BLACKROCK WORLD MINING TRUST PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2016

BLACKROCK®

NM1023U-3199616-1/94

BlackRock World Mining Trust plc

Investment objective and policy

The Company's investment policy is to provide a diversified investment in mining and metal assets worldwide, actively managed with the objective of maximising total returns. While the policy is to invest principally in quoted securities, the Company's investment policy includes investing in royalties derived from the production of metals and minerals as well as physical metals. Up to 10% of gross assets may be held in physical metals and up to 20% may be invested in unquoted investments.

A MEMBER OF THE ASSOCIATION OF INVESTMENT COMPANIES

Further details about the Company, including the latest annual and half yearly financial reports, fact sheets and stock exchange announcements, are available on the website at blackrock.co.uk/brwm

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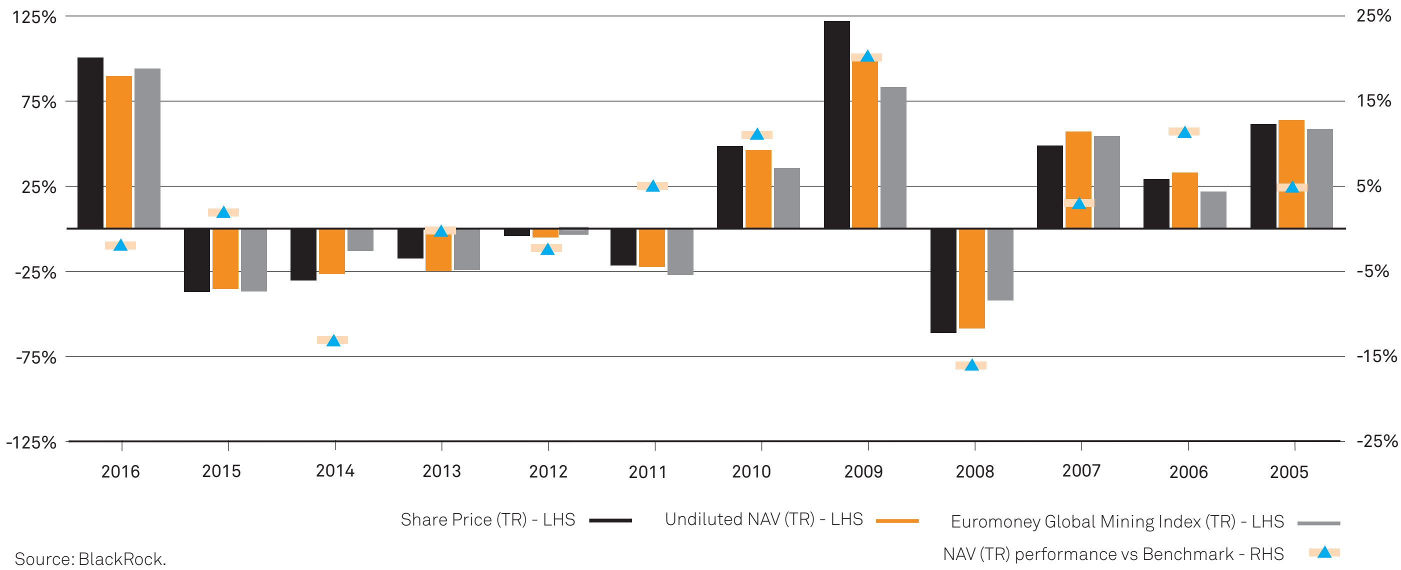
FINANCIAL HIGHLIGHTS

Attributable to ordinary shareholders	31 December 2016	31 December 2015	Change %
Assets			
Net assets (£'000)	677,546	377,313	+79.6
Net asset value per ordinary share	383.98p	212.83p	+80.4
– with income reinvested			+92.9
Ordinary share price (mid-market)	336.50p	181.00p	+85.9
– with income reinvested			+100.6
Euromoney Global Mining Index	496.61	255.94	+94.0
Discount to net asset value	12.4%	15.0%	

	For the year ended 31 December 2016	For the year ended 31 December 2015	Change %
Revenue			
Net revenue return after taxation (£'000)	23,303	32,744	-28.8
Revenue return per ordinary share	13.19p	18.47p	-28.6
Dividend per ordinary share			
– Interim	4.00p	7.00p	-42.9
– Final	9.00p	14.00p	-35.7
Total dividends paid and payable	13.00p	21.00p	-38.1

PERFORMANCE OVER THE TEN YEARS ENDED 31 DECEMBER 2016



Source: BlackRock.

Overview

Chairman's statement

OVERVIEW

In 2016 we witnessed a dramatic turnaround in the mining sector. After five challenging years, a result of slowing growth in China and falling prices, the cycle began to turn. This was driven by two key factors. The first was that bearishness on China troughed in early 2016 and the Chinese government's stimulus package in spring of that year led to improved economic data points and increased property prices. Second, mining companies are delivering strong financial discipline by focusing on cost reduction, reducing debt and increasing productivity. Share prices of mining companies, whose revenues are derived in US dollars, have also benefited from the weakness in sterling following the UK's referendum vote on 23 June 2016.

PERFORMANCE

Over the twelve months to 31 December 2016, the Company's net asset value (NAV) per share has risen by 92.9% and the share price by 100.6%. The Company's benchmark, the Euromoney Global Mining Index, rose by 94.0% over the same period (all percentages calculated in sterling terms with income reinvested).

Notwithstanding the huge positive return, the NAV of the portfolio slightly lagged the rally in the equity only benchmark whilst the share price outpaced it. The lost relative return was mainly due to avoiding poor quality, distressed gold mining equities in the portfolio in the first two months of the year. These rallied in response to increased investor demand for 'safe-haven' assets at a time of heightened concerns over global economic growth. Further information on commodity markets and key contributors and detractors to portfolio performance are set out in the Investment Manager's Report.

Since the year end and up until the close of business on 22 February 2017, the Company's NAV has increased by 15.4% compared with a rise of 14.5% in the benchmark index.

REVENUE RETURN AND DIVIDENDS

The Company's revenue return per share for the year to 31 December 2016 amounted to 13.19p compared with 18.47p for the previous year. As reported at the interim stage, falling commodity prices forced a number of the underlying portfolio companies to cut or cancel dividends, leading to a decline in the Company's investment income.

The Directors are recommending the payment of a final dividend of 9.00p per share for the year ended 31 December 2016 (2015: 14.00p). This, together with the interim dividend of 4.00p per share (2015: 7.00p), makes a total of 13.00p per share (2015: 21.00p). The final payment will be made on 12 May 2017 to shareholders on the Company's register on 17 March 2017, the ex-dividend date being 16 March 2017.

We mentioned in the half yearly financial report that the Board would be increasing the frequency of dividend payments from twice to four times a year. It is intended that dividends will be announced in February, May, August and November and are expected to be paid no later than May, June, September and December in each relevant year. The Company will declare its first interim dividend in May 2017 to be paid no later than June 2017.

It remains the Board's intention to seek to distribute substantially all of the income available. Income from ordinary dividends is expected to grow in 2017 as mining companies increase or reinstate dividend payments on the back of improved profitability and reduced balance sheet concerns. The Board's current target is to declare three dividends of at least 3.00p per share in the year to 31 December 2017 and to recommend a final dividend for approval by shareholders at the Annual General Meeting in 2018. The ability to match or exceed this target will depend on portfolio dividend distributions, currency movements, royalty payments and income from option writing and should not be interpreted as a profit forecast.

In the Interim Report we highlighted our belief that the sector had bottomed and it was therefore timely to increase exposure to longer term and hopefully higher growth opportunities. During the year a number of such investments were made and I am pleased to report that they are already delivering positive returns for shareholders. In the short term, the emphasis from these investments will be for capital rather than income growth.

DISCOUNT

The discount of the Company's share price to the underlying NAV finished the year under review at 12.4% on a cum income basis having stood at 15.0% at the start of the year. The shares were trading at a discount of 11.3% as at the close of business on 22 February 2017.

The Directors recognise the importance to shareholders that the market price of the Company's shares in the stock market should not trade at a significant discount to the underlying NAV. The decision as to whether to purchase the Company's shares is addressed regularly in Board discussions and, during the year under review, the Company repurchased 832,000 ordinary shares at an average price of 226.99p and at an average discount to NAV of 14.5% at a cost of £1,882,000 including expenses. These shares have been placed in treasury. The Board will continue to consider whether share purchases should be made and is proposing that the Company's existing authority to buy back up to 14.99% of the Company's issued share capital, excluding treasury shares, be renewed at the forthcoming Annual General Meeting.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL on Thursday, 4 May 2017 at 11.30 a.m. Details of the business of the meeting are set out in the Notice of Meeting on pages 85 to 88 of this Annual Report. The meeting will include a presentation by the Portfolio Managers on the Company's performance and the outlook for the year ahead.

This year, for the first time, shareholders who are unable to attend in person will be able to watch the meeting via a live stream. Further details of how to register for this are given on page 79.

OUTLOOK

The outlook for the mining sector improved significantly over the year under review and remains largely positive for the longer term. Industry-wide trends toward increased free cash flow, upward earnings momentum and the potential to return excess capital to shareholders will aid mining stocks, although it is unlikely that we will see the same percentage increase in underlying share prices this year given that prices started 2017 significantly higher than they did in 2016.

There are some risks hanging over the market, including US dollar strength, the threat of new supply, rising oil prices adding to costs, and a depreciation in China's currency. However, global growth expectations appear to be picking up after an extended slide, encouraged by China's stabilising growth and President Trump's pledge to revise taxes and increase infrastructure spending in the US, which should support commodity demand. Overall, companies in the mining sector have stronger fundamentals than a year ago and the outlook appears promising.

