AGM.

Having considered the Directors' performance within the annual Board performance evaluation process (further details of which are provided on page 53) or in the case of Mr Brown, the abilities and skill set that he brings to the Board as identified through the recruitment process, the Board believes that it continues to operate effectively and that the Directors bring extensive knowledge and commercial experience and demonstrate a range of valuable business, financial and asset management skills. The Board therefore recommends that shareholders vote in favour of each Director's proposed re-election. More details in respect of the skills and experience each Director brings to the Board are set out in more detail on pages 44 and 45.

As a previous employee 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 are entitled to compensation for loss of office on the takeover of the Company. None of the Directors has a service contract with the Company.

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 judgement 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 for 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 conflicts, or possibly conflicts, with the interests of the Company. All such situations are reviewed by the Board and duly authorised. Directors are also made aware 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 situations previously notified. It is the Board's intention to continue to review all notified situations on a regular basis.

The Board considers that the framework has worked effectively throughout the year under review.

Directors' remuneration report and policy

The Directors' Remuneration Report is set out on pages 47 to 51. An advisory ordinary resolution to approve this report will be put to shareholders at the Company's AGM. The Company is also required to put the Director's Remuneration Policy to a binding shareholder vote every three years. The Company's Remuneration Policy was last put to shareholders at the AGM in 2017, therefore, an ordinary resolution to approve the policy will be put to shareholders at the AGM.

Directors' responsibilities

The Directors' responsibilities in preparing these financial statements are noted on page 61.

Substantial share interests

As at 30 November 2019 and subsequently up to 3 February 2020, the Company had not received any notifications in accordance with the FCA's Disclosure and Transparency Rule 5.1.2R of interests in 3% or more of the voting rights attaching to the Company's issued share capital.

Share capital

Details of the Company's issued share capital are given in note 14 on page 86. Details of the voting rights are given in note 16 to the Notice of Annual General Meeting on page 119.

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.

Directors' report continued

Share issues

The current authority to issue new ordinary shares or sell ordinary shares from treasury for cash was granted to the Directors on 12 March 2019 and will expire at the conclusion of the 2020 AGM. The Directors are proposing that their authority to issue new ordinary shares or sell shares from treasury for cash be renewed at the forthcoming AGM. The Company will be seeking the authority to allot new ordinary shares or sell from treasury ordinary shares representing up to 10% of the Company's issued ordinary shares capital.

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 12 March 2019 and will expire at the conclusion of the 2020 AGM. 1,956,166 ordinary shares were bought back in the year under review at an average price of 70.92 pence per share representing total consideration of £1,390,000.

As at the date of this report, 300,000 shares have been bought back since 30 November 2019 at an average price of 66.12 pence per share representing total consideration of £198,350.

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 initiates any buy backs, the policy and parameters are set by the Board and reviewed at regular intervals. The Company raises 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 re-issue at a premium, or cancellation at a future date. As at 30 November 2019, 4,795,651 ordinary shares were held in treasury, representing 4.03% of the Company's issued share capital.

Articles of association

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

Global greenhouse gas emissions

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.

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 for the election and re-election of Directors

The biographies of the Directors are set out on pages 25 and 26 and are incorporated into this report by reference. The skills and experience each Director brings to the Board for the long-term sustainable success of the Company are set out below. All the Directors apart from Mr Brown held office throughout the year under review and (apart from Mr Ruck Keene) will stand for re-election by shareholders at the meeting in accordance with the requirements of the UK Code. Mr Brown joined the Board in December 2019 and will stand for election at the meeting for the first time. Mr Ruck Keene will retire from the Board on 17 March 2020 and will not be seeking re-election.

- **Resolution 5** relates to the re-election of Dr Carol Bell who was appointed on 1 December 2014. Dr Bell has worked in, or been an advisor or financier to the sectors in which the Company invests throughout her working life. As well as an in depth knowledge of these sectors, her skills include strategic planning and the ability to identify structural trends, a significant asset given the degree of change faced by the Company's investment universe as a consequence of the energy transition away from hydrocarbon fuels. Dr Bell became a director of Chapter Zero in June 2019, an organisation which aims to support non-executive directors in engaging with Climate Risk at board level. She also has considerable governance experience through serving on public company boards since 2005 as a non-executive director.
- **Resolution 6** relates to the re-election of Mr Michael Merton who was appointed on 13 July 2010. Mr Merton has extensive experience in the international resources industry with particular knowledge of the dynamics of the mining industry. He is a Chartered Accountant with a strong accounting and financial background and extensive experience of the audit committee remit which he brings to his role as the Company's Audit & Management Committee Chairman.

- **Resolution 7** relates to the election of Mr Adrian Brown who was appointed on 10 December 2019 and has a wealth of experience in the financial sector and in developing corporate strategy. He brings in-depth knowledge, expertise and experience in investment management and investment marketing having worked in the financial services sector as a senior portfolio manager and a client portfolio manager for a number of management houses and has a wealth of experience in the financial and commerce sectors.
- **Resolution 8** relates to the re-election of Mr Ed Warner who was appointed on 1 July 2013. He brings leadership skills and much in-depth knowledge, expertise and experience of the financial services sector to his role as Chairman, having spent much of his career in senior positions at a number of investment banks and financial institutions (including Old Mutual Financial Services, Bankers Trust, Dresdner Kleinwort Benson and, most recently, IFX Group, where he was CEO until 2006). Mr Warner has extensive PLC experience and has chaired the boards at a range of prominent organisations.

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

Resolution 11 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 renew the authority of the Directors to allot ordinary shares for cash up to an aggregate nominal amount of £113,870.34 per annum which is equivalent to 11,387,034 ordinary shares and represents 10% 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 2021 unless renewed prior to that date.

Resolution 12 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 12 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 £113,870.34 which is equivalent to 11,387,034 ordinary shares and represents 10% 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 2021 unless renewed prior to that date.

Resolution 13 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 17,069,165 ordinary shares, being approximately 14.99% of the issued share capital (excluding treasury shares) 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 2021 unless renewed prior to that date.

Any ordinary shares purchased pursuant to resolution 13 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.

Resolution 14 Notice Period for General Meetings:

The resolution empowers the Directors to hold general meetings (other than annual general meetings) on 14 days' notice, which is the minimum notice period permitted by the Companies Act 2006. The EU Shareholder Rights Directive increases the minimum notice period to 21 days unless two conditions are met.

The first condition is that the company offers facilities for shareholders to vote by electronic means. The second condition is that there is an annual resolution of shareholders approving the reduction in the minimum notice period from 21 days to 14 days, hence this resolution being proposed. It is not intended that this power will be used as a matter of course, rather that this flexibility will be utilised where the Board believes that the nature of the business to be conducted requires that a general meeting be convened at 14 days' notice.

Recommendation

Your Board considers that each of the resolutions to be proposed at the AGM is 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.

Directors' report continued

Corporate governance

Full details are given in the Corporate Governance Statement on pages 52 to 56. 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 Audit and Management Engagement Committee to determine the Auditor's remuneration for the ensuing year will be proposed at the AGM.

The Directors' Report was approved by the Board at its meeting on 5 February 2020.

By order of the Board

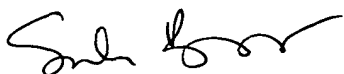
SARAH BEYNSBERGER

For and on behalf of

BlackRock Investment Management (UK) Limited

Company Secretary

5 February 2020



Directors' remuneration report

The Board presents the Directors' remuneration report for the year ended 30 November 2019 which has been prepared in accordance with sections 420-422 of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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 63 to 70.

Statement by the chairman

A key driver of the remuneration policy is that fees payable to Directors should be sufficient to attract and retain individuals with suitable knowledge and experience to promote the long term success of the Company whilst also reflecting the time commitment and responsibilities of the role. The basis for determining the level of any increase in the Directors' remuneration is set out in the Directors' Remuneration Policy on pages 50 and 51.

The Board's remuneration was last reviewed in December 2019. Following this review it was agreed that no changes would be made to Directors' remuneration at the present time. Prior to this, Directors' fees were last increased on 1 December 2018. The Board's remuneration is set out in the policy table on page 51. No discretionary fees have been paid to Directors during the year or since inception and the payment of such fees is expected to be a rare occurrence, only necessary in exceptional circumstances. Any discretionary fees paid to the Directors will be clearly disclosed in the Directors' Remuneration Report accompanied by an explanation of the work undertaken and why it was deemed necessary to pay such additional remuneration.

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 Committee has therefore not been established. The Company's Directors are all non-executive and, with the exception of Mr Ruck Keene, are independent of the Manager. No advice or services were provided by any external agencies or third parties in respect of remuneration levels.

Implementation of the Remuneration Policy in the year 2020

The Directors intend that the future Remuneration Policy will be implemented as set out on pages 50 and 51. The Directors' remuneration policy on page 50 and the future policy table on page 51 form part of this report. The Directors do not receive any performance related remuneration or incentives. Discretionary payments are permitted under the policy; however such discretionary payments would only be considered in exceptional circumstances.

Remuneration/service contracts

The maximum remuneration of the Directors is determined within the limits of the Company's Articles and currently amounts in aggregate to £150,000. No element of the Directors' remuneration is performance related.

None of the Directors are entitled to receive from the Company:

- performance related remuneration;
- any benefits in kind except reasonable travel expenses in the course of travel to attend meetings and duties undertaken on behalf of the Company;
- share options;
- rewards through a long term incentive scheme;
- a pension or other retirement benefit; and
- compensation for loss of office.

All of the Directors are non-executive. None of the Directors has a service contract with the Company and the terms of their appointment are detailed in a letter of appointment. New directors are appointed for an initial term of three years and it is expected that they will serve two further three year terms. The continuation of an appointment is contingent on satisfactory performance evaluation and re-election at each Annual General Meeting (AGM). A director may resign by notice in writing to the Board at any time, there is no notice period. The letters of appointment are available for inspection at the registered office of the Company.

Directors' remuneration report continued.

Remuneration implementation report

A single figure for total remuneration of each Director is set out in the table below for the year ended 30 November 2019:

| | Year ended 30 November 2019 | | | Year ended 30 November 2018 | | |
|----------------------|-----------------------------|---------------------------------------|----------------|-----------------------------|---------------------------------------|----------------|
| | Fees £ | Taxable benefits ¹ £ | Total £ | Fees £ | Taxable benefits ¹ £ | Total £ |
| Directors | | | | | | |
| Ed Warner (Chairman) | 38,000 | - | 38,000 | 37,000 | - | 37,000 |
| Carol Bell | 27,000 | - | 27,000 | 26,000 | - | 26,000 |
| Michael Merton | 32,000 | - | 32,000 | 31,000 | - | 31,000 |
| Jonathan Ruck Keene | 27,000 | - | 27,000 | 26,000 | - | 26,000 |
| Total | 124,000 | - | 124,000 | 120,000 | - | 120,000 |

¹ Taxable benefits relates to travel and subsistence costs.

No discretionary payments were made in the year to 30 November 2019 (2018: £nil)

The information in the table above has been audited. The amounts paid by the Company to the Directors were for services as non-executive Directors. The Directors receive no variable remuneration.

At 30 November 2019, fees of £10,000 (2018: £10,000) were outstanding to Directors in respect of their annual fees.

Relative importance of spend on pay

As the Company has no employees, the table above also 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 to the Company's net profit on ordinary activities after taxation, total operating expenditure and dividend distributions.

| | 2019 £'000 | 2018 £'000 | Change £'000 |
|-----------------------------------------------------|---------------|---------------|-----------------|
| Directors' total remuneration | 124 | 120 | +4 |
| Total dividends paid and payable | 4,596 | 4,682 | -86 |
| Buy back of ordinary shares | 1,390 | 2,373 | -983 |
| Net revenue profit on ordinary activities after tax | 4,578 | 5,145 | -567 |

No payments were made in the period to any past Directors (2018: £nil).

Five year change comparison

Over the last five years, Directors' pay has increased as set out in the table below:

| | 30 November 2019 £'000 | 30 November 2014 £'000 | Change £'000 |
|----------------------------------------------------|---------------------------------|---------------------------------|-----------------|
| Chairman | 38,000 | 33,000 | +15.2% |
| Audit and Management Engagement Committee Chairman | 32,000 | 27,000 | +18.5% |
| Director | 27,000 | 22,000 | +22.7% |

As previously noted, the Company does not have any employees and hence no comparisons are given in respect of the comparison between Directors' and employees' pay increases.

Shareholdings

The interests of the Directors in the ordinary shares of the Company are set out in the table below. The Company does not have a share option scheme, therefore none of the Directors has an interest in any share options in the Company. There is no requirement for Directors to hold shares in the Company.

| | 30 November 2019 | 30 November 2018 |
|----------------------|---------------------|---------------------|
| | Ordinary shares | Ordinary shares |
| Ed Warner (Chairman) | 94,000 | 94,000 |
| Carol Bell | 33,500 | 33,500 |
| Michael Merton | 17,000 | 17,000 |
| Jonathan Ruck Keene | 14,000 | 14,000 |

The information in the table above has been audited.

All the holdings of the Directors are beneficial. No other changes to these holdings have been notified up to the date of this report. Since 30 November 2019, Adrian Brown was appointed to the Board, and acquired 14,603 shares in the Company on 16 December 2019 for total consideration of £9,938.

Retirement of Directors

Further details are given in the Directors' Report on page 42.

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% EMIX 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.

By order of the Board

ED WARNER
Chairman
5 February 2020



Directors' remuneration policy

In setting the appropriate level of 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 service providers 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 industry 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 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. The Board is cognisant of the need to avoid any potential conflicts of interest and has therefore agreed a mechanism by which no Director is present when his or her own pay is being considered.

The Company has no employees and consequently no consideration is required to be given to employment conditions elsewhere in setting this policy and there has been no employee consultation.

No element of the Directors' remuneration is performance related or subject to recovery or withholding (except for tax). Directors cannot be awarded any share options or long-term performance incentives. None of the Directors has a service contract with the Company or receives any non-cash benefits (except as described in the policy table), pension entitlements or compensation for loss of office.

The remuneration policy would be applied when agreeing the remuneration package of any new Director. The terms of Directors' appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the registered

office of the Company. Directors' appointments do not have a fixed duration, but they can be terminated by the Company in writing at any time without obligation to pay compensation. On termination of the appointment, Directors shall only be entitled to accrued fees as at the date of termination together with reimbursement of any expenses properly incurred prior to that date. No payments for loss of office are made. Directors are subject to annual re-election.

Consideration of shareholders' views

An ordinary resolution to approve the remuneration report is put to members at each AGM. The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Shareholders have the opportunity to express their views and ask questions in respect of the remuneration policy at the AGM. To date, no shareholders have commented in respect of the remuneration policy. In the event that there was a substantial vote against any resolution proposed at the Company's AGM, the reasons for any such vote would be sought and appropriate action taken. Should the votes be against resolutions in relation to the directors' remuneration, further details will be provided in future Directors' Remuneration Reports.

In accordance with the Companies Act 2006, the Company is required to seek shareholder approval of its remuneration policy on a triennial basis. An ordinary resolution for the approval of the remuneration policy was approved by shareholders at the AGM held on 14 March 2017, with 99.65% of votes cast (including votes cast at the Chairman's discretion) in favour and 0.35% votes cast against.

The remuneration policy will next be put to a binding shareholder vote at the AGM.

The Directors' Remuneration Report was last approved by shareholders at the AGM held on 12 March 2019, with 98.57% of votes cast (including votes cast at the Chairman's discretion) in favour and 1.43% of votes cast against.

Any discretionary fees paid to the Directors will be clearly disclosed in the Directors' Remuneration Report accompanied by an explanation of the work undertaken.

Future policy table

| | |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 | <p>Current levels of fixed annual fee (with effect from 1 December 2018):</p> <p>Chairman – £38,000</p> <p>Audit and Management Engagement Committee Chairman – £32,000</p> <p>Directors – £27,000</p> <p>All reasonable expenses to be reimbursed.</p> |
| Maximum and minimum levels | <p>Remuneration consists of a fixed fee each year, set in accordance with the stated policies and any increase granted must be in line with the stated policies.</p> <p>The Company's Articles of Association provide that the Directors are paid fees for their services not exceeding in the aggregate an annual sum of £150,000 or such larger amount as the Company may by Ordinary Resolution decide divided between the Directors as they agree.</p> <p>In accordance with the provisions of the Company's Articles of Association, the Directors are 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. There is a limit of £10,000 in relation to the amount payable in respect of expenses reimbursed.</p> <p>These ceilings have been set at a level to provide flexibility in respect of the recruitment of additional Board members and inflation.</p> |
| Policy on share ownership | Directors are not required to own shares in the Company, although all Directors are currently shareholders. |
| Fixed fee element | The Board reviews the quantum of Directors' fees each year to ensure that they are 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). Directors are not eligible to be compensated for loss of office, nor are they eligible for bonuses, pension benefits, share options or other incentives or benefits. Directors do not have service contracts, but are appointed under letters of appointment. |
| Operation Discretionary Payments | The Company's Articles authorise the payment of discretionary fees to Directors for any additional work undertaken on behalf of the Company which is outside of their normal duties. Any such extra work undertaken is subject to the prior approval of the Chairman or, in the case of the Chairman undertaking the extra work, subject to the prior approval of the Chairman of the Audit and Management Engagement Committee. The level of discretionary fees shall be determined by the Directors. Any discretionary fees paid will be disclosed in the Director's remuneration implementation report within the Annual Report. The payment of such fees would only be considered in exceptional circumstances and any discretionary fees paid will be clearly disclosed. |
| Taxable benefits | Some expenses incurred by Directors are required to be treated as taxable benefits. Taxable benefits include (but are not limited to) 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, including the tax and national insurance costs incurred by the Director on such expenses. |

Corporate governance statement

Chairman's introduction

Corporate governance is the process by which the Board seeks to look after shareholders' interests and protect and 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 2016. 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 July 2016, which addresses the governance issues relevant to investment companies and meets the approval of the Financial Reporting Council.

Earlier this year, the Association of Investment Companies (AIC) published the 2019 Code of Corporate Governance (the AIC Code) which was endorsed by the Financial Reporting Council (FRC) as being appropriate for investment companies. The AIC Code applies to accounting periods beginning on or after 1 January 2019. The Board has determined that, effective from the Company's new financial year, it will comply with the recommendations of the 2019 AIC Code. This in most material respects is the same as the FRC Code, save that there is greater flexibility regarding the tenure of office of the Chairman.

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.

Therefore, 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 the provisions relating to:

- the role of the chief executive;
- executive directors' remuneration;
- the need for an internal audit function as set out on page 55; and
- nomination of a senior independent director.

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.

Information on how the Company has applied the principles of the AIC Code and UK Code is set out below.

Board composition

The Board currently consists of five non-executive Directors. This is a higher number than usual and reflects a period of transition. Two of the Directors currently serving on the Board (Mr Ruck Keene and Mr Merton) have been in office for more than nine years. The Board recognises the value of progressive renewing of, and succession planning for, company boards, and consequently undertook a search and selection process in 2019 to identify a new Director. The preferred candidate, Mr Adrian Brown, was appointed to the Board with effect from 10 December 2019. Mr Brown will stand for election at the forthcoming Annual General Meeting and further details of his background and the biographies of all the Directors can be found on pages 25 and 26. Mr Ruck Keene has indicated his intention to retire from the Board and will not be seeking re-election at the AGM in 2020. 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.

With the exception of Mr Ruck Keene, who was previously an employee of the Manager (retiring in April 2017), all Directors are considered to be independent of the Company's Manager. The provision of the UK Code 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 UK Code recommends that the Board should appoint one of the independent non-executive directors to be the senior independent director. However, as the Board's structure is relatively simple, with no executive directors and just five non-executive

directors, the Board does not consider it necessary to nominate a senior independent director.

The Directors' biographies, on pages 25 and 26 demonstrate a breadth of investment knowledge, business and financial skills which enable them to provide effective strategic leadership and proper governance of the Company. Details of the Chairman's other significant time commitments can also be found on page 25.

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

Details of the Board's policy on tenure and independence are set out on page 42.

Directors' appointment, retirement and rotation

The rules concerning the appointment, retirement and rotation of Directors are discussed in the Directors' Report on pages 42 and 43.

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' 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, including the Portfolio Managers and the Company Secretary, 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 them 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. In order to enable them to discharge their responsibilities effectively the Board has full and timely access to relevant information.

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 appointment and removal of the Company Secretary is a matter for the whole Board.

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.

Performance evaluation

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 2019 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 Chairman also reviewed with each Director their individual performance, contribution and commitment. The appraisal of the Chairman followed the same format and was led by Mr Merton. The results of the evaluation process were presented to and considered by the Board. There were no significant actions arising from the evaluation process 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.

Corporate governance statement continued

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 contractually 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 the Manager are summarised on page 41.

The 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 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 above.

The assets of the Company have been entrusted to the Depositary for safekeeping. The Depositary is The Bank of New York Mellon (International) Limited. The address at which the business is conducted is given on page 106.

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 42.

Committees of the Board

The Board has appointed a number of committees as set out below and on page 24. 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/beri and at each Annual General Meeting.

Audit and Management Engagement Committee

The Audit and Management Engagement Committee consists of Michael Merton who acts as Chairman, Carol Bell and Adrian Brown. Mr Warner was a member of the Committee up to 1 January 2019 when he stepped down to comply with changes to the UK Corporate Governance Code effective from this date.

Further details are provided in the Report of the Audit and Management Engagement Committee on pages 57 to 60.

Nomination Committee

The Nomination Committee comprises all the Directors except Mr Ruck Keene and is chaired by the Chairman of the Board. The role of the Committee is to review Board structure, size and composition, the balance of knowledge, experience and skills range and to consider succession planning and tenure policy. Appointments of new Directors will be made on a formalised basis, with the Committee agreeing 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 services of an external search consultant may be used to identify potential candidates. On the recommendation of the Nomination Committee, the Board engaged a third-party recruitment firm, Cornforth Consulting Limited, to assist in the search for a new Director during the year.

The Committee meets at least once a year and more regularly if required.

Remuneration Committee

The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report on pages 47 to 51.

As stated in the Directors' Remuneration Report, the full Board determines the level of Directors' fees and accordingly there is no separate Remuneration Committee.

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 trusts. 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 failings. The Board is not aware of any significant failings or weaknesses arising in the year under review.

Control of the risks identified, covering financial, operational, compliance and risk management, is embedded in the operations of the Company. There is a monitoring and reporting process to review these controls, which has been in place throughout the year under review and up to the date of this report carried out by the Manager's corporate audit department. This accords with the Financial Reporting Council's 'Internal

Control: Revised Guidance for Directors on the UK Corporate Governance Code'.

The Company's risk register sets out the risks relevant to the Company and describes, where relevant, the internal controls that are in place at the AIFM, the Investment Manager and other third party service providers to mitigate these risks. The Audit and Management Engagement Committee (the Committee) formally reviews this register on a semi-annual basis and BFM as the Company's AIFM reports on any significant issues that have been identified in the period. In addition, BlackRock's internal audit department provides an annual presentation to the Audit and Management Engagement Committee Chairman on the results of testing performed in relation to BlackRock's internal control processes. The Depositary also reviews the control processes in place at the custodian, the fund accountant and the AIFM and reports formally to the Committee twice yearly. Both the AIFM and the Depositary will escalate issues and report to the Committee outside of these meetings on an ad hoc basis to the extent this is required. The Committee also receives annual and quarterly Service Organisation Control (SOC 1) reports respectively from BlackRock and The Bank of New York Mellon (International) Limited on the internal controls of their respective operations, together with the opinion of their reporting accountants.

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

The Investment Manager prepares revenue forecasts and management accounts which allow the Board to assess the Company's activities and review its performance. The Board and the Investment Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are submitted to the Board at each meeting.

Internal Audit Function

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 considers 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 Annual Report and Financial Statements is set out on page 61, the Report of the Independent Auditor on

pages 63 to 70 and the Statement of Going Concern on page 42.

Socially responsible investment

Generally, 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. The Investment Manager'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 is supportive of the UK Stewardship Code, which sets out the responsibilities of institutional shareholders in respect of investee companies, and is voluntary and operates on a 'comply or explain basis'. More information on the Manager's approach to the UK Stewardship Code and policies on Socially Responsible Investment is set out on page 42.

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.

Criminal Finances Act 2017

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

Communication with shareholders

All shareholders have the opportunity to attend and vote at the AGM. The Notice of Annual General Meeting sets out the business of the Meeting; any items not of a routine nature are explained in the Directors' Report on page 45. Separate resolutions are proposed for substantive issues.

Corporate governance statement continued

In addition, 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 102 to 104, 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/beri. 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.

Packaged retail and insurance-based investment products (PRIIPs) regulation ('the regulation')

With effect from 1 January 2018, the European Union's PRIIPs regulation came into force and requires that anyone manufacturing, advising on, or selling a PRIIP to a retail investor in the EEA must comply with the regulation. Shares issued by Investment Trusts fall into scope of the regulation.

Investors should be aware that the PRIIPs regulation requires the AIFM, as PRIIPs manufacturer, to prepare a key information document ('KID') in respect of the Company. This KID must be made available, free of charge, to EEA retail investors prior to them making any investment decision and have been published on BlackRock's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures

in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

The PRIIPs KID in respect of the Company can be found at: www.blackrock.co.uk/beri

Disclosure and transparency rules

Other information required to be disclosed pursuant to the Disclosure Guidance and Transparency Rules has been placed in the Directors' Report on pages 40 to 46 because it is information which refers to events that have taken place during the course of the year.

By order of the Board

ED WARNER

Chairman

5 February 2020



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 2019.

Composition

All of the Directors, except Mr Ruck Keene, were members of the Committee at the start of the year under review. The Chairman was previously a member to enable him to be fully informed of any issues which may arise; however he stepped down from the Committee with effect from 1 January 2019 following updates to the UK Corporate Governance Code which recommended that the Chairman of the Board should not also be a member of the audit committee. (The previous UK Code had allowed that in smaller companies (below FTSE 350), the company chairman might be a member of, but not chair, the Committee in addition to the independent non-executive directors (provided he or she was considered independent on appointment as chairman)). Both the Chairman and Mr Ruck Keene may attend the Committee meetings by invitation. Mr Adrian Brown became a member of the Committee from the date of his appointment on 10 December 2019, and the Committee is therefore currently composed of Mr Merton (who acts as Chair), Dr Bell and Mr Brown.

The Directors' biographies are given on pages 25 and 26 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 Board is also satisfied that the Audit and Management Engagement Committee as a whole has competence relevant to the sector in which the Company operates.

Role and responsibilities

During the year under review the Committee met three times. Two of the three planned meetings were held prior to the Board meetings to approve the half yearly and annual results in July and January respectively. The third meeting is held in December to start the report and accounts preparation process.

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/beri. The Committee's principal duties, as set out in the terms of reference, fall into eight main categories, as set out below. In accordance with these duties the principal activities of the Committee during the year included:

Internal Controls, Financial Reporting and Risk Management Systems

- reviewing the adequacy and effectiveness of the Company's internal financial controls and the internal

control and risk management systems;

- reasonably satisfying itself that such systems meet relevant legal and regulatory requirements;
- monitoring the integrity of the financial statements including the half yearly and annual report and financial statements;
- reviewing the consistency of, and any changes to, accounting policies;
- reviewing the half yearly and annual report and financial statements to ensure that the Company's results and financial position are represented accurately and fairly to shareholders;
- reviewing semi-annual reports from the Manager on its activities as AIFM; and
- reviewing half yearly reports from the Depositary on its activities.

Narrative reporting

- reviewing the content of the annual report and financial statements and advising the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

External Audit

- making recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting (AGM) in relation to the appointment, re-appointment and removal of the Company's external auditor;
- overseeing the relationship with the external auditor;
- meeting with the auditor and at least once without management being present;
- reviewing and approving the annual audit plan;
- reviewing the findings of the audit with the external auditor, including any major issues which arose during the audit, any accounting and audit judgements and the level of errors identified during the audit; and
- reviewing any representation letters requested by the external auditor before signature by the Board.

Management engagement

- reviewing the management contract to ensure that the terms remain competitive;
- satisfying itself that the continuing appointment of the Manager is in the interests of shareholders as a whole;
- to consider the appointment or re-appointment of the Manager and the level of management fees;
- considering the appointment of third party service providers; and
- ensuring that third party service providers comply with the terms of their agreements and that the provisions of such agreements remain competitive.

Report of the audit and management engagement committee continued

Reporting responsibilities

- reporting to the Board on its proceedings and how it has discharged its responsibilities making whatever recommendations it deems appropriate on any area within its remit; and
- compiling a report on its activities to be included in the annual report and financial statements.

Whistleblowing and fraud

- reviewing the adequacy and security of the Manager's arrangements for its employees and contractors to raise concerns, in confidence about possible wrongdoing in financial reporting or other matters insofar as they affect the Company.

Internal audit

- considering the need for an internal audit function, as set out in the Corporate Governance Statement on page 55.

The fees paid to the external auditor are set out in note 5 on page 80. An explanation on how auditor objectivity and independence are safeguarded is reported under 'Assessment of the effectiveness of the external audit process' overleaf.

Whistleblowing policy

The Committee has 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, insofar as they affect the Company.

Internal audit

The Company does not have its own internal audit function, as all the administration is delegated to the Manager. The Board considers that it is sufficient to rely on the internal audit department of BlackRock. The requirement for an internal audit function is kept under review.

Significant issues considered regarding the annual report and financial statements

During the year, 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 59 sets out the key areas of risk identified and also explains how these were addressed by the Committee.

As the provision of portfolio valuation, fund accounting and administration services is delegated to the Company's Investment Manager, which sub-delegates fund accounting to The Bank of New York Mellon (International) Limited, and the provision of depositary services is contracted to BNYM, the Committee has also reviewed the SOC 1 reports prepared by BlackRock, the Custodian and Fund Accountant. This enables the Committee to ensure that the control procedures in place over the areas of risk identified in the following table are adequate and appropriate and have been designated as operating effectively by their reporting auditor.

Auditor and audit tenure

The appointment of the Auditor is reviewed each year and the audit partner changes at least every five years.

Accordingly, following a formal tender process, Ernst & Young LLP (EY), who had acted as external Auditor since the Company's launch in 2005, was re-appointed in 2015 and Ms Susan Dawe became audit partner.

There are no contractual obligations that restrict the Company's choice of auditor. There were no fees paid to the Auditor in respect of non-audit services during the year (2018: £nil).

The Auditor has indicated its willingness to continue in office. Resolutions proposing its reappointment and authorising the Audit and Management Engagement Committee to determine its remuneration for the ensuing year will be proposed at the AGM.

| Significant issue | How the issue was addressed |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The accuracy of the valuation of the investment portfolio | The Committee reviews detailed portfolio valuations on a regular basis throughout the year and receives confirmation from the Manager that the pricing basis is appropriate, 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 Depositary is responsible for financial restitution for the loss of financial investments held in custody. The Depositary reports to the Committee twice a year. The Committee reviews reports from its service providers on key controls over the assets of the Company and will take action to address any significant issues that are identified in these reports, which may include direct discussions with representatives of the relevant service providers to obtain more detailed information surrounding any matters of concern and gaining assurance that appropriate remediation action has been taken. Any significant issues are reported by the Manager to the Committee. The 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 and option income and receives explanations from the Investment Manager for any variations or significant movements from previous forecasts and prior year figures. The Directors also review a detailed schedule of dividends received from portfolio holdings at each meeting which sets out current and historic dividend rates, and the amounts accrued. Any significant movements or unusual items are discussed with the Manager. The Committee also reviews SOC 1 Reports from its service providers, including the Company's fund accountant and custodian, The Bank of New York Mellon (International) Limited. These reports include information on the control processes in place to ensure the accurate recording of income, and any exceptions are highlighted to the Committee and will be investigated further to ensure that appropriate remediation action has been taken where relevant. |
| Assessment of the effectiveness of the external audit process | <ul style="list-style-type: none"> • planning, scope and execution of the audit; • consideration of the appropriateness of the level of audit materiality adopted; • the role of the Committee, the Manager and other third party service providers in an effective audit process; • communication, by the Auditor, with the Committee; • how the Auditor supports the work of the Committee; • a review of independence and objectivity of the audit firm; and • the quality of the formal audit report to shareholders. <p>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, including the audit partner and team.</p> |
| 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 formal framework to review the effectiveness of the external audit process and audit quality. This includes a review of the following areas: | |
| <ul style="list-style-type: none"> • 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; | |

Report of the audit and management engagement committee continued

The external auditor is invited to attend the Committee meetings at which the half yearly and annual report and financial statements are considered and at which they have the opportunity to meet with the Committee without representatives of the Manager or Investment Manager being present. The effectiveness of the Committee and the Manager in the external audit process is assessed principally in relation to the timely identification and resolution of any process errors or 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 Committee and Manager's approach to the value of the independent audit, the booking of any audit adjustments and the timely provision of draft public documents for review by the Auditor and the Committee.