IAN COCKERILL
Chairman
23 February 2017

Overview

Historical record

Year ended 31 December	Net Assets attributable to Ordinary Shareholders £'000	Undiluted Net Asset Value per Ordinary Share p	Diluted Net Asset Value per Ordinary Share* p	Gearing %	Ordinary Share Price p	Revenue available for Ordinary Shareholders £'000	Revenue Earnings per Ordinary Share p	Dividends per Ordinary Share p
1994	446,816	104.94	104.12	–	93.50	3,642	0.86	0.77
1995	452,762	106.27	105.23	0.1	93.00	5,637	1.32	1.00
1996	424,774	99.70	–	–	86.50	5,082	1.19	1.15
1997	318,494	74.75	–	–	59.50	3,894	0.91	0.85
1998	230,284	60.92	–	–	55.75	5,619	1.43	2.35
1999	223,397	116.99	–	11.2	100.75	2,238	1.00	1.20
2000	186,022	109.36	–	8.3	91.50	2,939	1.63	1.30
2001	196,726	118.48	–	–	96.50	6,434	3.82	3.15
2002	243,350	149.48	–	–	131.75	4,110	2.52	2.10
2003	389,244	239.09	–	8.8	217.00	2,816	1.73	1.70
2004**	398,129	244.55	240.29	6.0	218.00	4,899	3.01	2.50
2005	668,202	397.03	–	0.7	351.50	5,642	3.39	2.80
2006	868,545	516.07	503.23	0.9	444.00	14,782	8.78	4.50
2007	1,268,120	804.13	752.28	–	655.00	13,391	8.25	5.50
2008	590,927	331.39	331.39	0.5	252.50	9,831	5.64	5.50
2009	1,176,813	662.02	662.02	3.6	550.00	8,714	4.90	4.75
2010	1,708,023	962.06	962.06	1.8	811.00	11,667	6.57	6.00
2011	1,317,004	742.86	742.86	2.5	631.50	26,099	14.71	14.00
2012	1,215,743	685.75	685.75	7.1	586.50	38,614	21.78	21.00
2013	885,346	499.39	499.39	9.6	465.00	39,633	22.36	21.00
2014	624,674	352.35	352.35	11.7	310.35	37,452	21.13	21.00
2015	377,313	212.83	212.83	12.2	181.00	32,744	18.47	21.00
2016	**677,546**	**383.98**	**383.98**	**12.4**	**336.50**	**23,303**	**13.19**	**13.00**

* Diluted net asset value per ordinary share calculated for potentially dilutive securities in issue such as warrants and treasury shares.
** Prior to 2004, financial information had been prepared under UK GAAP. From 2004 all information is prepared under IFRS as set out in note 2 on pages 52 to 56.

Performance

Strategic report

The Directors present the Strategic Report of the Company for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The Company carries on business as an investment trust. Its principal activity is portfolio investment and that of its subsidiary, BlackRock World Mining Investment Company Limited (together the Group), is investment dealing.

OBJECTIVE

The Company's objective is to maximise total returns to shareholders through a worldwide portfolio of mining and metal securities. The Board recognises the importance of dividends to shareholders in achieving that objective, in addition to capital returns.

STRATEGY, BUSINESS MODEL AND INVESTMENT POLICY

Strategy

The Company invests in accordance with the objective given above. 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 for the Board include setting the Company's strategy, including its investment objective and policy, setting limits on gearing (both bank borrowings and the effect of derivatives), capital structure, governance and appointing and monitoring of the performance of service providers, including the Manager.

Business model

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

The management of the investment portfolio and the administration of the Company have been contractually delegated to the Manager who in turn (with the permission of the Company) has delegated certain investment management and other ancillary services to BlackRock Investment Management (UK) Limited (the Investment Manager or BIM (UK)). The Manager, operating under an investment management agreement, 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.

Other service providers include the Depositary, BNY Mellon Trust & Depositary (UK) Limited. The Manager also delegates fund accounting services to BIM (UK), which in turn sub-delegates these services to Bank of New York Mellon (International) Limited and also sub-delegates registration services to the Registrar, Computershare Investor Services PLC.

Details of the contractual terms with other third party service providers are set out in the Directors' Report on page 27.

Investment policy

The Company's investment policy is to provide a diversified investment in mining and metal securities worldwide. While the policy is to invest principally in quoted securities, the Company's investment policy includes investing in royalties derived from the production of metals and minerals as well as physical metals.

In order to achieve its objective, it is intended that the Group will normally be fully invested, which means at least 90% of the gross assets of the Company and its subsidiary will be invested in stocks, shares, royalties and physical metals. However, if such investments are deemed to be overvalued, or if the Manager finds it difficult to identify attractively priced opportunities for investment, then up to 25% of the Group's assets may be held in cash or cash equivalents. Risk is spread by investing in a number of holdings, many of which themselves are diversified businesses.

The Group may occasionally utilise derivative instruments such as options, futures and contracts for difference, if it is deemed that these will, at a particular time or for a particular period, enhance the performance of the Group in the pursuit of its objectives. The Company is also permitted to enter into stock lending arrangements.

The Group may invest in any single holding, of quoted or unquoted investments, that would represent up to 20% of gross assets at the time of acquisition. Although investments are principally in companies listed on recognised stock exchanges, the Company may invest up to 20% of the Group's gross assets in investments other than quoted securities. Such investments include unquoted royalties, equities or bonds. In order to afford the Company the flexibility of obtaining exposure to metal and mining related royalties, it is possible that, in order to diversify risk, all or part of such exposure may be obtained directly or indirectly through a holding company, a fund or another investment or special purpose vehicle, which may be quoted or unquoted. The Board will seek the prior approval of shareholders to any unquoted investment in a single company, fund or special purpose vehicle or any single royalty which represents more than 10% of the Group's assets at the time of acquisition.

In addition, while the Company may hold shares in other listed investment companies (including investment trusts), the Company will not invest more than 15% of the Group's gross assets in other UK listed investment companies.

The Group's financial statements are maintained in sterling. Although many investments are denominated and quoted in currencies other than sterling, the Board does not intend to employ a hedging strategy against fluctuations in exchange rates.

Performance

Strategic report continued

The Investment Manager believes that tactical use of gearing can add value from time to time. This gearing is typically in the form of an overdraft or short term loan facility, which can be repaid at any time or matched by cash. The level and benefit of gearing is discussed and agreed with the Board regularly. The Company may borrow up to 25% of the Group's net assets. The maximum level of gearing used during the year was 16.0% and, at the financial reporting date, net gearing (calculated as borrowings less cash as a percentage of net assets) stood at 12.4% of shareholders' funds (2015: 12.2%). For further details on borrowings refer to note 14 on page 62.

No material change will be made to the investment policy without shareholder approval.

PORTFOLIO ANALYSIS

As at 31 December 2016, two investments were held at Directors' valuation, including one fair valued investment in the Banro gold-linked preference share representing a total of £13,633,000 (2015: £10,572,000) and the unquoted investment in Avanco Resources representing £19,917,000 (2015: £8,142,000). Unquoted investments can prove to be more risky than listed investments.

Information regarding the Company's investment exposures is contained within the ten largest investments on pages 20 and 21, the investments listed on pages 22 and 23 and portfolio analysis on page 24. Further information regarding investment risk and activity throughout the year can be found in the Investment Manager's Report.

CONTINUATION VOTE

As agreed by shareholders in 1998, an ordinary resolution for the continuation of the Company is proposed at each Annual General Meeting. Following market weakness in the mining sector in recent years, January 2016 appears to have been the low point in the cycle given the scale of upwards moves that followed. The industry has taken action to return commodities into balance and the sector has responded positively. The Directors therefore recommend that shareholders vote in support of the Company's continuation.

PERFORMANCE

In the year to 31 December 2016, the Company's NAV has risen by 92.9% compared with an increase in the Euromoney Global Mining Index of 94.0%. The Company's share price rose by 100.6% over the same period (all figures calculated in sterling terms with income reinvested).

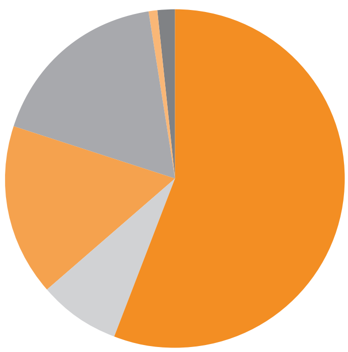
RESULTS AND DIVIDENDS

The results for the Company are set out in the Consolidated Statement of Comprehensive Income on page 48. The total profit for the year, after taxation, was £333,912,000 (2015: loss of £210,131,000) of which £23,303,000 (2015: £32,744,000) is revenue profit.

It is the Board's intention to distribute substantially all of the available income. The Directors recommend the payment of a final dividend as set out in the Chairman's Statement on page 4. Dividend payments for the year ended 31 December 2016 (including the interim dividend) amount to £22,939,000 (2015: £37,230,000).

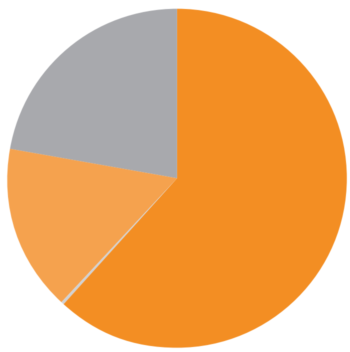
DIVERSIFYING SOURCES OF INCOME

2014 Revenue Breakdown



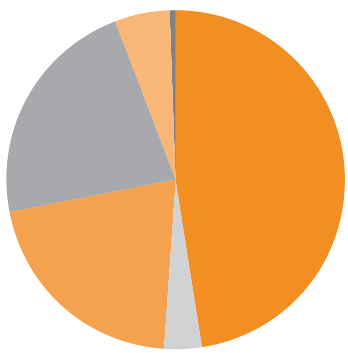
Ordinary Dividends	**55.9%**
Special Dividends	**7.9%**
Fixed Interest	**16.2%**
Option Premium Income	**17.5%**
Royalty Income	**1.1%**
Other	**1.4%**

2015 Revenue Breakdown



Ordinary Dividends	**61.9%**
Special Dividends	**0.2%**
Fixed Interest	**15.8%**
Option Premium Income	**22.1%**
Royalty Income	**0.0%**
Other	**0.0%**

2016 Revenue Breakdown



Ordinary Dividends	**47.6%**
Special Dividends	**3.6%**
Fixed Interest	**20.8%**
Option Premium Income	**22.2%**
Royalty Income	**5.5%**
Other	**0.3%**

KEY PERFORMANCE INDICATORS

The Board measures the development and success of the Company's business through achievement of the Company's investment objective, to maximise total returns through the cycle, which is considered to be the most significant key performance indicator for the Company.

Performance measured against various indices

The Board reviews and compares, at each meeting, the performance of the portfolio as well as the net asset value and share price for the Company and various indices. Information on the Company's performance is given in the Chairman's Statement and the Investment Manager's Report. The Company slightly underperformed its benchmark index in the year ended 31 December 2016 but the Board is encouraged by the Company's performance in recent months.

Share price discount to net asset value (NAV) per share

The Company publishes a NAV per share figure on a daily basis through the official newswire of the London Stock Exchange. This figure is calculated in accordance with the Association of Investment Companies (AIC) formula. At each Board meeting, the Board monitors the level of the Company's discount to NAV and reviews the average discount/premium for the Company's relevant sector. In the year to 31 December 2016, the discount narrowed from 15.0% on a cum income basis to 12.4%.

The Board considers the use of share buybacks to enhance shareholder value. At its regular meetings, it also undertakes reviews of marketing/investor relations and sales reports from the Manager and considers their effectiveness, as well as measures of investor sentiment.

Ongoing charges

The Board continues to review the Company's ongoing charges to ensure that the total costs incurred by shareholders in the running of the Company remain competitive when measured against peer group funds. An analysis of the Company's costs, including the management fee, Directors' fees and general expenses, is submitted to each Board meeting. The management fee is reviewed at least annually.

The key performance indicators (KPIs) used to measure the progress and performance of the Company over time and which are comparable to those reported by other investment trusts are set out below:

	Year ended 31 December 2016	Year ended 31 December 2015
Net asset value total return	+92.9%	-35.3%
Share price total return	+100.6%	-37.0%
Benchmark total return	+94.0%	-36.9%
Discount to net asset value	12.4%	15.0%
Revenue earnings per share	13.19p	18.47p
Total dividends per share	13.00p	21.00p
Ongoing charges[1]	1.10%	1.21%
Ongoing charges on gross assets[2]	0.96%	1.08%

1. Ongoing charges represent the management fee and all other operating expenses, excluding finance costs, transaction costs and taxation, as a % of average shareholders' funds.
2. Ongoing charges based on gross assets represent the management fee and all other operating expenses, excluding finance costs, transaction costs and taxation, as a % of average gross assets. Gross assets are calculated based on net assets during the year before the deduction of the bank overdraft and loans. Ongoing charges based on gross assets are considered to be an appropriate performance measure as management fees are payable on gross assets only in the event of an increase in NAV on a quarter-on-quarter basis.

The Board monitors the above KPIs on a regular basis. Additionally, it regularly reviews a number of indices and ratios to understand the impact on the Company's relative performance of the various components such as asset allocation and stock selection. For further details refer to the Investment Manager's Report.

Performance

Strategic report continued

PRINCIPAL RISKS

The principal risks faced by the Company are set out on the following pages. The Board has put in place a robust process to assess and monitor these risks. A core element of this is the Company's risk register. This identifies the risks facing the Company and assesses the likelihood and potential impact of each risk and the quality of controls operating to mitigate it. A residual risk rating is then calculated for each risk based on the outcome of the assessment. This approach allows the effect of any mitigating procedures to be reflected in the final assessment.

The risk register and the operation of key controls in the Manager's and other third party service providers' systems of internal control, are reviewed on a regular basis by the Audit & 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, the Audit & Management Engagement Committee periodically receives presentations from BlackRock's Internal Audit and Risk & Quantitative Analysis teams and reviews internal control reports from the Company's service providers.

In relation to the 2014 UK Corporate Governance Code, the Board is comfortable that the procedures that the Company has put in place are sufficient to ensure that the necessary monitoring of risks and controls has been carried out throughout the reporting period. The Board will continue to assess the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity, on an ongoing basis.

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
Counterparty	
The potential loss that the Company could incur if a counterparty is unable (or unwilling) to perform on its commitments.	Due diligence is undertaken before contracts are entered into and exposures are diversified across a number of counterparties. The Depositary is now liable for restitution for the loss of financial instruments held in custody unless able to demonstrate the loss was a result of an event beyond its reasonable control.
Investment performance	
Returns achieved are reliant primarily upon the performance of the portfolio. An inappropriate investment policy may lead to underperformance compared to the benchmark index, a loss of capital and dissatisfied shareholders.	To manage this risk the Board: ▸ 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 and maintains an adequate spread of investments in order to minimise the risks associated with particular countries or factors specific to particular sectors, based on the diversification requirements inherent in the investment policy; ▸ receives and reviews regular reports showing an analysis of the Company's performance against the Euromoney Global Mining Index and other similar indices, including the performance of major companies in the sector; and ▸ has been assured that the Investment Manager has training and development programmes in place for its employees and its recruitment and remuneration packages are developed in order to retain key staff.

Principal Risk	Mitigation/Control
Legal & Compliance	
The Company has been accepted 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. The Company is required to comply with the provisions of the Companies Act 2006, the Alternative Investment Fund Managers' Directive, the UK Listing Rules, Disclosure and Transparency Rules and the Market Abuse Regulation.	The Investment Manager monitors investment movements, the level and type of forecast income and expenditure and the amount of proposed dividends 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 are also carefully and regularly monitored. The Company Secretary, the Manager and the Company's professional advisers provide regular reports to the Board in respect of compliance with all applicable rules and regulation. The Board and the Manager also monitor changes in government policy and legislation which may have an impact on the Company.
Market	
Market risk arises from volatility in the prices of the Company's investments. It represents the potential loss the Company might suffer through realising investments in the face of negative market movements. Changes in general economic and market conditions, such as currency exchange rates, interest rates, rates of inflation, industry conditions, tax laws, political events and trends, including the impact of the UK leaving the EU and the results of the US Presidential election, can also substantially and adversely affect the securities and, as a consequence, the Company's prospects and share price.	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.

Principal Risk	Mitigation/Control
Operational	
In common with most other investment trust companies, the Company has no employees. The Company therefore relies on the services provided by third parties and is dependent on the control systems of the Manager, BNY Mellon Trust & Depositary (UK) Limited (the Depositary) and the Bank of New York Mellon (International) Limited, who maintain the Company's assets, dealing procedures 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 these third party service providers. Failure by any service provider to carry out its obligations could have a material adverse effect on the Company's performance. Disruption to the accounting, payment systems or custody records (including cyber security risk) could prevent the accurate reporting and monitoring of the Company's financial position.	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. Third party service providers produce internal control reports to provide assurance regarding the effective operation of internal controls as reported on by their reporting accountants. These reports are provided to the Audit & Management Engagement Committee. The Company's 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 and compliance with the investment management agreement annually. The Board also considers the business continuity arrangements of the Company's key service providers.
Financial	
The Company's investment activities expose it to a variety of financial risks which include market risk, counterparty credit risk, liquidity risk and the valuation of financial instruments.	Details of these risks are disclosed in note 18 on pages 64 to 76, together with a summary of the policies for managing these risks.
Marketing	
Marketing efforts are inadequate or do not comply with relevant regulatory requirements. There is a failure to communicate adequately with shareholders or identify potential new shareholders resulting in reduced demand for the Company's shares and a widening of the discount.	The Board reviews marketing strategy and initiatives and the Manager is required to provide regular updates on progress. BlackRock has a dedicated investment trust sales team visiting both existing and potential clients on a regular basis. Data on client meetings and issues raised are provided to the Board on a regular basis. All investment trust marketing documents are subject to appropriate review and authorisation.

Performance

Strategic report continued

VIABILITY STATEMENT

In accordance with provision C.2.2 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Company for a period of three years. This is generally the investment holding period investors consider while investing in the natural resources companies sector. In its assessment of the viability of the Company the Directors have noted that:

- the Company invests predominantly in highly liquid, large listed companies so its assets are readily realisable and provide a level of cash receipts in the form of interest and dividends;
- the Company invests in mining companies with long life assets;
- the Company's forecasts for revenues, expenses and liabilities are relatively stable and it has largely fixed overheads which comprise a very small percentage of net assets (1.10%); and
- the business model should remain attractive for much longer than three years, unless there is a significant deterioration in commodity markets or further regulatory change.

The Company will undertake its annual continuation vote at the forthcoming Annual General Meeting and the Board has reviewed the potential impact that this may have on the Company's viability. The Board is confident that the continuation vote will be passed and have prepared the viability statement under this assumption.

The Directors have also reviewed:

- the Company's principal risks and uncertainties as set out on the previous pages;
- 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; and
- the level of demand for the Company's shares.

The Directors reviewed the assumptions and considerations underpinning the Company's existing going concern assertion which are based on:

- processes for monitoring costs;
- key financial ratios;
- evaluation of risk management controls;
- compliance with the investment objective;
- portfolio risk profile;
- share price discount to NAV;
- gearing; and
- counterparty exposure and liquidity risk.

Based on the results of their analysis, the Directors have concluded that there is 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.

FUTURE PROSPECTS

The Board's main focus is to maximise total returns over the longer term through investment in mining and metal assets. The outlook for the Company is discussed in both the Chairman's Statement and the Investment Manager's Report.

SOCIAL, COMMUNITY AND HUMAN RIGHTS ISSUES

As an investment trust with no employees, the Company has no direct social or community responsibilities or impact on the environment. However, the Company believes that it is in shareholders' interests to consider human rights issues and environmental, social and governance factors when selecting and retaining investments. Details of the Company's policy on socially responsible investment are set out on pages 36 and 37.

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. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

DIRECTORS, GENDER REPRESENTATION AND EMPLOYEES

The Directors of the Company on 31 December 2016 are set out in the governance structure and Directors' biographies on page 25. The Board currently consists of four male Directors and two female Directors. The Company does not have any employees; therefore there are no disclosures to be made in that respect.

The information set out on pages 13 to 24 forms part of this Strategic Report. The Strategic Report was approved by the Board at its meeting on 23 February 2017.