To form a conclusion regarding 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 its objectivity and independence in the conduct of the audit resulting from the provision of such services. On an ongoing basis, EY reviews the independence of its relationship with the Group and reports to the Committee, providing details of any other relationships with the Manager. As part of this review, the Auditor will provide the Committee with information about policies and processes for maintaining independence and monitoring compliance with relevant requirements. This will include 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 auditor of its independence and objectivity.

As a result of their review, the Committee has concluded that the external audit has been conducted effectively and also that EY is independent of the Company.

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 these criteria are satisfied. In doing so 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 process 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 Manager and other third party service provider controls to ensure the completeness and accuracy of the Group's financial records and the security of the Group's assets; and
- the existence of satisfactory SOC 1 reports to verify the effectiveness of the internal controls of the Manager, Custodian and Fund Accountants.

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 in respect of the Annual Report and Financial Statements on page 61.

MICHAEL MERTON

Chairman

Audit and Management Engagement Committee

5 February 2020



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 as at the end of each financial year and of the profit or loss of the Group for that year.

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 Guidance 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 pages 25 and 26, 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 profit of the Group; and
- the annual report and financial statements include 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 2016 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 57 to 60. As a result, the Board has concluded that the annual report and financial statements for the year ended 30 November 2019, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

FOR AND ON BEHALF OF THE BOARD
ED WARNER

Chairman
5 February 2020



Financial statements

Independent auditor's report

Opinion

In our opinion:

- BlackRock Energy and Resources Income Trust plc's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 November 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions 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.

We have audited the financial statements of BlackRock Energy and Resources Income Trust plc which comprise:

| Group | Parent company |
|------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| Consolidated Statement of Financial Position as at 30 November 2019; | Statement of Financial Position as at 30 November 2019; |
| Consolidated Statement of Comprehensive Income for the year then ended; | Statement of Changes in Equity for the year then ended; |
| Consolidated Statement of Changes in Equity for the year then ended; | Cash Flow Statement for the year then ended; and |
| Consolidated Cash Flow Statement for the year then ended; and | Related notes 1 to 19 to the financial statements including a summary of significant accounting policies. |
| Related notes 1 to 19 to the financial statements, including a summary of significant accounting policies. | |

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further

described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the Annual Report set out on pages 35 to 38 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 36 in the Annual Report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on pages 42 and 76 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements
- whether the Directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on page 39 in the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent auditor's report continued

Overview of our audit approach

| | |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Key audit matters | <ul style="list-style-type: none">• Incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Consolidated Statement of Comprehensive Income.• Incorrect calculation and classification of option premium income.• Incorrect valuation and/or defective title to the investment portfolio and derivatives. |
| Audit scope | <ul style="list-style-type: none">• We performed an audit of the complete financial information of BlackRock Energy and Resources Income Trust plc's components. |
| Materiality | <ul style="list-style-type: none">• Overall Group materiality of £0.86m (2018: £0.88m) which represents 1% (2018: 1%) of net assets. |

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk

Incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Consolidated Statement of Comprehensive Income (as described on page 59 in the Report of the Audit and Management Engagement Committee and as per the accounting policy set out on page 77 and note 3 to the financial statements).

The total income from investments received for the year to 30 November 2019 is £4.34m (2018: £4.04m), consisting primarily of dividend income from listed investments.

During the year, the Group received seven special dividends. Five special dividends amounting to £0.23m in total were classified as revenue, two special dividends amounting to £0.66m were classified as capital.

The income receivable by the Group during the year directly affects the Group's revenue return. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or applying appropriate accounting treatment.

In addition to the above, the Directors are required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'. This manual and judgmental element in allocating special dividends between revenue and capital can lead to the risk of incorrect classification.

Our response to the risk

We performed the following procedures:

- We obtained an understanding of The Bank of New York Mellon (International) Limited (BNYM) and BlackRock Fund Managers Limited (the Manager) processes and controls around revenue recognition and classification of special dividends by reviewing their internal controls reports and performing our walkthrough procedures. For the classification of special dividends, we also evaluated the design and implementation of controls.
- We agreed a sample of dividends received as noted in the income report to the corresponding announcement made by the investee company. We recalculated the dividend income by multiplying the investment holdings at the XD date, traced from the accounting records, by the dividend per share as agreed to an external source. Where applicable, we also agreed the exchange rates to an external source.
- We traced a sample of dividends received to the bank statements.
- We agreed a sample of investee company dividend announcements from an independent data vendor to the income recorded by the Group to test completeness of the income recorded.
- For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the obligation arose prior to 30 November 2019.
- We agreed the dividend rate to corresponding announcements made by the investee company. We recalculated the dividend amount receivable and confirmed this was consistent with cash received as shown on post year end bank statements, if paid post year end.
- We obtained the special dividends report, income report and the acquisition and disposal report produced by BNYM to identify special dividends received or accrued during the year, above our testing threshold.
- We obtained Management's conclusions for the treatment of special dividends and independently reviewed the underlying circumstances and motives surrounding the payment of all special dividends to publicly available information. We then challenged the classification as revenue or capital.
- To address the risk of management override, we tested a sample of manual journal entries posted to the income account and corroborated their business purpose.

Key observations communicated to the Audit and Management Engagement Committee

What we reported to the Audit and Management Engagement Committee:

We had no issues to report to the Audit and Management Engagement Committee with respect to our procedures performed over the risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Consolidated Statement of Comprehensive Income.

Independent auditor's report continued

Risk

Incorrect calculation and classification of option premium income (as described on page 59 in the Report of the Audit and Management Engagement Committee and as per the accounting policy set out on page 77 and note 3 to the financial statements).

The option premium income for the year to 30 November 2019 is £1.29m (2018: £2.31m).

The income receivable by the Group during the year directly affects the Group's revenue return. There is a risk of incorrect calculation and classification of option premium income through failure to recognise proper income entitlements, applying appropriate accounting treatment or presentation in the financial statements.

In addition to the above, there is a risk that inappropriate journal entries applied could result in overstatement of the Group's revenue to increase the dividend paid to shareholders.

Options may be purchased or written over securities held in the portfolio for generating or protecting capital returns, or for generating or maintaining revenue returns. Based on the above, there is a risk that the option premium income is incorrectly allocated to revenue or capital. In the year ended 30 November 2019, all option premium income received was allocated to revenue.

Our response to the risk

We performed the following procedures:

- We obtained an understanding of BNYM's and the Manager's processes and controls around revenue recognition and calculation of option premium income by reviewing their internal controls reports and performing our walkthrough procedures. For the calculation of option premium income, we also evaluated the design and implementation of controls.
- For a sample of option premiums received, we agreed the key transaction details (i.e. contract size, number of contracts and contract price) to trade tickets, recalculated the option premium income and confirmed the income was correctly amortised over the life of the options. Where applicable, we also agreed the exchange rates to an external source.
- We traced a sample of option premiums received to the bank statements.
- We obtained the Manager's summary for writing the options and assessed that the option premiums have been correctly allocated to revenue in accordance with the underlying intention, and in accordance with the Group's accounting policy.
- To address the risk of management override, we tested a sample of manual journal entries posted to the income account and corroborated their business purpose.

Key observations communicated to the Audit and Management Engagement Committee

What we reported to the Audit and Management Engagement Committee:

We had no issues to report to the Audit and Management Engagement Committee with respect to our procedures performed over the risk of incorrect calculation and classification of option premium income.

Risk

Incorrect valuation and/or defective title to the investment portfolio and derivatives (as described on page 59 in the Report of the Audit and Management Engagement Committee and as per the accounting policy set out on pages 77 and 78 and note 10 to the financial statements).

The valuation of the listed investment portfolio is £98.55m (2018: £94.82m). The written option contracts amount to a net liability of £0.03m (2018: net liability of £0.68m).

The valuation of the instruments held in the investment portfolio is the key driver of the Group's net asset value and investment return. Incorrect asset pricing or a failure to maintain proper legal title of the instruments held by the Group could have a significant impact on the portfolio valuation and, therefore, the return generated for shareholders.

The fair value of listed investments is determined by reference to stock exchange quoted bid prices at the reporting date. The value of option contracts is marked-to-market to reflect the fair value of the option based on traded prices.

Our response to the risk

We performed the following procedures:

- We obtained an understanding of BNYM's processes surrounding investment and derivative pricing and the portfolio's liquidity by reviewing their internal control reports and performing our walkthrough procedures.
- For all listed investments and derivatives in the portfolio, we compared the market prices and exchange rates applied to a relevant independent pricing vendor and recalculated the fair value as at the year-end.
- We reviewed the stale pricing report produced by BNYM to investigate any stale priced investments held as at the year end. We also obtained the Manager's assessment of the liquidity of the listed investment portfolio and performed an independent evaluation of the equity portfolio's liquidity through analysing the trading volume of the investments obtained from an external data vendor, where available.
- We agreed the number of shares held for each security to confirmations of legal title received independently from the Group's Depositary and Custodian, The Bank of New York Mellon (International) Limited, as at 30 November 2019. We agreed all open over-the-counter derivative positions as at the year-end date to the confirmation received independently from the Group's broker.

Key observations communicated to the Audit and Management Engagement Committee

What we reported to the Audit and Management Engagement Committee:

We had no issues to report to the Audit and Management Engagement Committee with respect to our procedures performed over the risk of incorrect valuation and defective title to the investment portfolio and derivatives.

There have been no changes to the key audit matters raised in the above risk table from the prior year. However, we have split the prior year key audit matter "Incomplete or inaccurate income recognition" to clarify the procedures performed over the different revenue streams.

Independent auditor's report continued

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of group-wide controls, changes in the business environment when assessing the level of work to be performed at each entity.

We performed an audit of the complete financial information of both the Parent Company and its subsidiary, BlackRock Energy and Resources Securities Income Company Limited ("full scope components").

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group and Parent Company to be £0.86m (2018: £0.88m), which is 1% (2018: 1%) of net assets. We believe net assets to be the most important financial metric on which shareholders would judge the performance of the Group and Parent Company.

During the course of our audit, we reassessed initial materiality and found no reason to alter the basis of calculation used at year end.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgment was that performance materiality was 75% (2018: 75%) of our planning materiality, namely £0.64m (2018: £0.66m). We have set performance materiality at this percentage due to our past experience of the audit

that indicates a lower risk of misstatements, both corrected and uncorrected.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, performance materiality allocated to BlackRock Energy and Resources Securities Income Company Limited was £0.05m (2018: £0.09m).

Given the importance of the distinction between revenue and capital for the Group we have also applied a separate testing threshold of £0.25m (2018: £0.29m) for the revenue column of the Consolidated Statement of Comprehensive Income, being 5% of the net profit on ordinary activities before taxation.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Management Engagement Committee that we would report to them all uncorrected audit differences in excess of £0.04m (2018: £0.04m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

Other information

The other information comprises the information included in the Annual Report set out on pages 1 to 61 and 101 to 120, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on pages 60 and 61** - the statement given by the Directors that they consider the Annual Report and financial statements 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, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit and Management Engagement Committee reporting set out on pages 57 to 60** - the section describing the work of the Audit and Management Engagement Committee does not appropriately address matters communicated by us to the Audit and Management Engagement Committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on pages 52 to 56** - the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions 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.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Annual Report and Financial Statements set out on page 61, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the

Independent auditor's report continued

prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are IFRSs, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, the AIC Code and section 1158 of the Corporation Tax Act 2010.
- We understood how BlackRock Energy and Resources Income Trust plc is complying with those frameworks through discussions with the Audit and Management Engagement Committee and the Company Secretary and a review of the Group's documented policies and procedures.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified fraud risks with respect to incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital items in the Consolidated Statement of Comprehensive Income and with respect to incorrect calculation and classification of option premium income. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Group.
- We have reviewed that the Group's control environment is adequate for the size and operating model of such a listed investment company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address

- We were appointed by the Group to audit the financial statements for the period ending 30 November 2006 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is 14 years, covering periods from our appointment through to the period ending 30 November 2019.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit and Management Engagement Committee.

Use of our report

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.

Susan Dawe

Susan Dawe (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
5 February 2020

1. The maintenance and integrity of the BlackRock Energy and Resources Income Trust plc web site is the responsibility of BlackRock; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated statement of comprehensive income

for the year ended 30 November 2019

| | Notes | Revenue 2019 £'000 | Revenue 2018 £'000 | Capital 2019 £'000 | Capital 2018 £'000 | Total 2019 £'000 | Total 2018 £'000 |
|-----------------------------------------------------------------------------------|----------|--------------------------|--------------------------|--------------------------|--------------------------|------------------------|------------------------|
| Income from investments held at fair value through profit or loss | 3 | 4,336 | 4,038 | 658 | - | 4,994 | 4,038 |
| Other income | 3 | 1,308 | 2,323 | - | - | 1,308 | 2,323 |
| Total income | | 5,644 | 6,361 | 658 | - | 6,302 | 6,361 |
| Net loss on investments and options held at fair value through profit or loss | 10 | - | - | (585) | (717) | (585) | (717) |
| Net profit on foreign exchange | | - | - | 25 | 30 | 25 | 30 |
| Total | | 5,644 | 6,361 | 98 | (687) | 5,742 | 5,674 |
| Expenses | | | | | | | |
| Investment management fee | 4 | (237) | (250) | (711) | (750) | (948) | (1,000) |
| Other operating expenses | 5 | (404) | (343) | (5) | (3) | (409) | (346) |
| Total operating expenses | | (641) | (593) | (716) | (753) | (1,357) | (1,346) |
| Net profit/(loss) on ordinary activities before finance costs and taxation | | 5,003 | 5,768 | (618) | (1,440) | 4,385 | 4,328 |
| Finance costs | 6 | (49) | (37) | (148) | (109) | (197) | (146) |
| Net profit/(loss) on ordinary activities before taxation | | 4,954 | 5,731 | (766) | (1,549) | 4,188 | 4,182 |
| Taxation | 7 | (376) | (586) | 42 | 63 | (334) | (523) |
| Net profit/(loss) on ordinary activities after taxation | | 4,578 | 5,145 | (724) | (1,486) | 3,854 | 3,659 |
| Earnings/(loss) per ordinary share (pence) | 9 | 3.97 | 4.37 | (0.63) | (1.26) | 3.34 | 3.11 |

The total column of this statement represents the Group's 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 the Group.

The Group does not have any other comprehensive income/(loss). The net profit/(loss) for the year disclosed above represents the Group's total comprehensive income/(loss).

The notes on pages 76 to 100 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 30 November 2019

| Group | Notes | Called up share capital £'000 | Share premium account £'000 | Special reserve £'000 | Capital reserve £'000 | Revenue reserve £'000 | Total £'000 |
|--------------------------------------------------------|-------|----------------------------------------|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|----------------|
| For the year ended 30 November 2019 | | | | | | | |
| At 30 November 2018 | | 1,190 | 46,977 | 68,873 | (32,880) | 3,949 | 88,109 |
| Total comprehensive income/(loss): | | | | | | | |
| Net (loss)/profit for the year | | - | - | - | (724) | 4,578 | 3,854 |
| Transactions with owners, recorded directly to equity: | | | | | | | |
| Ordinary shares purchased into treasury | 14,15 | - | - | (1,390) | - | - | (1,390) |
| Share purchase costs | 15 | - | - | (10) | - | - | (10) |
| Dividends paid ¹ | 8 | - | - | (232) | - | (4,386) | (4,618) |
| At 30 November 2019 | | 1,190 | 46,977 | 67,241 | (33,604) | 4,141 | 85,945 |
| For the year ended 30 November 2018 | | | | | | | |
| At 30 November 2017 | | 1,188 | 46,827 | 71,223 | (31,394) | 3,513 | 91,357 |
| Total comprehensive income/(loss): | | | | | | | |
| Net (loss)/profit for the year | | - | - | - | (1,486) | 5,145 | 3,659 |
| Transactions with owners, recorded directly to equity: | | | | | | | |
| Share issues | | 2 | 150 | - | - | - | 152 |
| Ordinary shares purchased into treasury | | - | - | (2,373) | - | - | (2,373) |
| Ordinary shares reissued from treasury | | - | - | 40 | - | - | 40 |
| Share purchase costs | | - | - | (17) | - | - | (17) |
| Dividends paid ² | 8 | - | - | - | - | (4,709) | (4,709) |
| At 30 November 2018 | | 1,190 | 46,977 | 68,873 | (32,880) | 3,949 | 88,109 |

¹ 4th interim dividend of 1.00p per share for the year ended 30 November 2018, declared on 11 December 2018 and paid on 18 January 2019; 1st interim dividend of 1.00p per share for the year ended 30 November 2019, declared on 12 March 2019 and paid on 18 April 2019, 2nd interim dividend of 1.00p per share for the year ending 30 November 2019, declared on 11 June 2019 and paid on 19 July 2019 and 3rd interim dividend of 1.00p per share for the year ended 30 November 2019, declared on 17 September 2019 and paid on 22 October 2019.