BY ORDER OF THE BOARD

CAROLINE DRISCOLL
FOR AND ON BEHALF OF
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
23 February 2017

Performance

Investment manager's report

EVY HAMBRO

OLIVIA MARKHAM

PORTFOLIO PERFORMANCE

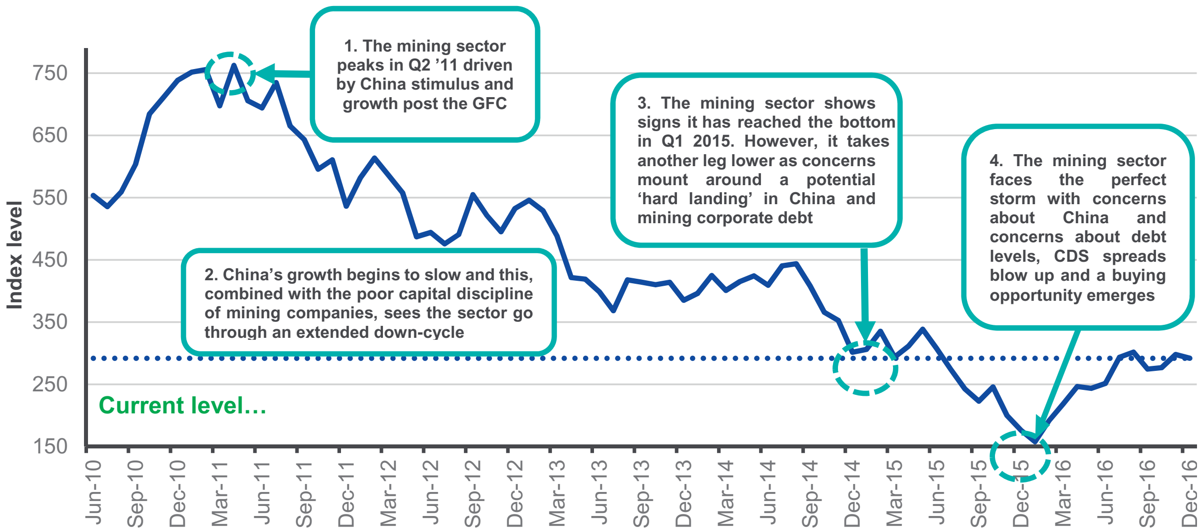
We are pleased to report that after five years in a row of negative returns for the mining sector, an unprecedented run of share price falls leading to a total fall of 82.8% from peak to trough, 2016 has at last broken the trend and it has done so in spectacular fashion. In the year to 31 December 2016, in sterling terms with income reinvested, the net asset value (NAV) of the Company was up by 92.9% and the share price was up by 100.6%, making it one of the best performing investment trusts. The return in the second half lagged the first half in part due to the low base from which the move commenced and also due to the Brexit fuelled collapse in sterling which happened at the end of June. More recently, it has been reassuring to see the share price moves supported by rising commodity prices across the suite. As covered later in the report, the performance varied by commodity and by period. Precious metals led the rally early in 2016 but then gave back some of the gains, initially on the back of profit taking and then on a further move lower in the gold price following the US Presidential election result. Base metal prices moved higher throughout the year, with copper joining in as the year ended. Bulk commodity prices soared with coking coal rising like a phoenix from the ashes after having declined for four years in a row.

By comparison, the Company's benchmark, the Euromoney Global Mining Index, rose by 94.0% (in sterling terms with income reinvested). The majority of the Company's underperformance in NAV happened in the first two months of 2016, as the lowest quality assets rallied and those with the highest indebtedness moved from the cusp of financial failure to survival. These huge moves happened very rapidly and against the underlying tone of the commodity market which was still suffering from demand uncertainty. After the slow start to the year in terms of relative return, the portfolio started to perform well as the quality bias in the portfolio delivered in the second half of the year.

Lastly, on income, our worst fears look like being short lived as the Company received more than expected in dividends and, at this stage, the outlook for 2017 appears more robust than expected at this time last year.

MINING SECTOR OVERVIEW

The last few years have been difficult to work through due to the constant derating of equity valuations, declining commodity prices and companies unravelling numerous poor quality investments made during more optimistic times. The debt that was taken on to fund either M&A activity or unwise capital spending damaged the credibility of the sector and destroyed the stunning returns generated during the previous decade. In the Interim Report we bravely suggested that we were past the worst and in years to come investors will point to January 2016 as the low point in the cycle. Given the scale of upwards moves that followed, it now seems highly likely that this will prove to be the case.



Sources: Thomson Reuters Datastream and BlackRock, as at 31 December 2016.

Performance

Investment manager's report continued

In the early part of the year the rally in share prices seemed to be more to do with investors taking profits on short positions that were put on as the shares were falling. In fact, the peak in 'short interest' across the sector was in the first quarter of 2016 and the buying needed to close this out supported prices without commodity prices rallying to justify the upwards moves. As the year progressed, commodities, first led by precious metals and then followed by iron ore, coking coal, and zinc, started to support valuations. What had been years in a row of a vicious circle started to unwind and the pressure to close shorts/underweights built as company profitability increased. Companies whose balance sheets were seen as a negative quickly became the go-to-stocks due to the upside leverage from debt reduction. By the end of the summer, the five year vicious circle was well and truly broken.

Over the year, companies did a range of transactions to help deleverage balance sheets. Assets were sold, costs were cut, capital spending plans were shelved and, for the most, vulnerable dividends were suspended. 2016 turned out to be the lowest year since 2003 for M&A activity with only US$28 billion of deals conducted. In short, management tried everything to stop the rot of debt eating further into the equity value of their businesses. These efforts steadied the ship and shareholders should be thankful that so many companies have survived what was one of the worst periods of share price volatility ever seen in the sector.

Outside of the self-help actions taken by the companies, the demand side of the equation was assisted by an injection of liquidity into the Chinese economy. This boosted sentiment and helped buoy confidence allowing property prices to recover and business activity to increase. Soon, steel prices started to rise leading to increases in iron ore and other steel-making raw materials. In the summer, the world faced the uncertainty of the Brexit vote and this caused a severe fall in sterling which has been a significant help to the valuation of companies whose earnings are based in US dollars. In fact, the potential for the UK listed mining sector to be seen as the driver of income growth in 2017, and beyond, is very real due to rising profitability and US dollar based dividends being magnified by the depreciation in sterling.

During the second half of the year, investor confidence started to build on the back of reduced fears on China and commodity markets moving from being in surplus to being in deficit. Better than expected demand accelerated inventory depletion rates and brought forward the point when commodities moved from being in surplus to being in deficit. For example, it was notable in copper that the price only started to move higher from October onwards and this caused copper equities to lag the market for most of the year. We had been expecting this process to happen naturally, but the events of the second half of 2015 masked what was building as a normal cycle bottom and raised fears that things would never recover. Confidence in commodity demand was boosted further with the US election result, as expectations of a jump in business activity from the pro-growth Trump agenda drove metal prices to highs for the year.

BASE METALS

Given the moves seen during the year it certainly feels like 2016 marked the bottom of the base metal price cycle. For the year as a whole it was a clean sweep of upwards moves, as seen from the table below, with zinc and tin leading the way. However, when looked at using the average prices for 2016 versus the average prices for 2015 it tells a different story. The momentum is clearly positive as mentioned previously but for some of the metals the moves were second half weighted as the year-on-year average prices showed a negative rather than positive move. Copper prices were the most impacted by the late move with the price only breaking out to the upside in October. This meant that copper equities lagged the overall move in the sector until very late into the year. Given the significant weighting to copper producers in the Company (19.8% to copper equities) it was a significant contributor to the relative underperformance in the first half and there was only a partial catch up towards the year end. However, the Company is well positioned for 2017 as at current margins copper producers should be the biggest beneficiaries for such a change year-on-year.

SELECTED COMMODITY PRICE CHANGES DURING 2016

	Price 31 December 2016	% change 12 month	% change average 2016 vs. 2015
Precious metals US$/oz			
Silver	16.05	15.9	9.13
Gold	1,157.5	8.95	7.58
Platinum	898	3.46	-6.23
Base metals US$/lb			
Tin	9.62	45.33	11.71
Zinc	1.16	60.59	8.34
Lead	0.91	11.27	4.43
Aluminium	0.77	13.58	-3.61
Copper	2.51	17.37	-11.63
Nickel	4.52	13.49	-19.02
Industrial commodities			
Coking Coal US$/t	226	189.0	33.64
Thermal Coal US$/t Newcastle	94.7	87.15	11.45
Iron Ore – fines 62% Fe China Import US$/t	81.8	89.35	4.65
Uranium US$/lb	20.25	-40.88	-28.04
Lithium Carbonate CIF to China spot 99% US$/t	17,887	-9.96	143.43
Baltic Freight Rate Index US$	961	101.05	-5.53

Sources: Datastream and Bloomberg.

The key copper holding in the Company is First Quantum where it owns not just shares (3.3% in shares) but also has exposure to First Quantum corporate bonds. The company is aiming to complete a major debt refinance by mid-year using a project facility attached to their Cobre de Panama asset. This, combined with the ramp-up of expanded capacity in Zambia, leaves the company ideally positioned to deliver exposure to a deleveraging balance sheet, production growth and copper exposure. Shares in First Quantum rallied significantly during the year finishing up 217% in sterling terms. First Quantum debt started the year trading at 63 cents in the dollar and finished the year trading above par.

Another holding that offers similar exposure to both the ability to deleverage its balance sheet and growth in production is Cerro Verde (3.2% of the portfolio). The company went through a major expansion during the last three years and this has left the balance sheet weaker than its owners would like. We expect the company to refinance its short term debt in 2017 and then resume dividend payments in 2018. The Company also has exposure to copper via a group of other holdings such as Lundin (4.4% of the portfolio), Boliden (2.0% of the portfolio), Avanco (1.3% in shares) and OZ Minerals (0.9% of the portfolio). Lundin is in the process of completing the sale of its stake in the Tenke mine in DRC and this could result in a material special dividend during the second half of the year. Both Lundin and Boliden give the Company exposure to mines producing zinc, nickel and copper, all of which we feel have good potential for improved cash generation this year. Lundin was up 106.7% and Boliden was up 85.4% (both in sterling terms).

Like copper, nickel also started to rally in the second half of the year. This was based on improved demand and the prospect of further supply reductions on the back of mine closures in Indonesia. The Company has continued to maintain a material holding in Norilsk Nickel (4.5% of the portfolio) due to its world class assets that deliver exposure to nickel, copper and PGMs (platinum group metals). In addition, the company continues to offer low cost growth optionality and a sector leading dividend yield. Norilsk was a relative underperformer in 2016, rising only 58.2%, with nearly all the rally coming in the second half of the year.

GOLD & PRECIOUS METALS

It was a year of two halves in the gold market as the price rose 25% in the first half of 2016 before handing back part of its gains later in the year, with the majority of the fall happening after the US Presidential election in November. For the year, the price finished up 9% in US dollar terms after falling 12.4% in the second half of the year. The first half rally was driven by a pick-up in demand for 'safe-haven' assets as diversification properties came to the fore on the back of equity market weakness, currency volatility and rising geopolitical uncertainty. Global equity markets suffered their worst start to a year since 2009 on heightened concerns over global economic growth. Meanwhile, soft US GDP data and dovish commentary from the US Federal Reserve pushed out expectations for further US interest rate rises. In the end, the US Federal Reserve did not raise rates in March as had been expected and instead revised its rate projections down from four hikes in 2016 to two. Central bank policy elsewhere in the world remained supportive of gold; the Bank of Japan introduced negative interest rates on a select portion of the banks' reserves and Mario Draghi announced a further cut to interest rates in Europe, as well as an expansion of quantitative easing. At one point in the year, the entire spread of bonds issued by the Swiss National Bank were trading with negative yields.

From July onwards the gold market started to give back its gains made during the first half. The post Brexit high of US$1,369 made in July was swiftly followed with rising consumer confidence and reduced concerns regarding Chinese growth. In addition, markets started to price-in an increased probability that the US would raise rates and this cooled enthusiasm for gold, as well as seeing the dollar strengthen further. Political uncertainty continued with the US Presidential election; November saw the unexpected victory of President Donald Trump which dominated global markets. Contrary to widely held expectations that this would be supportive of gold, Trump's acceptance speech saw global equity markets rotating to a pro-growth position. The back end of the US yield curve steepened significantly, increasing the opportunity cost of holding gold, a non-yielding asset. The message from markets following the US Presidential election appears to be that the reflation trend is set to begin. On the back of this, US 10-year Treasury yields rose to over 2.5% in December, and the US dollar strengthened as consumer confidence spiked to the highest level seen since August 2001. Dollar strength acted as a headwind for gold, as a more positive economic outlook was fuelled by Trump's pledged stimulus measures. However, uncertainty regarding Trump's administration, combined with wider global economic and political uncertainty, means the appeal of owning gold as a safe-haven asset remains high.

Turning to the physical market, key themes in 2016 were the impact of government restrictions in both India and China. In November, the Indian government decided to immediately withdraw the Rs 500 and Rs 1,000 notes which account for 85% of notes in circulation as part of the government's plan to tackle corruption and tax evasion. They also introduced measures to dampen the demand for physical gold including a 1% excise duty on most gold purchases, as well as a compulsory declaration to authorities of large retail gold purchases. In China we also saw the government restrict gold purchases as part of measures designed to prevent capital outflows. As a result, gold in China was in short supply as evidenced by premiums paid on the Shanghai Gold Exchange which set new five year highs at over US$40/oz in December. It was a good year for investment demand for gold with ETFs adding 12.8mil oz, taking total holdings to 58.2mil oz at the end of the year.

Performance

Investment manager's report continued

The gold equities, as measured by the FTSE Gold Mines Index, rose by 59.5% in US dollar terms (90.2% in sterling terms), outperforming the industrial miners. Underweights to Barrick Gold and Newmont Mining (2.8% of the portfolio) hurt relative performance in the first half of the year as the rising gold price rapidly expanded both companies' narrow profit margins and bolstered balance sheets. On the positive side, the Company benefited from the same dynamic through its position in AngloGold. Cost deflation was also a theme in the gold miner space, with 'all-in sustaining costs' of production declining with lower consumables, energy and currencies. There was management change at Goldcorp, with a new CEO David Garofalo taking office during a time of both operational problems at their Penasquito plant and labour issues at Cerro Negro. The Company's underweight to Goldcorp added to relative performance. In the more junior part of the portfolio, performance was helped by exposure to key growth names such as Northern Star Resources (1.1% of the portfolio), OceanaGold (1.1% of the portfolio), Metals Exploration (0.5% of the portfolio) and TMAC Resources (0.4% of the portfolio). Following the price correction in the second half, exposure to gold producers that have a strong growth profile was increased further.

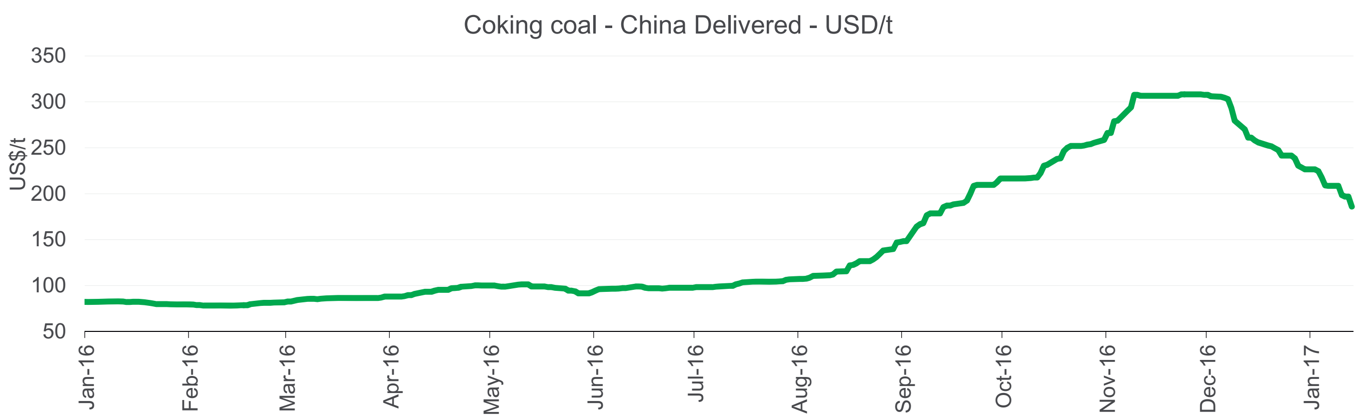
Elsewhere in the precious metals space, silver outperformed gold this year rising 15.9%. Silver has many industrial uses and tends to outperform in an accelerating global growth environment. The Company's position in Fresnillo (1.9% of the portfolio) added to relative performance, as the stock first outperformed in the wake of the Brexit vote and then on the back of Trump related weakness in the Mexican peso which reduces Fresnillo's cost of production and improves cash flow generation. This should boost the profitability of Industrias Penoles (1.0% of the portfolio), the parent company of Fresnillo, which is also held in the portfolio.

Total exposure to the diamond sector increased in 2016 and ended the year at 4.7% of the portfolio through names like Petra Diamonds (1.8% of the portfolio both equity and debt), Lucara Diamond (1.0% of the portfolio) and Mountain Province Diamonds (1.3% of the portfolio). With the US leading the global growth acceleration and remaining the largest diamond market in the world, the outlook for diamonds improved in the second half. These holdings are all likely to deliver strong margins and growth in production during 2017, leaving them well positioned to benefit from price increases that might arise on the back of a better market for diamonds.

BULK COMMODITIES

The reversal in prices for bulk commodities during 2016 was spectacular. 2015 was the first decline in global demand for crude steel since 2009 with a 3.5% contraction. This year crude steel demand is estimated to have risen by a mere 0.5% but, given the low inventories throughout the production pipeline, this reversal of trend caused a rally in demand for steel making raw materials. Hard coking coal prices, having fallen from a high back in January 2011 of US$380/t to a low of US$73/t in November 2015, soared in 2016. The rally started on the back of changes to Chinese domestic coal production where the Government restricted production to 276 days a year for coal producers in April. Coking coal moved from its multi-year low of US$73/t in November 2015 to a high of US$309/t by November 2016. The squeeze in supply triggered aggressive restocking and, now that supply concerns have eased, prices have started to correct back to US$186/t – still a massive 226% up based on where they started the year.

The move higher in price resulted in huge windfalls for producers and those with the weakest balance sheets benefited the most due to their ability to use the cash to pay down debt and in turn reduce the risk implied in their share prices. A key beneficiary was Teck Resources (2.6% of the portfolio) whose debt started the year trading at less than 50 cents in the dollar and finished the year above par. The Company rebuilt its holding in the shares during the early part of the year and this delivered strong gains to the portfolio, both on a relative and absolute basis. Another key holding to benefit from this rally was South32 (2.7% of the portfolio). The company not only benefited from the rally in coking coal prices but also thermal coal and manganese. The combination of all three of these commodities moving higher should leave South32 in an excellent position to return surplus cash to shareholders in 2017 and, if so, it will be a key part of the growth in dividend income for the coming year.



Sources: Morgan Stanley Research, IHS, Tex Report, Platts as at 13 January 2017.

Iron ore prices also rallied strongly but not to the same extent as that of coking coal. This was in part due to the improving demand for steel and flow through from steel producers who were able to raise prices around the world. The higher prices flowed down to the iron ore producers who were at the same time showing discipline with regards to production. In addition, there was also a subtle shift in tone from the miners as they all seemed to reduce volume targets and defer expansion plans. The combination of the above allowed traders, principally domestic Chinese groups, to move from being bearish to bullish and this caused a sudden and material rise in prices. In January, iron ore for delivery to China was trading below US$40/t and by December it was trading above US$80/t, a price not seen since 2014.

Given the move in prices, the leveraged companies were standout performers during the year. The Company has exposure to iron ore principally via the diversified mining companies such as Rio Tinto (10.0% of the portfolio), BHP Billiton (8.2% of the portfolio) and Vale (5.4% of the portfolio). Out of these three, Vale was the biggest year-on-year change to the portfolio. Following a visit to meet with management in Brazil during April, and subsequent review of our models, we took the decision to build a substantial position in Vale. The combination of improving commodity prices, a high probability of successful asset sales and management commitment to deleverage the balance sheet meant that the shares could see a significant rerating. This happened in the second half of the year and, given that the balance sheet repair work is not completed, it is likely that there is further for the shares to move as the company makes progress in this regard.

One final point to make is the resilience in costs despite the soaring commodity prices. Across the mining industry, producers continue to reduce costs where possible and iron ore miners have seen some of the steepest drops. The falls in costs have remained in place during the year and, as such, the combination of the rapid increase in prices and stability in costs has made the margin expansion even more powerful allowing companies to generate cash at levels well ahead of estimates.

INDUSTRIAL METALS

After an extremely strong 2015 in which the Chinese lithium carbonate price rose 162%, 2016 saw the price give back some of these gains with a 10% fall. However, demand continued to grow dramatically with batteries the most prominent and visible growth driver, with current estimates showing there was +30% growth in demand for lithium in 2016. During the year, the Company has maintained its exposure to the area with a position in Albermarle (1.4% of the portfolio), the world's largest lithium producer, and initiated several positions in emerging producers. Exposure to the developers and emerging producers is part of a general strategy to add exposure to this high growth part of the mining market.