² 4th interim dividend of 1.00p per share for the year ended 30 November 2017, declared on 11 December 2017 and paid on 19 January 2018; 1st interim dividend of 1.00p per share for the year ended 30 November 2018, declared on 13 March 2018 and paid on 20 April 2018, 2nd interim dividend of 1.00p per share for the year ending 30 November 2018, declared on 13 June 2018 and paid on 20 July 2018 and 3rd interim dividend of 1.00p per share for the year ended 30 November 2018, declared on 18 September 2018 and paid on 23 October 2018.

The notes on pages 76 to 100 form part of these financial statements.

Parent company statement of changes in equity

for the year ended 30 November 2019

| Company | Notes | Called up share capital | Share premium account | Special reserve | Capital reserve | Revenue reserve | Total |
|--------------------------------------------------------|-------|-------------------------------|-----------------------------|--------------------|--------------------|--------------------|---------------|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| For the year ended 30 November 2019 | | | | | | | |
| At 30 November 2018 | | 1,190 | 46,977 | 68,873 | (31,444) | 2,513 | 88,109 |
| Total comprehensive income: | | | | | | | |
| Net profit for the year | | - | - | - | 456 | 3,398 | 3,854 |
| Transactions with owners, recorded directly to equity: | | | | | | | |
| Ordinary shares purchased into treasury | 14,15 | - | - | (1,390) | - | - | (1,390) |
| Share purchase costs | 15 | - | - | (10) | - | - | (10) |
| Dividends paid ¹ | 8 | - | - | (232) | - | (4,386) | (4,618) |
| At 30 November 2019 | | 1,190 | 46,977 | 67,241 | (30,988) | 1,525 | 85,945 |
| For the year ended 30 November 2018 | | | | | | | |
| At 30 November 2017 | | 1,188 | 46,827 | 71,223 | (30,099) | 2,218 | 91,357 |
| Total comprehensive income/(loss): | | | | | | | |
| Net (loss)/profit for the year | | - | - | - | (1,345) | 5,004 | 3,659 |
| Transactions with owners, recorded directly to equity: | | | | | | | |
| Share issues | | 2 | 150 | - | - | - | 152 |
| Ordinary shares purchased into treasury | | - | - | (2,373) | - | - | (2,373) |
| Ordinary shares reissued from treasury | | - | - | 40 | - | - | 40 |
| Share purchase costs | | - | - | (17) | - | - | (17) |
| Dividends paid ² | 8 | - | - | - | - | (4,709) | (4,709) |
| At 30 November 2018 | | 1,190 | 46,977 | 68,873 | (31,444) | 2,513 | 88,109 |

¹ 4th interim dividend of 1.00p per share for the year ended 30 November 2018, declared on 11 December 2018 and paid on 18 January 2019; 1st interim dividend of 1.00p per share for the year ended 30 November 2019, declared on 12 March 2019 and paid on 18 April 2019, 2nd interim dividend of 1.00p per share for the year ending 30 November 2019, declared on 11 June 2019 and paid on 19 July 2019 and 3rd interim dividend of 1.00p per share for the year ended 30 November 2019, declared on 17 September 2019 and paid on 22 October 2019.

² 4th interim dividend of 1.00p per share for the year ended 30 November 2017, declared on 11 December 2017 and paid on 19 January 2018; 1st interim dividend of 1.00p per share for the year ended 30 November 2018, declared on 13 March 2018 and paid on 20 April 2018, 2nd interim dividend of 1.00p per share for the year ending 30 November 2018, declared on 13 June 2018 and paid on 20 July 2018 and 3rd interim dividend of 1.00p per share for the year ended 30 November 2018, declared on 18 September 2018 and paid on 23 October 2018.

The notes on pages 76 to 100 form part of these financial statements.

Consolidated and parent company statements of financial position

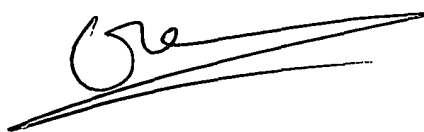
as at 30 November 2019

| | | 30 November 2019 | | 30 November 2018 | |
|----------------------------------------------------------------------------|-------|------------------|------------------|------------------|--------------------------------|
| | Notes | Group £'000 | Company £'000 | Group £'000 | Company (restated) £'000 |
| Non current assets | | | | | |
| Investments held at fair value through profit or loss | 10 | 98,554 | 101,990 | 94,815 | 97,071 |
| Current assets | | | | | |
| Other receivables | 12 | 519 | 3,008 | 474 | 2,856 |
| Cash collateral held with brokers | | 218 | - | 2,013 | - |
| Cash and cash equivalents | | - | - | 29 | - |
| | | 737 | 3,008 | 2,516 | 2,856 |
| Total assets | | 99,291 | 104,998 | 97,331 | 99,927 |
| Current liabilities | | | | | |
| Other payables | 13 | (727) | (654) | (822) | (631) |
| Derivative financial liabilities held at fair value through profit or loss | 10 | (30) | (30) | (682) | (682) |
| Bank overdraft | | (12,589) | (18,369) | (7,718) | (10,505) |
| | | (13,346) | (19,053) | (9,222) | (11,818) |
| Net assets | | 85,945 | 85,945 | 88,109 | 88,109 |
| Equity attributable to equity holders | | | | | |
| Called up share capital | 14 | 1,190 | 1,190 | 1,190 | 1,190 |
| Share premium account | 15 | 46,977 | 46,977 | 46,977 | 46,977 |
| Special reserve | 15 | 67,241 | 67,241 | 68,873 | 68,873 |
| Capital reserves | | | | | |
| At 1 December | | (32,880) | (31,444) | (31,394) | (30,099) |
| Net (loss)/profit for the year | | (724) | 456 | (1,486) | (1,345) |
| At 30 November | 15 | (33,604) | (30,988) | (32,880) | (31,444) |
| Revenue reserve | | | | | |
| At 1 December | | 3,949 | 2,513 | 3,513 | 2,218 |
| Net profit for the year | | 4,578 | 3,398 | 5,145 | 5,004 |
| Dividends paid | | (4,386) | (4,386) | (4,709) | (4,709) |
| At 30 November | 15 | 4,141 | 1,525 | 3,949 | 2,513 |
| Total equity | | 85,945 | 85,945 | 88,109 | 88,109 |
| Net asset value per ordinary share (pence) | 9 | 75.28 | 75.28 | 75.87 | 75.87 |

The financial statements on pages 71 to 100 were approved and authorised for issue by the Board of Directors on 5 February 2020 and signed on its behalf by Ed Warner, Chairman.

BlackRock Energy and Resources Income Trust plc
Registered in England, No. 5612963

The notes on pages 76 to 100 form part of these financial statements.



Consolidated and parent company cash flow statements

for the year ended 30 November 2019

| | 30 November 2019 | | 30 November 2018 | |
|----------------------------------------------------------------------------------------------------------------------|------------------|-----------------|------------------|-----------------------|
| | Group | Company | Group | Company (restated) |
| | £'000 | £'000 | £'000 | £'000 |
| Operating activities | | | | |
| Net profit on ordinary activities before taxation | 4,188 | 4,061 | 4,182 | 3,823 |
| Add back finance costs | 197 | 197 | 146 | 145 |
| Net loss/(profit) on investments and options held at fair value through profit or loss (including transaction costs) | 585 | (595) | 717 | 576 |
| Net profit on foreign exchange | (25) | (24) | (30) | (31) |
| Sales of investments held at fair value through profit or loss | 34,855 | 34,855 | 34,333 | 34,333 |
| Purchases of investments held at fair value through profit or loss | (39,831) | (39,831) | (34,678) | (34,678) |
| Increase in other receivables | (43) | (150) | (83) | (544) |
| Increase in other payables | 23 | 23 | 74 | 74 |
| Decrease in amounts due from brokers | - | - | 1,568 | 1,568 |
| Net movement in cash collateral held with brokers | 1,795 | - | (1,064) | - |
| Net cash inflow/(outflow) from operating activities before taxation | 1,744 | (1,464) | 5,165 | 5,266 |
| Taxation paid | (245) | - | (397) | - |
| Taxation on investment income included within gross income | (209) | (209) | (66) | (66) |
| Net cash inflow/(outflow) from operating activities | 1,290 | (1,673) | 4,702 | 5,200 |
| Financing activities | | | | |
| Interest paid | (197) | (197) | (146) | (145) |
| Proceeds from share issues | - | - | 192 | 192 |
| Payments for share purchases | (1,390) | (1,390) | (2,373) | (2,373) |
| Share purchase costs paid | (10) | (10) | (17) | (17) |
| Dividends paid | (4,618) | (4,618) | (4,709) | (4,709) |
| Net cash outflow from financing activities | (6,215) | (6,215) | (7,053) | (7,052) |
| Decrease in cash and cash equivalents | (4,925) | (7,888) | (2,351) | (1,852) |
| Effect of foreign exchange rate changes | 25 | 24 | 30 | 31 |
| Change in cash and cash equivalents | (4,900) | (7,864) | (2,321) | (1,821) |
| Cash and cash equivalents at start of year | (7,689) | (10,505) | (5,368) | (8,684) |
| Cash and cash equivalents at end of year | (12,589) | (18,369) | (7,689) | (10,505) |
| Comprised of: | | | | |
| Cash at bank | - | - | 29 | - |
| Bank overdraft | (12,589) | (18,369) | (7,718) | (10,505) |
| | (12,589) | (18,369) | (7,689) | (10,505) |

The notes on pages 76 to 100 form part of these financial statements.

Notes to the financial statements

for the year ended 30 November 2019

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

Insofar as the Statement of Recommended Practice (SORP) for investment trust companies and venture capital trusts issued by the Association of Investment Companies (AIC), revised in November 2014 and updated in February 2018, is compatible with IFRS, the financial statements have been prepared in accordance with guidance set out in the SORP.

Substantially, all of the assets of the Group consist of securities that are readily realisable and, accordingly, the Directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future. Consequently, the Directors have determined that it is appropriate for the financial statements to be prepared on a going concern basis.

The Group's financial statements are presented in sterling, which is the functional currency of the Group and 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 indicated.

IFRS standards that are yet to be adopted:

A number of new standards, amendments to standards and interpretations are effective for the annual periods beginning on or after 1 January 2019 and have not been applied in preparing these financial statements (major changes and new standards issued are detailed below) as these are not expected to have any effect on the measurement of the amounts recognised in the financial statements of the Group.

IFRS 16 - Leases (effective 1 January 2019) specifies accounting for leases and removes the distinction between operating and finance leases. This standard is not applicable to the Group as it has no leases.

Adoption of new and amended standards and interpretations:

IFRS 9 Financial Instruments

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on 1 December 2018, however, the Group has chosen to take advantage of the option not to restate comparatives. Therefore, the 2018 comparative figures are presented and measured under IAS 39. All financial assets previously held at fair value continue to be measured at fair value and accordingly there has been no impact as a result of the adoption of IFRS 9. All financial assets that were classified as loans and receivables and measured at amortised cost continue to be so and there was no material impact of expected credit losses on financial assets measured at amortised cost.

IFRS 15 Revenue from contracts with customers

The Group adopted IFRS 15 as of the date of initial application of 1 December 2018. IFRS 15 replaces IAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from IAS 18 to IFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting IFRS 15 for the Group.

IFRIC 23 - Uncertainty over Income Tax Treatments

This standard is mandatory with effect from 1 January 2019 but the Group early adopted it on 1 December 2018. IFRIC 23 provides guidance on how to account for uncertainty related to income taxes. There is no impact on the measurement of taxes, therefore the Group was able to implement the interpretation retrospectively. The interpretation provides additional clarity regarding the presentation and disclosures of uncertain tax assets and liabilities.

(b) Basis of consolidation

The Group's financial statements are made up to 30 November each year and consolidate the financial statements of the Company and its wholly owned subsidiary, which is registered and operates in England and Wales, BlackRock Energy and Resources Securities Income Company Limited (together 'the Group').

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. The subsidiary is not considered to be an investment entity.

(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 year end are treated as revenue for the year. Provision is made for any dividends not expected to be received. Special dividends, if any, are treated as a capital or a revenue receipt depending on the facts or circumstances of each dividend. The return on a fixed income security is recognised on a time apportionment basis so as to reflect the effective yield on the fixed income security. Interest income and deposit interest is accounted for on an accruals basis.

Options may be purchased or written over securities held in the portfolio for generating or protecting capital returns, or for generating or maintaining revenue returns. Where the purpose of the option is the generation of income, the premium is treated as a revenue item. Where the purpose of the option is the maintenance of capital, the premium is treated as a capital item.

Option premium income is recognised as revenue evenly over the life of the option contract and included in the revenue column of the Consolidated Statement of Comprehensive Income unless the option has been written for the maintenance and enhancement of the Group's investment portfolio and represents an incidental part of a larger capital transaction, in which case any premia arising are allocated to the capital column of the Consolidated Statement of Comprehensive Income.

Where the Group has elected to receive its dividends in the form of additional shares rather than in cash, the cash equivalent of the dividend is recognised as revenue. Any excess in the value of the shares received over the amount of the cash dividend is recognised in 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 or sale of an investment are charged to the capital column of the Consolidated Statement of Comprehensive Income. Details of transaction costs on the purchases and sales of investments are disclosed within note 10 to the financial statements on page 85;
- expenses are treated as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated;
- the investment management fee and finance costs 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.

Finance costs incurred by the Subsidiary are charged 100% to revenue.

(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 year. Taxable profit differs from net profit as reported in the Consolidated 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 expenses is allocated between capital and revenue returns on the marginal basis using the Company's effective rate of corporation tax for the accounting period.

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 tax in the future or right to pay less tax in the future have occurred at the financial reporting date. This is subject to deferred tax 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 tax 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

In accordance with IFRS 9, the Group classifies its investments at initial recognition as held at fair value through profit or loss and are managed and evaluated on a fair value basis in accordance with its investment strategy and business model.

Notes to the financial statements continued

2. Accounting policies continued

All investments are measured initially and subsequently 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.

The fair value of the Financial investments is based on their quoted bid price at the financial reporting date, without deduction for the estimated selling costs. 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 'Net profits 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.

For all financial instruments not traded in an active market, the fair value is determined by using various valuation techniques. Valuation techniques include market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (e.g., discounted cash flow analysis and option pricing models making use of available and supportable market data as possible).

(i) Options

Options 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 exercised, the gain or loss is accounted for as a capital gain or loss. Any cost on closing out an option is transferred to revenue along with any remaining unamortised premium.

(j) 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.

(k) Dividends payable

Under IFRS, final dividends should not be accrued in the financial statements unless they have been approved by shareholders before the financial reporting date. Interim dividends should not be accrued in the financial statements unless they have been paid.

Dividends payable to equity shareholders are recognised in the Consolidated Statement of Changes in Equity.

(l) 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 and non monetary assets held at fair value 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. For investment transactions and investments held at the year end, denominated in a foreign currency, the resulting gains or losses are included in the profit/(loss) on investments held at fair value through profit or loss in the Consolidated Statement of Comprehensive Income.

(m) 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.

(n) 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.

(o) Share repurchases

Shares repurchased and subsequently cancelled - share capital is reduced by the nominal value of the shares repurchased, and the capital redemption reserve is correspondingly increased in accordance with section 733 of the Companies Act 2006. The full cost of the repurchase is charged to the special reserve.

Shares repurchased and held in treasury - the full cost of the repurchase is charged to the special reserve.

Where treasury shares are subsequently reissued -

- amounts received to the extent of the repurchase price are credited to the special reserve; and
- any surplus received in excess of the repurchase price is taken to the share premium account.

(p) Restatement of 2018 comparatives

Amounts receivable by the parent company from the subsidiary of £2,489,000 (2018: £2,382,000) have been presented separately in the Parent Company's Statement of Financial Position with comparatives restated. This receivable was previously netted against the bank overdraft. This change in presentation has no impact on the net assets, the Group's Statement of Financial Position or the Group's Statement of Comprehensive Income. Other receivables of 2018 have been restated from £474,000 to £2,856,000 and the bank overdraft has

been restated from £(8,123,000) to £(10,505,000) on the Parent Company's Statement of Financial Position. The Parent Company's Cash Flow statement for 2018 has been adjusted accordingly with increase in other receivables restated from £(83,000) to £(544,000) and the bank overdraft restated from £(8,123,000) to £(10,505,000).