Another key area within this sector is mineral sands. These commodities benefit when global growth improves due to their principal use in the construction industry. The reversal of falls in the Chinese property sector, combined with better economic data in the US and other developed nations, has led to a reduction in inventories at the same time as producers have idled capacity. The Company has maintained its holding in Iluka Resources (1.7% of the portfolio), an Australian zircon and rutile producer, which has recently used its strong balance sheet to consolidate an African based producer of rutile at what looks to be the bottom of the cycle. The Company also has exposure to a junior developer called Sheffield Resources (0.2% of the portfolio) which is advancing the high grade Thunderbird deposit in Western Australia.

LONGER TERM INVESTMENTS

In the Interim Report we outlined our belief that the sector had bottomed in January and that at this point in the cycle it made sense to increase exposure to smaller companies with projects at an earlier stage of development. Investing in these stocks is higher risk and reduces exposure to dividend bearing companies, but offsetting this is the potential for significant returns on capital. Over the year we invested in companies meeting these criteria including Nemaska Lithium (0.2% of the portfolio), Orocobre Minerals (0.1% of the portfolio), TMAC Resources (0.4% of the portfolio), Sheffield Resources (0.2% of the portfolio), Silver Mines (0.2% of the portfolio), Metals Exploration (0.5% of the portfolio), Pretium Resources (0.2% of the portfolio) and Arizona Mining (0.2% of the portfolio). In addition, exposure to existing longer term investments was increased further and we hope to grow this theme during the coming year. We are pleased to report that by the year end these investments had already delivered positive returns for shareholders but patience will be required whilst the development risks are overcome so that the full potential of the strategy can be unlocked.

ROYALTIES AND ILLIQUID INVESTMENTS

4.4% of the Company's portfolio is invested in unquoted investments. These, and any future investments, will be managed in line with the guidelines set by Board as outlined to shareholders in the Annual Report.

AVANCO ROYALTY CONTRACT

In October 2013, the Company signed a non-binding memorandum of understanding with Avanco Resources for a contractual royalty covering its exploration licenses within the world-class mineral district of Carajas in Brazil. A binding royalty agreement was subsequently signed in July 2014 in which the Company committed US$12 million in return for Net Smelter Return (net revenue after deductions for freight, smelter and refining charges) royalty payments comprising 2% on copper, 25% on gold and 2% on all other metals produced from their Antas North and Pedra Branca (Stage 1 and Stage 2) licenses. In addition, there will be a flat 2% royalty over all metals produced from any other discoveries within Avanco's license area as at the time of the agreement.

Performance

Investment manager's report continued

In March 2016 the Company funded the final US$4 million for the royalty, taking the total invested up to the full US$12 million committed. The Antas North mine ramped-up on time and budget in the first half of 2016, with commercial production declared in the third quarter of 2016. At full production, Antas North is estimated to produce 12,000 tonnes of copper and 7,000 ounces of gold for the next ten years. The Company received two cash payments from the royalty in 2016 totalling US$1.58 million earned from revenues during the ramp-up of the mine in the second and third quarter. The royalty payment with respect to the fourth quarter of 2016 is expected in early 2017 and the mine continues to produce as expected.

In September, Avanco released the results of its Pedra Branca East Scoping Study. Avanco is in the process of completing a pre-feasibility study on a large scale underground mine at Pedra Branca East and, due to encouraging results to date, they have approved the commencement of an underground mine which will enable a small amount of initial ore to be processed at the Antas plant. This should add an additional 3,000 tonnes of production annually for the next couple of years. The bigger project of the large scale underground mine will target 24,000 tonnes of copper production at an operating cost of US$1.14/lb for copper. This project will likely require US$170 million of capital expenditure and, given that Avanco has no debt and is cash flow positive, there are a range of options on how to finance this.

Since the previous annual SRK valuation as at 31 December 2015, the mine on the area subject to the royalty, Antas North, has moved from development to commercial production during 2016. Additionally, SRK now include a contribution from Pedra Branca East into their Preferred Technical Valuation, recognising the scoping study work that has been completed during 2016. This progress towards production has given a greater degree of confidence in the underlying parameters and therefore justifies inclusion within the overall valuation of the investment but still at a heavily discounted level due to not yet being in production.

Further information is available in the Pedra Branca East Scoping Study and Development of Decline dated 12 September 2016 which can be found at http://www.avancoresources.com/content/investor-centre/asx-announcements/.

Following an independent valuation by SRK Consulting (UK) Limited (SRK) of the Avanco Royalty investment there has been an upwards revaluation to US$25.2 million (previously US$12 million) resulting in an estimated uplift to the NAV per share of 6.05 pence (based on an exchange rate of 1$ = £0.8093). This investment now represents approximately 2.7% of the Company's net assets. The change was reflected in the NAV calculated as at close of business on 10 February 2017.

BANRO GOLD-LINKED LINKED PREFERENCE SHARE

The Company's portfolio has a 1.8% exposure to a gold-linked preference share issued by Canadian listed gold company Banro Corporation. The preference share provides exposure to the gold price, as well as to production growth, with the principal value moving in line with the gold price and the coupon ranging between 10% and 15% depending on Banro's overall level of production. Since the Company purchased the preference share in April 2013, the Company has received a total of US$10.1 million in dividends, with deferred dividends expected to be received in the first half of 2017.

Operational results at Banro were in line with guidance in 2016 and, as of the end of the third quarter, had produced 147,242 ounces of gold from Twangiza and Namoya combined with a total all-in sustaining cost of US$963 per ounce. Namoya, the company's second asset, declared commercial production on 1 January 2016 and continued to ramp-up during the year reaching a production rate in line with steady state operations in the third quarter at 28,190 ounces per annum. Production is expected to further increase in 2017 as Namoya operates at higher rates for the entire year.

As at the end of the year, the Board in conjunction with a recommendation from the BlackRock Pricing Committee, has applied a 30% discount to the valuation of the gold-linked preference share. This is in excess of the discount to par value that the senior secured notes have traded at during the last year due to the gold linked preference share ranking behind the notes. At the end of January, Banro announced a proposed refinancing of its outstanding debt (including the Company's gold-linked preference share). Should the deal be approved by shareholders, this would lead to the Company reducing its exposure to Banro and an uplift in the carrying value due to removal of the 30% discount.

FIXED INCOME SECURITIES

The Company continues to have a significant part of the portfolio allocated to fixed income securities. As at the end of 2016, the Company had 9.4% of the portfolio in corporate debt. First Quantum debt made up the largest exposure to a single issuer at 6.1% of the Company's assets. During the year, Hudbay Minerals refinanced a bond held by the Company which forced the Company to sell the holding. Given the current market conditions, it is likely that it will be hard to replace this exposure due to the low coupons on new debt being issued. The remaining holdings mostly mature after 2020 and it is likely they will be held until maturity assuming the cost of debt for the company provides an attractive arbitrage opportunity and the credit worthiness of the issuers remains suitable.

DERIVATIVES ACTIVITY

The Company sometimes holds positions in derivatives contracts with virtually all of the activity focused on selling either puts or calls in order to increase or decrease position sizes and take advantage of high prices paid for exposure to volatility. These derivative positions, which are small in comparison with the size of the Company, usually have the effect of obliging us to buy or sell stock or futures at levels we believe are attractive. During 2016, we primarily focused on writing short dated options to maximise the price paid for the implied volatility and at the same time minimise the duration of the exposure. The overall strategy worked well during the year and income from option writing was £6.39 million. At the end of 2016 the Company had three put option positions with time still to run and two expired worthless in January 2017.

GEARING

At 31 December 2016, the Company had debt net of group cash amounting to £83.8 million, representing gearing of 12.4%. For the most part, this gearing has been drawn down against the higher yielding mining company corporate bonds and is predominantly denominated in the same currency as that of the bonds. Gearing, which can be drawn down or repaid at any time, is used in the portfolio to take tactical advantage of market volatility and opportunities, as well as enhance overall returns during the medium to long term.

OUTLOOK AND STRATEGY FOR 2017

After such a strong year it is hard to imagine 2017 being a repeat of 2016 given we are starting the year from a much higher base. Nonetheless, the outlook is promising. Corporate balance sheets seem to have passed the point of maximum leverage and should commodity prices remain around current levels they will rapidly deleverage. If management teams can hold themselves back from either investing the cash back into new projects, or using it for corporate transactions, then long suffering shareholders should benefit as debt is paid down and increased returns become possible.

Given the scale of the share price moves last year it is likely that equity volatility will revert to the normal levels seen in prior years. This means that the Company will be paid less for the risk it takes in selling volatility and in turn the opportunity to generate income from this area will be reduced. However, dividends are expected to grow in 2017 as companies either increase the amounts paid out or return to paying them after having been forced to cancel them in the downturn. In addition, we see room for other companies to return surplus cash.

It is our hope that during 2017 common sense prevails and mining companies do not restart mothballed production too rapidly or dust off capex plans as the recovery is still in its early days. The outlook for the global economy feels better, but with China still navigating its way through its varied challenges, and the developed economies having to accommodate a new US President and Brexit, the outlook, although positive, is still fraught with uncertainty. The last thing this sector needs after the pain of the last five years is the threat of new supply just as commodity markets are finally moving into balance. If it can get it right however, the opportunities are compelling.

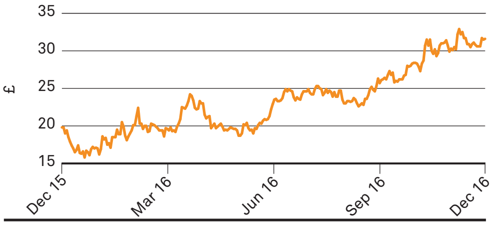
EVY HAMBRO AND OLIVIA MARKHAM
BlackRock Investment Management (UK) Limited
23 February 2017

Performance

Ten largest investments as at 31 December 2016

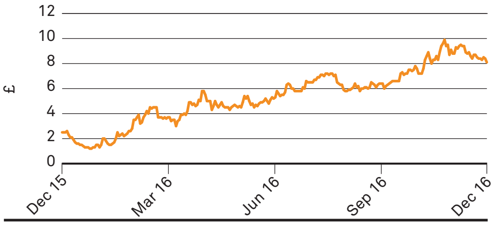
Set out below is a brief description by the Investment Manager of the Company's ten largest investments.