(q) Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and

assumptions will, by definition, seldom equal the related actual results. Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors do not believe that any accounting judgements or estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

3. Income

| | 2019 | 2018 |
|----------------------------|--------------|--------------|
| | £'000 | £'000 |
| Investment income: | | |
| UK dividends | 1,485 | 1,599 |
| UK special dividends | 57 | - |
| Overseas dividends | 1,707 | 1,478 |
| Overseas special dividends | 178 | 49 |
| Fixed Income | 909 | 912 |
| | 4,336 | 4,038 |
| Other income: | | |
| Deposit interest | 14 | 16 |
| Option premium income | 1,294 | 2,307 |
| | 1,308 | 2,323 |
| Total income | 5,644 | 6,361 |

During the year, the Group received option premium income totalling £1,156,000 (2018: £2,370,000) for writing covered call and put options for the purposes of revenue generation. Option premiums of £1,294,000 (2018: £2,307,000) were amortised to revenue. At 30 November 2019, there were 2 (2018: 10) open positions with an associated liability of £30,000 (2018: £682,000).

Dividends and interest received in cash during the year amounted to £3,167,000 and £836,000 (2018: £3,134,000 and £740,000).

Special dividends amounting to £658,000 have been recognised in capital during the year (2018: £nil).

4. Investment management fee

| | 2019 | | | 2018 | | |
|---------------------------|---------|---------|-------|---------|---------|-------|
| | Revenue | Capital | Total | Revenue | Capital | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Investment management fee | 237 | 711 | 948 | 250 | 750 | 1,000 |
| | 237 | 711 | 948 | 250 | 750 | 1,000 |

The investment management fee is levied at 0.95% of gross assets per annum on the first £250 million of the Company's gross assets reducing to 0.90% thereafter. Gross assets are calculated based on net assets before the deduction of the bank overdraft. The fee is allocated 25% to the revenue column and 75% to the capital column of the Consolidated Statement of Comprehensive Income.

Notes to the financial statements continued

5. Other operating expenses

| | 2019 | 2018 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|
| | £'000 | £'000 |
| Allocated to revenue: | | |
| Custody fee | 4 | 4 |
| Auditors' remuneration ¹ - audit services | 27 | 26 |
| Registrar's fee | 30 | 30 |
| Directors' emoluments | 124 | 120 |
| Broker fees | 23 | 20 |
| Depository fees | 9 | 11 |
| Marketing fees | 29 | 21 |
| Printing and postage fees | 31 | 26 |
| Legal and professional fees | 21 | 29 |
| Directors search fees | 26 | - |
| Bank charges | 15 | 11 |
| Stock exchange listings fees | 7 | 7 |
| Other administrative costs | 58 | 38 |
| | 404 | 343 |
| Allocated to capital: | | |
| Custody transaction charges | 5 | 3 |
| | 409 | 346 |
| The Company's ongoing charges ² , calculated as a percentage of average net assets and using recurring expenses, excluding any finance costs, direct transaction costs, custody transaction charges and taxation were: | 1.48% | 1.39% |

¹ No non-audit services are provided by the Company's auditors.

² Alternative performance measure, please see Glossary on page 112.

For the year ended 30 November 2019, expenses of £5,000 (2018: £3,000) were charged to the capital column of the Statement of Comprehensive Income. These relate to transaction costs charged by the custodian on sale and purchase trades.

Details of the Directors' emoluments are given in the Directors' Remuneration Report on page 48.

6. Finance costs

| | 2019 | | | 2018 | | |
|-----------------------------------|---------|---------|-------|---------|---------|-------|
| | Revenue | Capital | Total | Revenue | Capital | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Interest payable - bank overdraft | 49 | 148 | 197 | 37 | 109 | 146 |
| | 49 | 148 | 197 | 37 | 109 | 146 |

Finance costs for the Company are charged 25% to the revenue column and 75% to the capital column of the Consolidated Statement of Comprehensive Income. Subsidiary finance costs are charged 100% to the revenue column of the Consolidated Statement of Comprehensive Income.

7. Taxation

(a) Analysis of charge for the year

| | 2019 | | | 2018 | | |
|-----------------------------------|---------|---------|-------|---------|---------|-------|
| | Revenue | Capital | Total | Revenue | Capital | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Corporation taxation | 169 | (42) | 127 | 448 | (89) | 359 |
| Double taxation relief | - | - | - | (26) | 26 | - |
| Overseas taxation | 207 | - | 207 | 164 | - | 164 |
| Total taxation charge (note 7(b)) | 376 | (42) | 334 | 586 | (63) | 523 |

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 financial statements 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 £121,000 (2018: £79,000) 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.

Management expenses of £639,000 accounted for through the capital column of the income statement have been surrendered to the subsidiary for the year ended 30 November 2019 (2018: £416,000). In accordance with the Company's accounting policy the transfer has been made for group tax relief between the Company and its subsidiary.

Notes to the financial statements continued

7. Taxation continued

(b) Factors affecting total tax charge for the year

The taxation assessed for the year is lower (2018: lower) than the standard rate of corporation taxation in the UK of 19.00% (2018: 19.00%). The differences are explained below:

| | 2019 | | | 2018 | | |
|------------------------------------------------------------------------------------------------------------------|------------|-------------|------------|------------|-------------|------------|
| | Revenue | Capital | Total | Revenue | Capital | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Net profit/(loss) on ordinary activities before taxation | 4,954 | (766) | 4,188 | 5,731 | (1,549) | 4,182 |
| Net profit/(loss) on ordinary activities multiplied by standard rate of corporation tax at 19.00% (2018: 19.00%) | 941 | (145) | 796 | 1,089 | (294) | 795 |
| Effects of: | | | | | | |
| Non taxable UK dividend income | (293) | - | (293) | (304) | - | (304) |
| Non taxable overseas dividend income | (358) | - | (358) | (258) | - | (258) |
| Overseas tax suffered | 207 | - | 207 | 164 | - | 164 |
| Relief for overseas tax | - | - | - | (26) | 22 | (4) |
| Net (profit)/loss on investments and options held at fair value through profit or loss | - | (14) | (14) | - | 136 | 136 |
| Net profit on foreign exchange | - | (5) | (5) | - | (6) | (6) |
| Taxation effect of allowable expenses in capital | (121) | 121 | - | (79) | 79 | - |
| Disallowed expenses | - | 1 | 1 | - | - | - |
| | (565) | 103 | (462) | (503) | 231 | (272) |
| Total taxation charge (note 7(a)) | 376 | (42) | 334 | 586 | (63) | 523 |

The Company is exempt from corporation tax on capital gains provided it maintains its status as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010. Due to the Company's intention to meet the conditions required to maintain its investment trust status, it has not provided for deferred tax on any capital gains or losses.

8. Dividends

| | | | 2019 | 2018 |
|-------------------------------------------------------------------------------------------|-------------------|-----------------|-------|-------|
| Dividends paid on equity shares: | Record date | Payment date | £'000 | £'000 |
| 4th interim dividend of 1.00p per share for the year ended 30 November 2018 (2017: 1.00p) | 21 December 2018 | 18 January 2019 | 1,161 | 1,188 |
| 1st interim dividend of 1.00p per share for the year ended 30 November 2019 (2018: 1.00p) | 22 March 2019 | 18 April 2019 | 1,161 | 1,190 |
| 2nd interim dividend of 1.00p per share for the year ended 30 November 2019 (2018: 1.00p) | 21 June 2019 | 19 July 2019 | 1,151 | 1,169 |
| 3rd interim dividend of 1.00p per share for the year ended 30 November 2019 (2018: 1.00p) | 27 September 2019 | 22 October 2019 | 1,145 | 1,162 |
| Accounted for in the financial statements | | | 4,618 | 4,709 |

The total dividends payable in respect of the year ended 30 November 2019 which form the basis of section 1158 of the Corporation Tax act 2010 and section 833 of the Companies Act 2006, and the amounts proposed, meet the relevant requirements as set out in this legislation.

| | 2019 | | | 2018 | | |
|--------------------------------------------------------------------------------------------|---------|-----------------|-------|---------|-----------------|-------|
| | Revenue | Special Reserve | Total | Revenue | Special Reserve | Total |
| Dividends paid or declared on equity shares: | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 1st interim dividend of 1.00p per share for the year ended 30 November 2019 (2018: 1.00p) | 929 | 232 | 1,161 | 1,190 | - | 1,190 |
| 2nd interim dividend of 1.00p per share for the year ended 30 November 2019 (2018: 1.00p) | 1,151 | - | 1,151 | 1,169 | - | 1,169 |
| 3rd interim dividend of 1.00p per share for the year ended 30 November 2019 (2018: 1.00p) | 1,145 | - | 1,145 | 1,162 | - | 1,162 |
| 4th interim dividend of 1.00p per share for the year ended 30 November 2019 (2018: 1.00p)* | 1,139 | - | 1,139 | 1,161 | - | 1,161 |
| | 4,364 | 232 | 4,596 | 4,682 | - | 4,682 |

* Based on 113,870,349 ordinary shares in issue on 19 December 2019.

Notes to the financial statements continued

9. Earnings and net asset value per ordinary share

Total revenue, capital return and net asset value per share are shown below and have been calculated using the following:

| | 2019 | 2018 |
|---------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| Net revenue profit attributable to ordinary shareholders (£'000) | 4,578 | 5,145 |
| Net capital loss attributable to ordinary shareholders (£'000) | (724) | (1,486) |
| Total profit attributable to ordinary shareholders (£'000) | 3,854 | 3,659 |
| Total shareholders' funds (£'000) | 85,945 | 88,109 |
| The weighted average number of ordinary shares in issue during the year, on which the earnings per ordinary share was calculated was: | 115,379,743 | 117,618,034 |
| The actual number of ordinary shares in issue at the year end, on which the net asset value per ordinary share was calculated was: | 114,170,349 | 116,126,515 |
| Earnings per share: | | |
| Revenue earnings per share (pence) | 3.97 | 4.37 |
| Capital loss per share (pence) | (0.63) | (1.26) |
| Total earnings per share (pence) | 3.34 | 3.11 |
| | As at 30 November 2019 | As at 30 November 2018 |
| Net asset value per ordinary share (pence) | 75.28 | 75.87 |
| Ordinary share price (pence) | 66.00 | 70.60 |

There were no dilutive securities at the year end.

10. Investments held at fair value through profit or loss

| | Group 2019 | Company 2019 | Group 2018 | Company 2018 |
|---------------------------------------------------------------------------------|---------------|-----------------|---------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 |
| UK listed equity investments held at fair value through profit or loss | 26,301 | 26,301 | 31,423 | 31,423 |
| Overseas listed equity investments held at fair value through profit or loss | 62,922 | 62,922 | 52,736 | 52,736 |
| Fixed income investments held at fair value through profit or loss | 9,331 | 9,331 | 10,656 | 10,656 |
| Investment in subsidiary held at fair value through profit or loss ¹ | - | 3,436 | - | 2,256 |
| Total value of financial asset investments | 98,554 | 101,990 | 94,815 | 97,071 |
| Derivative financial instruments - written option contracts | (30) | (30) | (682) | (682) |
| Total value of financial asset investments and derivatives at 30 November | 98,524 | 101,960 | 94,133 | 96,389 |
| Valuation brought forward at 1 December | 94,133 | 96,389 | 94,505 | 96,620 |
| Investment and derivative holding profit at 1 December | (2,857) | (5,113) | (3,598) | (5,713) |
| Opening cost of equity investments | 91,276 | 91,276 | 90,907 | 90,907 |
| Acquisitions at cost | 39,831 | 39,831 | 34,678 | 34,678 |
| Disposal proceeds | (34,855) | (34,855) | (34,333) | (34,333) |
| Realised profit on sales | 359 | 359 | 24 | 24 |
| Cost carried forward at 30 November | 96,611 | 96,611 | 91,276 | 91,276 |
| Investment and derivative holding profit at 30 November | 1,913 | 5,349 | 2,857 | 5,113 |
| Closing valuation of equity and fixed income investments and derivatives | 98,524 | 101,960 | 94,133 | 96,389 |

¹ Relates to wholly owned subsidiary, BlackRock Energy and Resources Securities Income Company Limited.

During the year, transaction costs of £67,000 (2018: £81,000) were incurred on the addition of investments. Costs relating to the disposal of investments during the year amounted to £9,000 (2018: £18,000). All transaction costs have been included within the capital reserves.

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

| | Group 2019 | Company 2019 | Group 2018 | Company 2018 |
|-------------------------------------------------------------|---------------|-----------------|---------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Realised profit on sales | 359 | 359 | 24 | 24 |
| Changes in investment and derivative holdings (profit)/loss | (944) | 236 | (741) | (600) |
| | (585) | 595 | (717) | (576) |

Notes to the financial statements continued

11. Investment in subsidiary

At 30 November 2019, 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 Energy and Resources Securities Income Company Limited (formerly known as 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 Energy and Resources Securities Income Company Limited, is investment dealing and options writing. The registered office address for the subsidiary company is 12 Throgmorton Avenue, London EC2N 2DL.

| | Description of ordinary shares | Authorised and issued share capital | |
|------------------------------------------------------------------|--------------------------------|-------------------------------------|------|
| | | 2019 | 2018 |
| BlackRock Energy and Resources Securities Income Company Limited | Ordinary shares of £1 | £1 | £1 |

12. Other receivables

| | Group 2019 | Company 2019 | Group 2018 | Company 2018 (restated) |
|--------------------------------------------|---------------|-----------------|---------------|-------------------------------|
| Withholding tax recoverable | 10 | 10 | 8 | 8 |
| Prepayments and accrued income | 509 | 509 | 466 | 466 |
| Amounts receivable from subsidiary company | - | 2,489 | - | 2,382 |
| | 519 | 3,008 | 474 | 2,856 |

13. Other payables

| | Group 2019 £'000 | Company 2019 £'000 | Group 2018 £'000 | Company 2018 £'000 |
|--------------------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Accruals for expenses and interest payable | 654 | 654 | 631 | 631 |
| Taxation payable | 73 | - | 191 | - |
| | 727 | 654 | 822 | 631 |

14. Called up share capital

| | Ordinary shares number | Treasury shares number | Total shares number | Nominal value £'000 |
|-------------------------------------------------------------|---------------------------|---------------------------|------------------------|------------------------|
| Allotted, called up and fully paid share capital comprised: | | | | |
| Ordinary shares of 1 pence each | | | | |
| Shares in issue at 30 November 2018 | 116,126,515 | 2,839,485 | 118,966,000 | 1,190 |
| Shares purchased into Treasury | (1,956,166) | 1,956,166 | - | - |
| At 30 November 2019 | 114,170,349 | 4,795,651 | 118,966,000 | 1,190 |

During the year 1,956,166 (2018: 2,891,485) shares were bought back and transferred to treasury for a total consideration of £1,390,000 (2018: £2,373,000). There were no shares issued during the year (2018: 52,000 reissued from treasury and a further 198,000 new shares were issued for a total consideration £192,000 before the deduction of issue costs). Since the year end a further 300,000 ordinary shares have been bought back and held in treasury for a total consideration of £198,350.

15. Reserves

| | Distributable reserves | | | | |
|-------------------------------------------------------|------------------------|-----------------|---------------------------------------------|------------------------------------------------------------|-----------------|
| | Share premium account | Special reserve | Capital reserve arising on investments sold | Capital reserve arising on revaluation of investments held | Revenue reserve |
| Group | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 30 November 2018 | 46,977 | 68,873 | (35,737) | 2,857 | 3,949 |
| Movement during the year: | | | | | |
| Total comprehensive income: | | | | | |
| Net capital profit/(loss) for the year | - | - | 220 | (944) | - |
| Net revenue profit for the year | - | - | - | - | 4,578 |
| Transactions with owners recorded directly to equity: | | | | | |
| Ordinary shares purchased into treasury | - | (1,390) | - | - | - |
| Share purchase costs | - | (10) | - | - | - |
| Dividends paid | - | (232) | - | - | (4,386) |
| At 30 November 2019 | 46,977 | 67,241 | (35,517) | 1,913 | 4,141 |

| | Distributable reserves | | | | |
|-------------------------------------------------------|------------------------|-----------------|---------------------------------------------|------------------------------------------------------------|-----------------|
| | Share premium account | Special reserve | Capital reserve arising on investments sold | Capital reserve arising on revaluation of investments held | Revenue reserve |
| Company | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 30 November 2018 | 46,977 | 68,873 | (36,555) | 5,111 | 2,513 |
| Movement during the year: | | | | | |
| Total comprehensive income: | | | | | |
| Net capital profit for the year | - | - | 220 | 236 | - |
| Net revenue profit for the year | - | - | - | - | 3,398 |
| Transactions with owners recorded directly to equity: | | | | | |
| Ordinary shares purchased into treasury | - | (1,390) | - | - | - |
| Share purchase costs | - | (10) | - | - | - |
| Dividends paid | - | (232) | - | - | (4,386) |
| At 30 November 2019 | 46,977 | 67,241 | (36,335) | 5,347 | 1,525 |

The share premium account is not a distributable reserve under the Companies Act 2006. The special reserve and capital reserve may be used as distributable profits for all purposes and, in particular, for the repurchase by the Company of its ordinary shares and for payment as dividends. In accordance with the Company's articles and its status as an investment company under the provisions of section 1158 of the Corporation Tax Act 2010, net capital returns may be distributed by way of dividend.

Notes to the financial statements continued

16. 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/beri for a more detailed discussion of the risks inherent in investing in the Group.

Risk management framework

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 pages 52 to 56 and in the Statement of Directors' Responsibilities on page 61, 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 the relevant agreements and taking appropriate action to the extent issues are identified.

The Directors of the 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/beri.

The AIFM is responsible for monitoring 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 tracks the actual risk management practices being deployed across the Group. By breaking down the components of the process, RQA has the ability to determine if the appropriate risk management processes are in place. This captures the risk management tools employed, how the levels of risk are controlled, ensuring risk/return is considered in portfolio construction and reviewing outcomes.

The AIFM reports to the Audit and Management Engagement Committee twice yearly on key risk metrics and risk management processes; in addition, the Depositary monitors the performance of the AIFM and reports to the Audit and Management Engagement Committee. Any significant issues are reported to the Board as they arise.

Risk Exposures

The risk exposures of the Group and Company 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 one day and a historical observation period of not less than one year (250 days). A VaR number is defined at a specified probability and a specified time horizon. A 99% one day VaR means that the expectation is that 99% of the time over a one day period the Company 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 Company 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-day VaR for the Group and Company as of 30 November 2019 and 30 November 2018 (based on a 99% confidence level) was 2.66% and 3.59%, respectively.

(i) Market risk arising from other price risk

Exposure to other price risk

Other price risk is the risk that the fair value of 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. Other price risk sensitivity has been covered by the VaR analysis under the market risk section above.

Use of derivatives

The Group may utilise both exchange traded and over-the-counter derivatives, including, but not limited to, options, as part of its investment policy. Options written by the Group provide the purchaser with the opportunity to purchase from the Company or sell to the Company the underlying asset at an agreed-upon value either on or before the expiration of the option. OTC options are generally settled in cash on a net basis.

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.

The Group's exposure to other changes in market prices at 30 November 2019 on its equity and fixed income investments was £98,554,000 (2018: £94,815,000). In addition, the Company's gross market exposure to these price changes through its option portfolio was £1,764,000 (2018: £11,295,000).

(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 and Company's monetary items which have foreign currency exposure at 30 November 2019 and 30 November 2018 are shown below. Where 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.

| | US Dollar | Canadian Dollar | Euro | Other |
|-----------------------------------------------------------------------|--------------|--------------------|-------|-------|
| 2019 | £'000 | £'000 | £'000 | £'000 |
| Receivables (due from brokers, dividends and other income receivable) | 391 | 10 | 5 | - |
| Derivative financial liabilities at fair value through profit or loss | (2) | - | - | - |
| Total foreign currency exposure on net monetary items | 389 | 10 | 5 | - |
| Investments at fair value through profit or loss | 47,263 | 14,421 | 6,549 | 4,021 |
| Total net foreign currency exposure | 47,652 | 14,431 | 6,554 | 4,021 |

Notes to the financial statements continued

16. Risk management policies and procedures continued

| | US Dollar | Canadian Dollar | Australian Dollar | Other |
|-----------------------------------------------------------------------|--------------|--------------------|----------------------|-------|
| 2018 | £'000 | £'000 | £'000 | £'000 |
| Receivables (due from brokers, dividends and other income receivable) | 253 | 30 | - | 1 |
| Cash and cash equivalents | 29 | - | - | - |
| Derivative financial liabilities at fair value through profit or loss | (298) | - | - | (97) |
| Total foreign currency exposure on net monetary items | (16) | 30 | - | (96) |
| Investments at fair value through profit or loss | 46,481 | 9,855 | 5,057 | 2,000 |
| Total net foreign currency exposure | 46,465 | 9,885 | 5,057 | 1,904 |

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 of 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 fixed income investments, cash holdings and its borrowing facility for investment purposes. Interest rate movements may affect the level of income receivable from any cash at bank and on deposits. The effect of interest rate changes on the earnings of the companies held within the portfolio may have a significant impact on the valuation of the Group's investments. Interest rate sensitivity risk has been covered by the VaR analysis under the market risk section.

Interest rate exposure

The exposure for the Group and Company at 30 November 2019 and 30 November 2018 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; and
- fixed interest rates - when the financial instrument is due for repayment.

| | 2019 | | | 2018 | | |
|--------------------------------------|-----------------|--------------------|----------|-----------------|--------------------|---------|
| | Within one year | More than one year | Total | Within one year | More than one year | Total |
| Group | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Exposure to floating interest rates: | | | | | | |
| Cash and cash equivalents | - | - | - | 29 | - | 29 |
| Bank overdraft | (12,589) | - | (12,589) | (7,718) | - | (7,718) |
| Exposure to fixed interest rates: | | | | | | |
| Fixed income investments | - | 9,331 | 9,331 | - | 10,656 | 10,656 |
| Total exposure to interest rates | (12,589) | 9,331 | (3,258) | (7,689) | 10,656 | 2,967 |

| | 2019 | | | 2018 (restated) | | |
|--------------------------------------|-----------------|--------------------|----------|--------------------|--------------------|----------|
| | Within one year | More than one year | Total | Within one year | More than one year | Total |
| Company | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Exposure to floating interest rates: | | | | | | |
| Bank overdraft | (18,369) | - | (18,369) | (10,505) | - | (10,505) |
| Exposure to fixed interest rates: | | | | | | |
| Fixed income investments | - | 9,331 | 9,331 | - | 10,656 | 10,656 |
| Total exposure to interest rates | (18,369) | 9,331 | (9,038) | (10,505) | 10,656 | 151 |

Interest rates received on cash balances or paid on bank overdrafts in sterling, respectively, were approximately 0.40% and 1.69% per annum (2018: 0.00% and 1.64% 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.

There were no past due assets as of 30 November 2019 (2018: nil).

The major counterparties engaged with the Company are all widely recognised and regulated entities.

Depository

The Group's Depository is Bank of New York (International) Limited (the Depository) (S&P long term credit rating as at 30 November 2019: AA- (2018: A)). All of the equity and fixed income assets 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 2019 is the total value of equity and fixed income investments held with the Depository and cash and cash equivalents in the Consolidated and Parent Company Statements of Financial Position.

Notes to the financial statements continued

16. Risk management policies and procedures continued

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

The Group's listed investments are held on its behalf by The Bank of New York (International) Limited as the Group's custodian (as sub-delegated by the Depositary). The Board monitors the Group's risk by reviewing the custodian's internal control reports.

Counterparties/brokers

The Group only invests directly in markets that operate on a delivery versus payment basis, and consequently most investment transactions in listed securities involve simultaneous delivery of securities against cash payment using an approved broker. The risk of default is considered minimal, and the trade will fail if either party fails to meet its obligation.

For a few markets that the Group invests in from time to time, although they operate on a "delivery versus payment" basis, there may be a very short time gap between stock delivery and payment, giving potential rise to counterparty credit risk with the 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 brokers used for those markets. 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).

| | Total number of counterparties | Maximum exposure to any one counterparty ¹ | Collateral held ¹ | Total exposure to all other counterparties ¹ | Lowest credit rating of any one counterparty ² |
|------|--------------------------------|-------------------------------------------------------|------------------------------|---------------------------------------------------------|-----------------------------------------------------------|
| | | £'000 | £'000 | £'000 | |
| 2019 | 2 | 218 | - | - | A+ |
| 2018 | 2 | 2,013 | - | 29 | A |

¹ Calculated on a net basis.

² S&P ratings.

Cash is subject to counterparty credit risk as the Group's access to its cash could be delayed should the counterparties become insolvent or bankrupt.

The Group may also be exposed to counterparty risk should there be any rehypothecation of pledged collateral. Collateral is 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 2019 and 30 November 2018, the Group wrote covered call and put option contracts to generate revenue income for the Group. As the call and put options are covered by dedicated cash or stock resources and no call or put option contracts were written to manage price risk, there is no impact on the Group's exposure to gearing or leverage as a result of writing covered call and put options. The notional amount of call/put options written that were open at 30 November 2019 was £1,764,000 (2018: £11,295,000).

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 Group's Board also reviews the exposures regularly.

The option positions are diversified across sectors and geographies comprising 2 positions as at 30 November 2019 (2018: 10).

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 elsewhere in this note.

Collateral

The Group engages in activities which may require collateral to be provided to a counterparty (Pledged Collateral).

Cash collateral pledged by the Group is separately identified as an asset in the Consolidated Statement of Financial Position and is not included as a component of cash and cash equivalents.

The fair value of cash collateral pledged is reflected in the table below:

| | Pledged collateral | |
|-------------------------------------------------|------------------------------|------------------------------|
| | As at 30 November 2019 | As at 30 November 2018 |
| | £'000 | £'000 |
| Cash collateral – Bank of America Merrill Lynch | 218 | 2,013 |

Receivables

Amounts due from debtors are disclosed in the Consolidated and Parent Company Statements of Financial Position as receivables. The counterparties included in receivables are the same counterparties discussed previously under counterparty credit risk and subject to the same scrutiny by the BlackRock RQA Counterparty & Concentration Risk team (RQA CCR). 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 2019 and 2018 was as follows:

| | 2019 | 2018 |
|---------------------------------------------------------------------------------|--------|--------|
| Group | £'000 | £'000 |
| Fixed income investments | 9,331 | 10,656 |
| Cash collateral held with brokers | 218 | 2,013 |
| Cash and cash equivalents | - | 29 |
| Other receivables (amounts due from brokers, dividends and interest receivable) | 519 | 474 |
| | 10,068 | 13,172 |

| | 2019 | 2018 (restated) |
|------------------------------------------------------------------------------------------------------------------------|--------|--------------------|
| Company | £'000 | £'000 |
| Fixed income investments | 9,331 | 10,656 |
| Other receivables (amounts due from brokers, dividends and interest receivable and receivable from subsidiary company) | 3,008 | 2,856 |
| | 12,339 | 13,512 |

Notes to the financial statements continued

16. Risk management policies and procedures continued

Management of counterparty credit risk

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

The counterparty/credit risk is managed as follows:

- transactions are only entered into with those counterparties approved by RQA CCR, with a formal review carried out for each new counterparty and with counterparties selected by RQA CCR 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;
- The RQA CCR reviews the credit standard of the Group's brokers on a periodic basis, and set limits on the amount that may be due from any one broker.

The Board monitors the Group's counterparty risk by reviewing:

- the semi-annual report from the Depositary, which includes the results of periodic site visits to the Company's custodian where controls are reviewed and tested;
- the custodian's Service Organisation Control (SOC 1) reports which include a report by the custodian's auditor. This report sets out any exceptions or issues noted as a result of the auditor's review of the custodian's processes;
- the summary of the Manager's internal control reports which include a report by the Manager's auditor. This report sets out any exceptions or issues noted as a result of the auditor's review of the Manager's control processes; and
- in addition, the Depositary and the Manager report any significant breaches or issues arising to the Board as soon as these are identified.

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 derivative 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 Consolidated and Parent Company 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 2019 and 2018, the Group's and Company's derivative assets and liabilities (by type) are as follows:

| | At 30 November 2019 | | At 30 November 2018 | |
|-----------------------------------------------------------------------------------------------------------------|---------------------|-------------|---------------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| Derivatives | £'000 | £'000 | £'000 | £'000 |
| Written option contracts | - | (30) | - | (682) |
| Total derivative assets and liabilities in the Consolidated and Parent Company Statements of Financial Position | - | (30) | - | (682) |
| Total assets and liabilities subject to a master netting agreement | - | (30) | - | (682) |

The following table presents the Group's and Company'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 2019 and 30 November 2018:

| Counterparty | Derivative liabilities subject to a master netting agreement by a counterparty £'000 | Derivatives available for offset £'000 | Net amount as per statement of financial position £'000 | Non-cash collateral given £'000 | Cash collateral given £'000 | Net amount of derivative liabilities £'000 |
|-------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------------------------|------------------------------------|--------------------------------|-----------------------------------------------|
| At 30 November 2019 | | | | | | |
| Bank of America Merrill Lynch | (30) | - | (30) | - | 30 | - |
| At 30 November 2018 | | | | | | |
| Bank of America Merrill Lynch | (682) | - | (682) | - | 682 | - |

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities. The Group is also exposed to the liquidity risk for margin calls on derivative instruments. At the year end, the Group had an overdraft facility of the lower of £17.5 million or 20% of the Group's net assets. (2018: £17.5 million or 20% of the Group's net assets).

Liquidity risk exposure

The remaining undiscounted gross cash outflows of the financial liabilities as at 30 November 2019 and 30 November 2018, based on the earliest date on which payment can be required, were as follows:

| Group | 3 months or less | Not more than one year | Total |
|----------------------------------------------------------------------------|------------------|------------------------|--------|
| 2019 | £'000 | £'000 | £'000 |
| Amounts due to brokers, accruals and provisions | 654 | 73 | 727 |
| Derivative financial liabilities held at fair value through profit or loss | 30 | - | 30 |
| Bank overdraft | 12,589 | - | 12,589 |
| | 13,273 | 73 | 13,346 |

| Company | 3 months or less | Not more than one year | Total |
|----------------------------------------------------------------------------|------------------|------------------------|--------|
| 2019 | £'000 | £'000 | £'000 |
| Amounts due to brokers, accruals and provisions | 654 | - | 654 |
| Derivative financial liabilities held at fair value through profit or loss | 30 | - | 30 |
| Bank overdraft | 18,369 | - | 18,369 |
| | 19,053 | - | 19,053 |

Notes to the financial statements continued

16. Risk management policies and procedures continued

| Group | 3 months or less | Not more than one year | Total |
|----------------------------------------------------------------------------|---------------------|------------------------------|-------|
| 2018 | £'000 | £'000 | £'000 |
| Amounts due to brokers, accruals and provisions | 631 | 191 | 822 |
| Derivative financial liabilities held at fair value through profit or loss | 682 | - | 682 |
| Bank overdraft | 7,718 | - | 7,718 |
| | 9,031 | 191 | 9,222 |

| Company | 3 months or less | Not more than one year | Total |
|----------------------------------------------------------------------------|---------------------|------------------------------|--------|
| 2018 (restated) | £'000 | £'000 | £'000 |
| Amounts due to brokers, accruals and provisions | 631 | - | 631 |
| Derivative financial liabilities held at fair value through profit or loss | 682 | - | 682 |
| Bank overdraft | 10,505 | - | 10,505 |
| | 11,818 | - | 11,818 |

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, the 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.

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 Consolidated and Parent Company Statements of Financial Position at their fair value (investments 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 2(h) to the Financial Statements on page 77.

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.

The fair value hierarchy has the following levels:

Level 1 - Quoted market price for identical instruments in active markets

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. The Group does not adjust the quoted price for these instruments.

Level 2 - Valuation techniques using observable inputs

This category includes instruments valued using 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. 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 market data and these inputs could have a significant impact on the instrument's valuation.

This category also includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market. The Investment 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.

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.

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' inputs requires significant judgement by the Investment Manager.

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 investment in the subsidiary is classified within Level 3 since the subsidiary is not a listed entity. The fair value of the investment in the subsidiary is calculated based on the net asset value of the underlying balances within the subsidiary. Therefore, no sensitivity analysis has been presented.