RIO TINTO



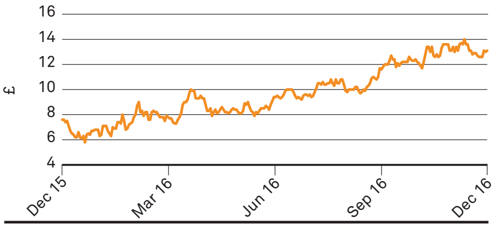
Rio Tinto: 10.0% (2015: 10.7%) is the world's second largest mining company by market capitalisation. It has interests over a broad range of metals and minerals including iron ore, aluminium, copper, coal, industrial minerals, gold and uranium. Rio Tinto has a strong balance sheet, currently stronger than its stated 20% to 30% gearing targeted range, which should help the company both sustain its dividend policy of a 40% to 60% pay-out of earnings and drive organic growth and shareholder returns. The most significant organic growth project is the Oyu Tolgoi phase II copper project in Mongolia. In 2016, Rio announced productivity targets to drive US$5 billion of free cash flow over the next five years and further drive shareholder returns. Towards the end of the year, news of SEC investigation into activity in deals done around securing of licences at Simandou caused concern and we look to see how this develops in 2017.

FIRST QUANTUM



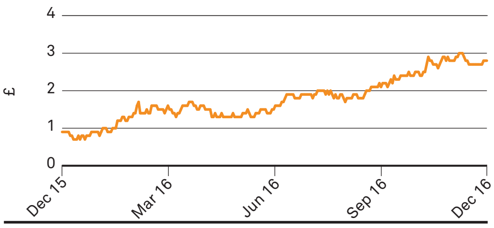
First Quantum Minerals*: 9.4% (2015: 6.7%) is an integrated copper producer whose principal operating assets are in Zambia. First Quantum is in the midst of a significant expansion of the business, most notable the Cobre Panama mine in Panama. At the beginning of 2016, we saw the company take action to de-risk the balance sheet, including in the first half of 2016 the successful sale of the Kevista nickel mine for US$712 million to Boliden. In addition, the company refinanced its US$3 billion credit facility with a new US$1.8 billion facility with improved financial covenants and amortization schedule. Through the course of 2016, management added to a copper price hedge to ensure the capital availability for the Cobre Panama expenditure. Elsewhere, at the Sentinel copper mine in the DRC, the company successfully commissioned the second power line to ensure power availability; commercial production at Sentinel is expected in 2017. The Company holds both the equity and senior unsecured debt.

BHP BILLITON



BHP Billiton: 8.2% (2015: 11.3%) is the world's largest mining company by market cap. The company is an important global player in a number of commodities including iron ore, copper, coal, manganese, aluminium, diamonds and uranium. During the first half of 2016, the company ended its progressive dividend policy, cutting its dividend by 75%. Going forward, the company will pay out a minimum of 50% of underlying profit, with the ability to pay additional amounts depending on capital needs within the business. After the tragic tailings dam collapse at Samarco last year, the company defined a framework agreement subject to court ratification which has been challenged; resolution is expected in 2017. BHP is a 50% owner in Samarco alongside Vale.

GLENCORE



Glencore: 7.3% (2015: 3.8%) is a diversified miner with activities in mining, smelting, refining, processing and marketing of metals and minerals, energy products and agricultural products globally. In addition, the company provides financing, logistics, marketing and purchasing services to producers and consumers of commodities. Glencore remains focused on preserving its investment grade credit rating targeting a BBB+ rating over the medium term. The Company has met asset sale proceeds of US$4 billion to US$5 billion, with the company successfully selling a 40% equity stake in its agriculture business for US$2.5 billion in April 2016. Since mid-2015 the company has been focused on rapidly de-gearing the balance sheet, targeting a net debt position of US$17 to US$18 billion by December 2016 versus net debt of US$26 billion in December 2015.

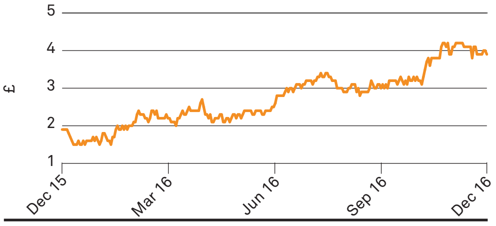
VALE

Vale: 5.4% (2015: 0.1%) is a Brazilian-based diversified mining company and the world's largest producer of iron ore, as well as rising outputs of copper, coal and fertilisers. Its main mining operations are in Brazil, Canada, Australia, Indonesia and Mozambique and the dominant earnings and cash flow driver continues to be its Brazilian based iron ore operations. During 2016, the company significantly de-geared through a divestment programme and significant cash flow generation from its mining operations. Divestments include the announced sale of the fertilisers business to Mosaic for US$2.5 billion and a deal to sell a stake of its Mozambique coal assets to Mitsui. This year will see the ramp-up of S11D, a significant growth project in iron ore. Vale is a 50% owner in Samarco alongside BHP Billiton.

NORILSK NICKEL

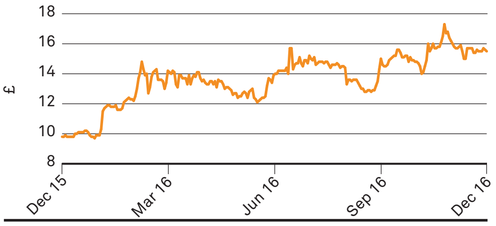
Norilsk Nickel: 4.5% (2015: 5.0%) is the world's largest nickel and palladium producer, with significant platinum and copper production. It is a Russian company whose core assets are located in northern Siberia, within the Arctic Circle. The company has benefited from the significant weakening in the Russian rouble in recent years.

LUNDIN MINING



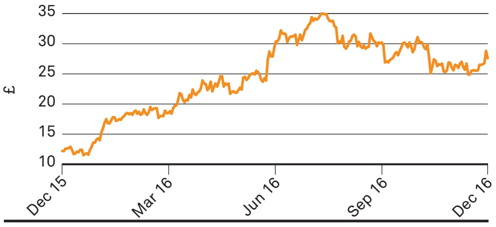
Lundin Mining*: 4.4% (2015: 5.3%) is a base metals producer with operations in Chile, Europe and the US. In November this year, Lundin announced they had successfully negotiated a deal to sell their 24% stake in Tenke to China Molybdenum for US$1.2 billion. Freeport announced that it had entered an agreement to sell its 56% interest in Tenke for US$2.65 billion to China Molybdenum earlier in the year and prompted Lundin's exit. Other key news events this year for Lundin included its key asset Candelaria receiving permits for construction of a new tailings dam to ensure operations out to 2030 and beyond. Last year saw Lundin also start development to access Eagle east – a mine life extension project at their nickel/copper Eagle mine in Canada. The Company holds both the equity and the 7.875% senior secured notes due 2022.

SOCIEDAD MINERA CERRO VERDE



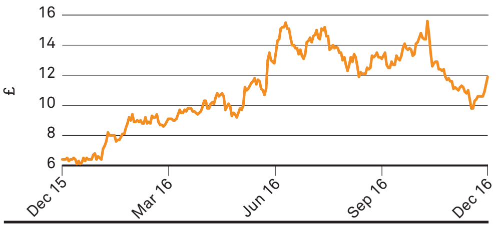
Sociedad Minera Cerro Verde: 3.2% (2015: 3.8%) is a copper and molybdenum operation in Peru operated by Freeport-McMoRan Copper & Gold where Freeport maintain a 53.6% ownership in the company. In 2013, construction activities commenced on the US$4.4 billion large-scale expansion of the asset which will see copper production more than double from 210kt in 2015 to 560kt in 2017. The project successfully ramped-up during 2016 with significant cash flows and dividend payments expected from 2018.

NEWMONT MINING



Newmont Mining: 2.8% (2015: nil) is one of the world's leading gold producers with the majority of its production from North America and Australia. In recent years, Newmont has divested assets to build a longer-life, lower cost asset portfolio. On 30 June 2016, the company sold its interest in the Batu Hijau project in Indonesia for US$920 million in cash to be used for debt repayment. Last year saw two of Newmont's growth projects, Merian and Long Canyon, completed on time and on budget; both will ramp-up during 2017. In October, Newmont also announced an update to its dividend policy with a 25% pay-out of free cash flow targeted.

NEWCREST



Newcrest Mining: 2.8% (2015: 1.6%) is a major Australian-based gold producer operating in four countries. Newcrest has an industry leading reserve life and cost position. 2016 saw through-put at the Lihir operation in PNG increase to the targeted 13mt and 2017 should see further progress. Newcrest also agreed to sell its 50% interest in the Hidden Valley joint venture for US$1. Longer term, the company has organic growth potential at its Wafi-Golpu project in PNG.

Chart sources: Bloomberg and Thomson Reuters Datastream.

* Includes fixed interest securities.
All percentages reflect the value of the holding as a percentage of total investments. Percentages in brackets represent the value of the holding as at 31 December 2015. Together, the ten largest investments represent 58.0% of total investments (31 December 2015: 56.6%).