Fair values of financial assets and financial liabilities

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

| Financial assets/(liabilities) at fair value through profit or loss at 30 November 2019 - Group | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------------------------------------------------------------------------|---------|---------|---------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Assets: | | | | |
| Equity investments | 89,223 | - | - | 89,223 |
| Fixed income investments | 9,331 | - | - | 9,331 |
| Liabilities: | | | | |
| Derivative financial instruments - written options | - | (30) | - | (30) |
| | 98,554 | (30) | - | 98,524 |

Notes to the financial statements continued

16. Risk management policies and procedures continued

| Financial assets/(liabilities) at fair value through profit or loss at 30 November 2019 – Company | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------------------------------------------------------------------------|---------|---------|---------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Assets: | | | | |
| Equity investments | 89,223 | - | 3,436 | 92,659 |
| Fixed income investments | 9,331 | - | - | 9,331 |
| Liabilities: | | | | |
| Derivative financial instruments – written options | - | (30) | - | (30) |
| | 98,554 | (30) | 3,436 | 101,960 |

| Financial assets/(liabilities) at fair value through profit or loss at 30 November 2018 – Group | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------------------------------------------------------------------------|---------|---------|---------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Assets: | | | | |
| Equity investments | 84,159 | - | - | 84,159 |
| Fixed income investments | 10,656 | - | - | 10,656 |
| Liabilities: | | | | |
| Derivative financial instruments – written options | - | (682) | - | (682) |
| | 94,815 | (682) | - | 94,133 |

| Financial assets/(liabilities) at fair value through profit or loss at 30 November 2018 – Company | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------------------------------------------------------------------------|---------|---------|---------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Assets: | | | | |
| Equity investments | 84,159 | - | 2,256 | 86,415 |
| Fixed income investments | 10,656 | - | - | 10,656 |
| Liabilities: | | | | |
| Derivative financial instruments – written options | - | (682) | - | (682) |
| | 94,815 | (682) | 2,256 | 96,389 |

A reconciliation of fair value measurement in Level 3 is set out below:

| Level 3 Financial assets fair value through profit or loss at 30 November – Company | 2019 | 2018 |
|-----------------------------------------------------------------------------------------------------------------------|-------|-------|
| | £'000 | £'000 |
| Opening fair value | 2,256 | 2,115 |
| Total gains or losses included in profit/(loss) on investments in the Consolidated Statement of Comprehensive Income: | | |
| – assets held at the end of the year | 1,180 | 141 |
| Closing balance | 3,436 | 2,256 |

(e) 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 2019 was £98,534,000 (2018: £95,827,000), comprising a bank overdraft of £12,589,000 (2018: £7,718,000) and equity shares, capital and reserves of £85,945,000 (2018: £88,109,000).

Under the terms of the overdraft facility agreement, the Group's total indebtedness shall at no time exceed £17.5m or 20% of the Group's net asset value (whichever is the lowest) (2018: £17.5m or 20% of the Group's net asset value (whichever is the lowest)).

The cash and bank overdraft accounts of the Company and subsidiary are managed under a compensated group arrangement and are therefore presented on a net basis in the Group financial statements.

The Board with the assistance of the Investment Manager monitors and reviews the broad structure of the Group's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account the Investment Manager's view on the market; and
- the need to buy back equity shares, either for cancellation or to be held in treasury, which takes account of the difference between the NAV per share and the share price (i.e. the level of share price discount or premium).

The Group is subject to externally imposed capital requirements:

- as a public company, the Company has a minimum share capital of £50,000; and
- in order to be able to pay dividends out of profits available for distribution, the Company has to be able to meet one of the two capital restrictions tests imposed on investment companies by law.

During the year, the Company complied with the externally imposed capital requirements to which it was subject.

(f) Investments held through Stock Connect

The Company may invest no more than 10% of its net asset value in investments held through Stock Connect. Any China A Shares invested in via Stock Connect will be held by the Depositary/sub-custodian in accounts in the Hong Kong Central Clearing and Settlement System ("CCASS") maintained by the Hong Kong Securities Clearing Company Limited ("HKSCC") as central securities depositary in Hong Kong. HKSCC in turn will hold any such China A Shares, as the nominee holder, through an omnibus securities account in its name registered with ChinaClear for the Company.

17. Related party disclosure: Directors' emoluments

At the date of this report, the Board consists of five non-executive Directors, all of whom, with the exception of Mr Ruck Keene (who was previously an employee of the Manager) are considered to be independent of the Manager by the Board. Mr Ruck Keene retired from his position at BlackRock on 7 April 2017 and will continue to be deemed to be non-independent of the Manager for a period of five years following his retirement under current guidance set out in the UK Corporate Governance Code.

None of the Directors has a service contract with the Company. For the year ended 30 November 2019, the Chairman received an annual fee of £38,000, the Chairman of the Audit and Management Engagement Committee received an annual fee of £32,000 and the other Directors received an annual fee of £27,000.

The related party transactions with Directors are set out in the Directors' Remuneration Report on pages 47 to 57.

At 30 November 2019, £10,000 (2018: £10,000) was outstanding in respect of Directors' fees.

Notes to the financial statements continued

18. Transactions with the investment manager and AIFM

BlackRock Fund Managers Limited (BFM) provides management and administrative services to the Group under a contract which is terminable on six months' notice. BFM has (with the Group's consent) delegated certain portfolio and risk services, and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed in the Directors' Report on pages 40 and 46.

The investment management fee due for the year ended 30 November 2019 amounted to £948,000 (2018: £1,000,000). At the year end, £389,000 was outstanding in respect of the management fee (2018: £412,000).

In addition to the above services, BlackRock has provided the Group with marketing services. The total fees paid or payable for these services for the year ended 30 November 2019 amounted to £29,000 excluding VAT (2018: £21,000). Marketing fees of £19,000 excluding VAT (2018: £22,000) were outstanding as at the year end.

19. Contingent liabilities

There were no contingent liabilities at 30 November 2019 (2018: 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 0370 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.

Dividend confirmations will be sent to shareholders at their registered address, unless other instructions have been given, to arrive on the payment date.

Dividend Tax Allowance

From April 2019 there is annual £2,000 tax-free allowance on dividend income across an individual's entire share portfolio. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will continue to provide registered shareholders with a confirmation of the dividends paid and this should be included with any other dividend income received when calculating and reporting total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability. If you have any tax queries, please contact a Financial Advisor.

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 0370 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/beri.

ISIN/SEDOL numbers

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

| | |
|----------------|--------------|
| ISIN | GB00B0N8MF98 |
| SEDOL | BON8MF9 |
| Reuters Code | BERI:L |
| Bloomberg Code | BERI: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. To purchase this investment through Computershare, investors can do so by applying for a Trading account at www.computershare.com/dealing/uk, you must have read the Key Information Document before the trade can be executed. Computershare can email or post this to you.

For existing shareholders, not looking to purchase shares, the Company's registrar, Computershare, has an internet and telephone share dealing service. The telephone share dealing service is available on 0370 703 0084. To access the internet share dealing service, you will need to access www.computershare.com/dealing/uk. You will require 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 the transaction (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 £50). 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

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/beri 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/beri.

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.

New individual savings accounts (NISAs)

ISAs are a tax-efficient method of investment and the Company's shares are eligible investments for inclusion in an ISA. In the 2019/2020 tax year, investors will be able to invest up to £20,000 in New Individual Savings Accounts (NISAs) either as cash or shares.

Shareholder information continued

Shareholder enquiries

The Company's registrar is Computershare Investor Services PLC. Certain details relating to your holding can be checked through the Computershare Investor Centre website. As a security check, specific information will need to be input accurately to gain access to your account including your shareholder reference number, available from your share certificate, dividend confirmation or other electronic communications received from Computershare. The address of the Computershare website is investorcentre.co.uk. Alternatively, please contact the registrar on 0370 707 1476.

Changes of name or address must be notified in writing either through Computershare's website, or to the registrar 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 Energy and Resources Income Trust plc,
12 Throgmorton Avenue, London EC2N 2DL

Telephone: 0207 743 3000

Email: Cosec@blackrock.com

Analysis of ordinary shareholders

| | Number of shares | % of total 2019 | % of total 2018 | Number of holders | % of total 2019 | % of total 2018 |
|-----------------------------|------------------|-----------------|-----------------|-------------------|-----------------|-----------------|
| Direct private investors | 1,840,051 | 1.6 | 1.5 | 199 | 24.2 | 23.4 |
| Banks and nominee companies | 106,045,586 | 92.9 | 93.9 | 608 | 73.8 | 74.7 |
| Others | 1,489,061 | 1.3 | 2.2 | 16 | 1.9 | 1.8 |
| Shares held in treasury | 4,795,651 | 4.2 | 2.4 | 1 | 0.1 | 0.1 |
| | 114,170,349 | 100.0 | 100.0 | 824 | 100.0 | 100.0 |

By size of holding

| Range | Number of shares | % of total 2019 | % of total 2018 | Number of holders | % of total 2019 | % of total 2018 |
|---------------------|------------------|-----------------|-----------------|-------------------|-----------------|-----------------|
| 1-10,000 | 2,142,770 | 1.9 | 2.2 | 470 | 57.1 | 59.3 |
| 10,001-100,000 | 6,406,799 | 5.6 | 6.6 | 235 | 28.5 | 28.4 |
| 100,001-1,000,000 | 35,015,070 | 30.7 | 25.7 | 95 | 11.5 | 9.4 |
| 1,000,001-5,000,000 | 58,943,154 | 51.6 | 42.2 | 23 | 2.8 | 2.5 |
| 5,000,001-9,999,999 | 11,662,556 | 10.2 | 23.3 | 1 | 0.1 | 0.4 |
| | 114,170,349 | 100.0 | 100.0 | 824 | 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 | Ongoing charges ratio** |
|-------------------------------|-----------------------------------------------------------|-----------------------------------------|----------------------------------------|----------------------------------------|----------------------------------|-------------------------|
| 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 |
| Year ended 30 November 2015 | 69,430 | 60.08 | 59.75 | 6.32 | 6.00 | 1.4 |
| Year ended 30 November 2016 | 98,933 | 83.57 | 82.75 | 4.43 | 5.00 | 1.4 |
| Year ended 30 November 2017 | 91,357 | 76.92 | 75.00 | 4.84 | 4.00 | 1.4 |
| Year ended 30 November 2018 | 88,109 | 75.87 | 70.60 | 4.37 | 4.00 | 1.4 |
| Year ended 30 November 2019 | 85,945 | 75.28 | 66.00 | 3.97 | 4.00 | 1.5 |

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

** Revised for years prior to 30 November 2014 to conform to AIC best practice guidance. The Ongoing Charges Ratio is an Alternative Performance Measure. See the Glossary on page 112 for more details in respect of the calculation.

Management & other service providers

Registered Office

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

Alternative Investment Fund Manager¹

BlackRock Fund Managers Limited²
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
Email: cosec@blackrock.com

Banker, Custodian and Depositary

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

Registrar

Computershare Investor Services PLC²
The Pavilions, Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 707 1476

Auditor

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Stockbroker

Winterflood Securities Limited²
The Atrium Building
25 Dowgate Hill
London EC4R 2GA

Solicitor

Gowling WLG (UK) LLP
4 More London Riverside
London SE1 2AU

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 under a delegation agreement with BFM.

² Authorised and regulated by the Financial Conduct Authority.

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/beri 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 and may also 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. The use of derivatives may expose the Company to a higher degree of risk. In particular, derivative contracts can be highly volatile and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard underlying bonds or equities. Leveraged derivative positions can therefore increase the Company's volatility. 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 foreign exchange forward contracts or derivatives were used for leverage purposes during the year.

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 2019 | Gross leverage as at 30 November 2019 |
|----------------|--------------------------------------------|---------------------------------------|
| Leverage ratio | 1.27 | 1.29 |

Further information on the calculation of leverage ratios is provided in the Glossary on page 112.

Other risk disclosures

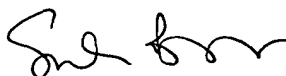
The financial risk disclosures relating to risk framework and liquidity risk are set out in note 16 to the notes to the financial statements on pages 88 to 99.

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 website at blackrock.co.uk/beri.

There have been no material changes (other than those reflected in these financial statements or previously disclosed to the London Stock Exchange through a primary information provider) 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.

SARAH BEYNSBERGER
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
5 February 2020



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 his Directors' fees for the period from 1 December 2016 to 7 April 2017 when he served as an employee of BlackRock. With effect from his retirement on 7 April he has been paid as a Director of the Company and no longer waives his fees.

9.8.4 (7) The Company has not allotted any equity securities for cash in the period under review.

9.8.4 (8) and 9.8.4 (9) are not applicable.

9.8.4 (10) As a managing director of BlackRock, up to his retirement on 7 April 2017, Mr Ruck Keene is deemed to have had an interest 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.

By order of the Board

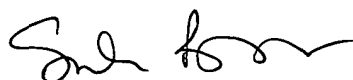
SARAH BEYNSBERGER

For and on behalf of

BlackRock Investment Management (UK) Limited

Company Secretary

5 February 2020



Information to be disclosed in respect of investment in the People's Republic of China (PRC) via the Stock Connect

The Stock Connect links markets in mainland China and Hong Kong, allowing foreign (non-Chinese) investors to invest in China A-Shares listed on the relevant mainland markets more easily than was possible prior to establishment of the Stock Connect. The disclosures below are given to provide shareholders and investors in the Company with more information in respect of how the Stock Connect works, and more detail on the risks associated with the scheme. Additional disclosures are set out on in the notes to the financial statements on page 99.

The Stock Connect is a securities trading and clearing linked program developed by the Hong Kong Exchanges and Clearing Market (HKEX), Shanghai Stock Exchange (SSE) and China Clear with an aim to achieve mutual stock market access between the People's Republic of China (PRC) and Hong Kong. The Stock Connect comprises a Northbound Trading Link and a Southbound Trading Link. Under the Northbound Trading Link, Hong Kong and overseas investors (including the Company), through their Hong Kong brokers and a securities trading service company established by the Hong Kong Stock Exchange (SEHK), may be able to trade eligible China A Shares listed on the SSE by routing orders to SSE. Under the Southbound Trading Link investors in the PRC will be able to trade certain stocks listed on the SEHK. Under a joint announcement issued by the SFC and CSRC on 10 November 2014 the Stock Connect commenced trading on 17 November 2014.

Companies and funds investing in the PRC may invest in China A Shares trading on the Shanghai Stock Exchange via Stock Connect. The Stock Connect is a programme that links the Shanghai Stock Exchange and the SEHK. Under the programme, investors can access the Shanghai Stock Exchange via the Hong Kong Central Clearing and Settlement System (CCASS) maintained by the Hong Kong Securities Clearing Company Ltd (HKSCC) as central securities depository in Hong Kong. Investing in China A Shares via Stock Connect bypasses the requirement to obtain Renminbi Qualified Foreign Institutional Investor (RQFII) status which is required for direct access to the Shanghai Stock Exchange.

Quota Limitations

Investing in the PRC via Stock Connect is subject to quota limitations which apply to the Investment Manager. In particular, once the remaining balance of the relevant quota drops to zero or the daily quota is exceeded, buy orders will be rejected (although investors will be permitted to sell their cross-boundary securities regardless of the quota balance).

Investment Thresholds for Stock Connect Funds

The Company may invest no more than 10% of its net asset value in the Stock Connect.

Legal/Beneficial Ownership

The China A Shares invested in via the Stock Connect will be held by the Trustee in accounts in the Hong Kong Central Clearing and Settlement System the China Securities Repository and Clearing Company Limited (CCASS) maintained by the HKSCC as central securities depository in Hong Kong. HKSCC in turn holds the China A Shares, as the nominee holder, through an omnibus securities account in its name registered with the China Securities Depository and Clearing Company Limited (CSDCC). The precise nature and rights of the Stock Connect Funds as the beneficial owners of the China A Shares through HKSCC as nominee is not well defined under PRC law. There is lack of a clear definition of, and distinction between, "Legal Ownership" and "Beneficial Ownership" under PRC law and there have been few cases involving a nominee account structure in the PRC courts. Therefore the exact nature and methods of enforcement of the rights and interests of the Stock Connect Funds under PRC law is uncertain. Because of this uncertainty, in the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong it is not clear if the China A Shares will be regarded as held for the beneficial ownership of the Company or as part of the general assets of HKSCC available for general distribution to its creditors.

Clearing and Settlement Risk

HKSCC and CSDCC will establish the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house. As the national central counterparty of the PRC's securities market, CSDCC operates a comprehensive network of clearing, settlement and stock holding infrastructure. CSDCC has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of CSDCC default are considered to be remote. In the remote event of a CSDCC default, HKSCC's liabilities in respect of China A Shares invested in via the Stock Connect will be limited under its market contracts with clearing participants to assisting clearing participants in pursuing their claims against CSDCC. HKSCC should in good faith, seek recovery of the outstanding stocks and monies from CSDCC through available legal channels or through CSDCC's liquidation. In that event, the Company may suffer a delay in the recovery process or may not fully recover its losses from CSDCC.

Suspension Risk

It is contemplated that both the SEHK and the Shanghai Stock Exchange would reserve the right to suspend trading if necessary for ensuring an orderly and fair market

Information to be disclosed in respect of investment in the People's Republic of China (PRC) via the Stock Connect continued

and that risks are managed prudently. Consent from the relevant regulator will be sought before a suspension is triggered. Where a suspension is effected, the Company's ability to access the PRC market will be adversely affected.

Differences in Trading Day

The Stock Connect will only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but the Company cannot carry out any China A Shares trading via the Stock Connect. The Company may be subject to a risk of price fluctuations in China A Shares during the time when the Stock Connect is not trading as a result.

Restrictions on Selling Imposed by Front-end Monitoring

PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the Shanghai Stock Exchange will reject the sell order concerned. SEHK will carry out pre-trade checking on China A Share sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling. If the Company intends to sell certain China A Shares it holds, it must transfer those China A Shares to the respective accounts of its broker(s) before the market opens on the day of selling ("trading day"). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, the Company may not be able to dispose of its holdings of China A Shares in a timely manner.

Operational Risk

The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are permitted to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

The securities regimes and legal systems of the SEHK and the Shanghai Stock Exchange differ significantly and market participants may need to address issues arising from the differences on an on-going basis. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the program could be disrupted. The Company's ability to access the China A Share market (and hence to pursue its investment strategy) may be adversely affected.

Regulatory Risk

The Stock Connect is a novel concept. The current regulations are untested and there is no certainty as to how they will be applied. In addition, the current regulations are subject to change and there can be no assurance that the Stock Connect will not be abolished. New regulations may be issued from time to time by the regulators/stock exchanges in the PRC and Hong Kong in connection with operations, legal enforcement and cross-border trades under the Stock Connect. The Company may be adversely affected as a result of such changes.

Recalling of Eligible Stocks

When a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold but restricted from being bought. This may restrict the ability of the Company to acquire shares.

No Protection by Investor Compensation Fund

Investment in China A Shares via the Stock Connect is conducted through brokers, and is subject to the risk of default by such brokers in their obligations. Investments of the Company are not covered by the Hong Kong's investor compensation fund, which has been established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default matters in respect of China A Shares invested in via the Stock Connect do not involve products listed or traded on the SEHK, they will not be covered by the investor compensation fund. Therefore the Company is exposed to the risks of default of the broker(s) it engages in its trading in China A Shares through the Stock Connect.

Taxation Risks

The PRC tax authorities have also made announcements that gains derived from China A-Shares investments via the Stock Connects would be temporarily exempted from PRC taxation effective from 17 November 2014. This temporary exemption applies to China A-Shares generally, including shares in PRC 'land-rich' companies. The duration of the period of temporary exemption has not been stated and may be subject to termination by the PRC tax authorities with or without notice and, in the worst case, retrospectively. If the temporary exemption is withdrawn the relevant Stock Connect Funds would be subject to PRC taxation in respect of gains on China-A Shares and the resultant tax liability would eventually be borne by investors. However, this liability may be mitigated under the terms of an applicable tax treaty, and if so, such benefits will also be passed to investors.

Glossary

Alternative Performance Measures (APM)

An APM is a measure of performance or financial position that is not defined in applicable accounting standards and cannot be directly derived from the financial statements. The Group's APMs are set out below and are cross-referenced where relevant to the financial inputs used to derive them as contained in other sections of the Annual Financial report.

Closed-end company

An investment trust works along the same lines as a unit trust, in that it pools money from investors which is then managed on a collective basis. The main difference is that an investment trust is a company listed on the Stock Exchange and, in most cases, trading takes place in shares which have already been issued, rather than through the creation or redemption of units. As the number of shares which can be issued or cancelled at any one time is limited, and requires the approval of existing shareholders, investment trusts are known as closed end funds or companies. This means that investment trusts are not subject to the same liquidity constraints as open ended funds and can therefore invest in less liquid investments.

Discount and premium*

Investment trust shares can frequently trade at a discount to NAV. This occurs when the share price (based on the mid-market share price) is less than the NAV and investors may therefore buy shares at less than the value attributable to them 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. As at 30 November 2019, the share price was 66.00p and the audited NAV per share was 75.28p, giving a discount of 12.3% (please see note 9 of the financial statements for the audited inputs to these calculations).

A premium occurs when the share price (based on the mid-market 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 370p and the NAV 365p, the premium would be 1.4%.

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

Gearing and borrowings*

Investment companies can borrow to purchase additional investments. This is called 'gearing'. It allows investment companies to take advantage of a long term view on a sector or to take advantage of a favourable situation or a particularly attractive stock without having to sell existing investments.

Gearing works by magnifying a company's performance. If a company 'gears up' and then markets rise and returns on the investments outstrip the costs of borrowing, the overall returns to investors will be even greater. But if markets fall and the performance of the assets in the portfolio is poor, then losses suffered by the investor will also be magnified.

The Group may achieve gearing through borrowings or the effect of gearing through an appropriate balance of equity capital, investment in derivatives and structured financial instruments, and borrowings. Gearing through the use of derivatives is limited to a maximum of 30% of the Group's assets for the purposes of efficient portfolio management and to enhance portfolio returns. Gearing through borrowings is limited to 40% of the Group's gross assets; however borrowings are not envisaged to exceed 20% of the Group's gross assets at the date of drawdown.

| Net gearing calculation | Page | 30 November 2019 | 30 November 2018 |
|--------------------------------------------|------|------------------|------------------|
| | | £000 | £000 |
| Net assets | 74 | 85,945 | 88,109 (a) |
| Borrowings | 74 | (12,589) | (7,718) (b) |
| Total assets (a-b) | | 98,534 | 95,827 (c) |
| Current assets ¹ | 74 | 737 | 2,516 (d) |
| Current liabilities (excluding borrowings) | 74 | (757) | (1,504) (e) |
| Net current (liabilities)/assets | | (20) | 1,012 (f) |
| Net gearing (g = (c - f - a) / a) | | 14.7% | 7.6% (g) |

¹ Includes cash at bank.

Gross assets

Gross assets is defined as the total of the Group's net assets and borrowings.

* Alternative Performance Measures.

Glossary continued

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:

$$\text{Leverage ratio} = \frac{\text{Exposure}}{\text{Net assets}}$$

The Directive sets out two methodologies for calculating exposure. These are the Gross Method and the Commitment Method. The treatment of cash and cash equivalent balances in terms of calculating what constitutes an "exposure" under AIFMD differs for these two methods. The definitions for calculating the Gross Method exposures require that "the value of any cash and cash equivalents which are highly liquid investments held in the base currency of the AIF, that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three-month high quality government bond" should be excluded from exposure calculations.

Net asset value per share (cum income NAV)

This is the value of the Group's assets attributable to one ordinary share. It is calculated by dividing 'equity shareholders' funds' by the total number of ordinary shares in issue (excluding treasury shares). For example, as at 30 November 2019, equity shareholders' funds were worth £85,945,000 and there were 114,170,349 ordinary shares in issue (excluding treasury shares); the undiluted NAV was therefore 75.28 pence per ordinary share (please see note 9 of the financial statements for the audited inputs to the calculations).

Equity shareholders' funds are calculated by deducting from the Group's total assets, its current and long-term liabilities and any provision for liabilities and charges.

Net asset value per share (capital only NAV)*

The capital only NAV is a popular point of reference when comparing a range of investment trusts. This NAV focuses on the value of the Group's assets disregarding the current period revenue income, on the basis that most trusts will distribute substantially all of their income in any financial period. It is also the measure adopted by the Association of Investment Companies for preparation of statistical data. It is calculated by dividing 'equity shareholders' funds' (excluding current period revenue) by the total number of ordinary shares in issue.

As at 30 November 2019, equity shareholders' funds less the current year net revenue return (after interim

dividends) amounted to £84,592,000 and there were 114,170,349 ordinary shares in issue (excluding treasury shares); therefore the capital only NAV was 74.09 pence.

Equity shareholders' funds (excluding current period revenue) of £84,592,000 are calculated by deducting from the Group's net assets (£85,945,000) its current period revenue (£4,578,000) and adding back the interim dividends paid from revenue (£3,225,000).

Ongoing charges ratio*

$$\text{Ongoing charges (\%)} = \frac{\text{Annualised ongoing charges}}{\text{Average undiluted net asset value in the period}}$$

Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs and include the annual management charge.

As recommended by the AIC in its guidance, ongoing charges are calculated using the Group's annualised revenue and capital expenses (excluding finance costs, direct transaction costs, custody transaction charges, non-recurring charges and taxation) expressed as a percentage of the average daily net assets of the Group during the year.

The inputs that have been used to calculate the ongoing charges percentage are set out in the following table.

| Ongoing charges calculation | Page | 30 November 2019 | 30 November 2018 | |
|---------------------------------------------------|------|------------------|------------------|-----|
| | | £000 | £000 | |
| Management fee | 79 | 948 | 1,000 | |
| Other operating expenses ¹ | 80 | 394 | 343 | |
| Total management fee and other operating expenses | | 1,342 | 1,343 | (a) |
| Average net assets in the year | | 90,703 | 96,808 | (b) |
| Ongoing charges (c = a/b) | | 1.48% | 1.39% | (c) |

¹ Excluding non-recurring expenses for change of name of the Company of £10,000 during the year ended 30 November 2019.

* Alternative Performance Measures.

Options and options overwriting strategy

An option is a contract that offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date) for a fee (the premium). The sale of call or put options on stocks that are believed to be overpriced or underpriced, based on the assumption that the options will not be exercised, is referred to as an 'options overwriting' strategy.

The seller of the option collects a premium but, if the option subsequently expires without being exercised, there will be no down side for the seller. However, if the stock rises above the exercise price the holder of the option is likely to exercise the option and this strategy can reduce returns in a rising market.

The Group employs an options overwriting strategy but seeks to mitigate risk by utilising predominantly covered call options (meaning that call options are only written in respect of stocks already owned within the Group's portfolio such that, if the options are exercised, the Group does not need to purchase stock externally at fluctuating market prices to meet its obligations under the options contract). Any use of derivatives for efficient portfolio management and options for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the Group's direct investments.

Quoted securities

Securities that trade on an exchange for which there is a publicly quoted price.

Revenue profit and revenue reserves

Revenue profit is the net revenue income earned after deduction of fees and expenses allocated to the revenue account and taxation suffered by the Group. Revenue reserves is the undistributed income that the Group keeps as reserves. Investment trusts do not have to distribute all the income they generate, after expenses. They may retain up to 15% of revenue generated which will be held in a revenue reserve. This reserve can be used at a later date to supplement dividend payments to shareholders.

Total return - NAV and share price*

Total return statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The total return measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. This is calculated by the movement in the share price or NAV plus the dividends paid by the Group assuming these are reinvested in the Group at the prevailing NAV/Share price (please see note 9 of the financial statements for the audited inputs to the calculations).

* Alternative Performance Measures.

| | | 30 November 2019 | 30 November 2018 |
|------------------------------------------------------|------|------------------------|------------------------|
| NAV total return | Page | | |
| Closing NAV per share (pence) | 84 | 75.28 | 75.87 |
| Add back interim dividends paid for the year (pence) | 83 | 4.00 | 4.00 |
| Effect of dividend reinvestment (pence) | | (0.08) | (0.19) |
| Adjusted closing NAV (pence) | | 79.20 | 79.68 (a) |
| Opening NAV per share (pence) | 84 | 75.87 | 76.92 (b) |
| NAV total return (c = ((a - b)/b)) (%) | | 4.4 | 3.6 (c) |

| | | 30 November 2019 | 30 November 2018 |
|------------------------------------------------------|------|------------------------|------------------------|
| Share price total return | Page | | |
| Closing share price (pence) | 84 | 66.00 | 70.60 |
| Add back interim dividends paid for the year (pence) | 83 | 4.00 | 4.00 |
| Effect of dividend reinvestment (pence) | | (0.29) | (0.31) |
| Adjusted closing share price (pence) | | 69.71 | 74.29 (a) |
| Opening share price (pence) | 84 | 70.60 | 75.00 (b) |
| Share price total return (c = ((a - b)/b)) (%) | | (1.3) | (0.9) (c) |

Glossary continued

Treasury shares

Treasury shares are shares that a company keeps in its own treasury which are not currently issued to the public. These shares do not pay dividends, have no voting rights and are not included in a company's total issued share capital amount for calculating percentage ownership. Treasury stock may have come from a repurchase or buy back from shareholders, or it may never have been issued to the public in the first place. Treasury shares may be reissued from treasury to the public to meet demand for a company's shares in certain circumstances.

Unquoted investments

Financial securities that do not trade on an exchange for which there is not a publicly quoted price.

Yield*

The yield is the amount of cash (in percentage terms) that is returned to the owners of the security, in the form of interest or dividends received from it. Normally, it does not include the price variations, distinguishing it from the total return.

| | Page | 30 November 2019 | 30 November 2018 | |
|----------------------------------------|------|------------------------|------------------------|-----|
| Interim dividends paid/payable (pence) | 83 | 4.00 | 4.00 | (a) |
| Ordinary share price (pence) | 84 | 66.00 | 70.60 | (b) |
| Yield (c = a/b) (%) | | 6.1% | 5.7% | (c) |

* Alternative Performance Measures.

Annual general meeting

Notice of annual general meeting

Notice is hereby given that the next Annual General Meeting of BlackRock Energy and Resources Income Trust plc will be held at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL on Tuesday, 17 March 2020 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 11, as ordinary resolutions and, in the case of resolutions 12 to 14, as special resolutions).

Resolution 2 is an advisory vote on the Directors' Remuneration Report, excluding any content relating to the proposed future remuneration policy as set out on pages 50 and 51. Resolution 3 is a resolution subject to a binding vote, as a result of the remuneration disclosure regulations published by the Department for Business Innovation and Skills (BIS) which were effective from 1 October 2013. As required under the regulations, the Company is seeking approval in this resolution for its remuneration policy as set out on pages 50 to 51 of the Directors' Remuneration Report. The remuneration policy will take effect immediately on approval by shareholders and will continue to apply for the next three years, unless amended by the Company in general meeting at an earlier date.

More information in respect of the contribution of each Director to support their re-election is given in the Directors' Report on pages 44 and 45.

Ordinary business

1. To receive the report of the Directors of the Company and the financial statements for the year ended 30 November 2019, together with the report of the Auditor thereon.
2. To approve the Directors' Remuneration Report for the year ended 30 November 2019 (excluding the Directors' Remuneration policy set out on pages 50 and 51).
3. To approve the Directors' Remuneration Policy as set out on pages 50 and 51.
4. That the shareholders approve the Company's dividend policy to continue to pay four quarterly interim dividends, which in the year under review totalled 4.00p per share.
5. To re-elect Dr Bell as a Director.
6. To re-elect Mr Merton as a Director.
7. To elect Mr Brown as a Director.
8. To re-elect Mr Warner as a Director.
9. 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.

10. To authorise the Audit and Management Engagement Committee to determine the Auditor's remuneration.

Special business

Ordinary resolution

11. 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 and relevant securities in the Company (as described in that section) up to an aggregate nominal amount of £113,870.34 (being 10% of the aggregate nominal amount of the issued ordinary share capital, excluding any treasury shares, 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 2021, 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

12. That, in substitution for all existing authorities and subject to the passing of the resolution numbered 11 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 11 above, as if section 561(1) of the Act did not apply to any such allotment 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 2021, 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 £113,870.34, (representing 10% 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 not less than the net asset value per ordinary share as close as practicable to the allotment or sale.

13. 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 17,069,165 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 being the nominal value per share;
- (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 date on which the market purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of and (b) the highest current independent bid for, any number of Ordinary Shares on the trading venue where the purchase is carried out; and
- (d) unless renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2021 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.

14. That, the period of notice required for general meetings of the Company (other than Annual General Meetings) shall be not less than 14 clear days' notice.

By order of the Board

SARAH BEYNSBERGER

For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
5 February 2020

Registered Office:
12 Throgmorton Avenue
London EC2N 2DL



Notice of annual general meeting continued

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 2020 (Saturdays, Sundays and public holidays excepted). 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 2020 (Saturdays, Sundays and public holidays excepted).
3. Proximity Voting – if you are an institutional investor you may also be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proximity, please go to www.proximity.io. Your proxy must be lodged by 10.30 a.m. on 13 March 2020 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proximity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.
4. Completion and return of the Form of Proxy will not prevent a member from attending the meeting and voting in person.
5. 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.
7. 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.
8. 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.
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 Guidance 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 Guidance 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.
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 5 February 2020, 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 4 February 2020 (being the last practicable date prior to the publication of this Notice of Annual General Meeting), the Company's issued share capital (excluding 5,095,651 treasury shares) consisted of 113,870,349 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 113,870,349.
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/beri.
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.

Share fraud warning