Performance

Investments as at 31 December 2016

	Main geographical exposure	Market value £'000	% of investments
Diversified			
Rio Tinto	Global	75,854	10.0
Rio Tinto Put Option 20/01/17 US$31	Global	(94)	-
Rio Tinto Put Option 20/01/17 US$32	Global	(161)	-
BHP Billiton	Global	61,988	8.2
Glencore	Global	55,470	7.3
Vale	Global	40,845	5.4
Norilsk Nickel	Russia	33,940	4.5
Lundin Mining*	Global	33,769	4.4
South32	Australia	20,716	2.7
Teck Resources	Global	19,459	2.6
Teck Resources Put Option 20/01/17 CAD$28	Global	(600)	(0.1)
Boliden	Sweden	14,897	2.0
Umicore	Global	3,003	0.4
		359,086	**47.4**
Copper			
First Quantum Minerals*	Global	71,630	9.4
Avanco Resources#~	Brazil	29,733	3.9
Sociedad Minera Cerro Verde	Peru	23,984	3.2
Nevsun Resources	Eritrea	14,990	2.0
OZ Minerals	Australia	6,935	0.9
Ivanhoe Mines	DRC	1,410	0.2
Metals X	Australia	984	0.1
Katanga Mining	DRC	917	0.1
		150,583	**19.8**
Gold			
Newmont Mining	Global	21,369	2.8
Newcrest Mining	Australia	20,939	2.8
Banro Barbados +#>	DRC	13,637	1.8
Agnico Eagle Mines	Canada	11,298	1.5
Randgold Resources	Africa	10,510	1.4
Franco-Nevada	Global	10,259	1.4
Eldorado Gold	Global	8,896	1.2
Northern Star Resources	Australia	8,485	1.1
OceanaGold	Global	8,089	1.1
Detour Gold	Canada	7,272	1.0
Alamos Gold	Mexico	5,540	0.6
Metals Exploration	Global	4,053	0.5
TMAC Resources	Canada	3,221	0.4
Shanta Gold convertible	Tanzania	2,315	0.3
Pretium Resources	Canada	1,670	0.2
Beadell Resources	Australia	1,553	0.2
Westgold Resources	Australia	1,453	0.2
Stratex International	Turkey	580	0.1
		141,139	**18.6**

	Main geographical exposure	Market value	% of investments
		£'000	
Silver & Diamonds			
Fresnillo	Mexico	14,640	1.9
Petra Diamonds*	South Africa	13,833	1.8
Silver Wheaton	Canada	12,464	1.6
Mountain Province Diamonds	Canada	10,165	1.3
Industrias Penoles	Mexico	7,548	1.0
Lucara Diamond	Botswana	7,314	1.0
Tahoe Resources	Global	4,002	0.5
Sierra Metals	Peru	2,015	0.3
Silver Mines	Australia	1,631	0.2
Volcan	Peru	1,090	0.1
MAG Silver	Mexico	445	0.1
		75,147	**9.8**
Industrial Minerals			
Iluka Resources	Australia	12,763	1.7
Albemarle	Global	9,756	1.4
Sheffield Resources	Australia	1,861	0.2
Nemaska Lithium >	Canada	1,651	0.2
Bacanora Minerals	Mexico	1,093	0.1
Orocobre	Australia	776	0.1
		27,900	**3.7**
Zinc			
Nyrstar	Global	3,040	0.4
Arizona Mining	Global	1,585	0.2
		4,625	**0.6**
Iron Ore			
Equatorial Resources	Republic of Congo	730	0.1
		730	**0.1**
Other			
Bindura Nickel	Zimbabwe	102	–
		102	**–**
Portfolio		**759,312**	**100.0**

* Includes fixed interest investments.
\# Investments held at Directors' valuation.
\+ Includes Banro gold-linked preference share.
~ Includes mining royalty contract.
> Includes warrant investments.

All investments are in equity shares unless otherwise stated.

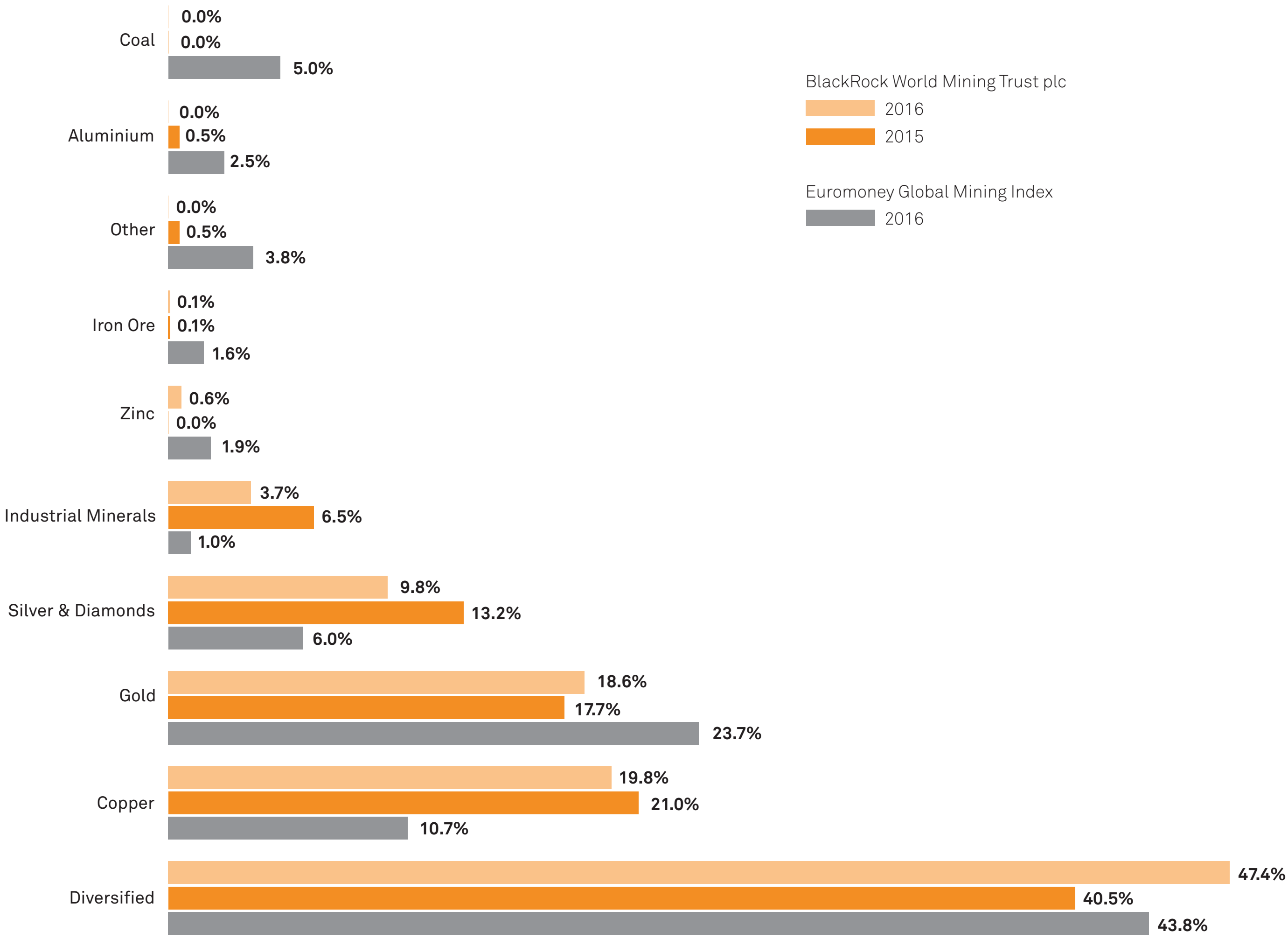
The total number of investments as at 31 December 2016 (including options classified as liabilities on the balance sheet) was 60 (31 December 2015: 56).

As at 31 December 2016 the Company held equity interests in four companies comprising more than 3% of a company's share capital as follows: Metals Exploration; Silver Mines; Stratex International; and Avanco Resources.

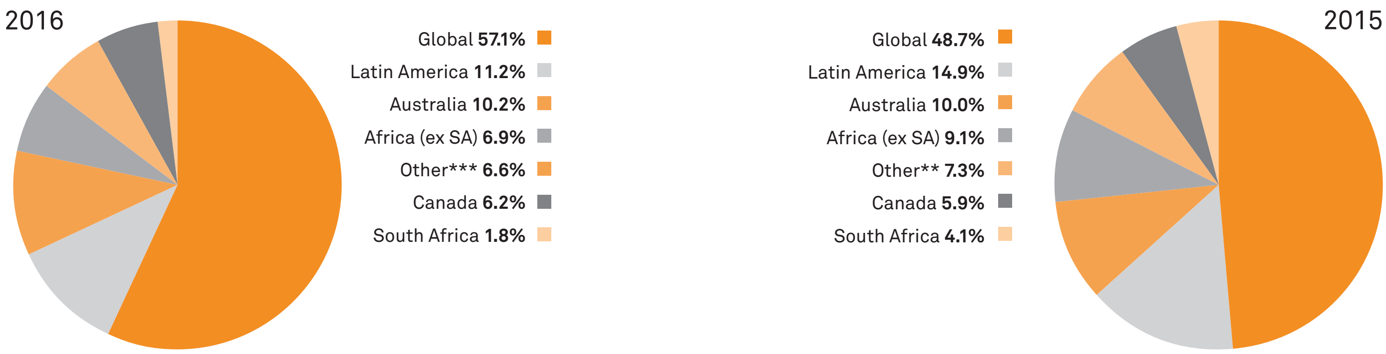
Performance

Portfolio analysis as at 31 December 2016

COMMODITY EXPOSURE*



GEOGRAPHICAL EXPOSURE*



* Based on the principal commodity exposure and place of operation of each investment.
** Consists of Indonesia, Russia, Serbia, Sweden and Turkey.
*** Consists of Russia, Sweden and Turkey.

Governance

Governance structure and directors' biographies

Responsibility for good governance lies with the Board. The governance framework of the Company reflects the fact that as an investment company it has no employees and outsources investment management to the Manager and other external service providers.

The Board

Six non-executive Directors (NEDs), all independent of the Manager

Chairman: Ian Cockerill (since April 2016)

5 full scheduled meetings per annum

Objectives:

- To determine investment policy, strategy and parameters;
- To provide leadership within a framework of prudent and effective controls which enable risk to be assessed and managed and the Company's assets to be safeguarded;
- To challenge constructively and scrutinise performance of all outsourced activities; and
- To establish the Company's remuneration policy and keep it under review.

Committees

Audit & Management Engagement Committee

2 scheduled meetings per annum

Membership: All NEDs.

Chairman: Colin Buchan

Key objectives:

- To oversee financial reporting and the adequacy of the control environment;
- To review and form an opinion on the effectiveness of the external audit process;
- To review the performance of the Manager; and
- To review other service providers.

Nomination Committee

1 scheduled meeting per annum

The Board as a whole performs this function.

Key objectives:

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

Directors as at 31 December 2016

Ian Cockerill

Appointed 14 November 2013, Chairman

is chairman of Petmin Ltd. He is a non-executive director of Orica Ltd, the senior lead independent director of Ivanhoe Mines Ltd and a non-executive director at Endeavour Mining Corporation. In addition, he is chairman of Leadership for Conservation in Africa, a not-for-profit organisation promoting sustainable employment opportunities linked to conservation projects across the African continent. He has over 40 years of experience in the mining industry, having previously been responsible for business development in AngloGold and chief executive of both Gold Fields Ltd and AngloCoal between 1999 and 2009.

Attendance record:
Board: 5/5
Audit & Management Engagement Committee: 2/2

Colin Buchan

Appointed 25 July 2001, Audit & Management Engagement Committee Chairman and Senior Independent Director

is chairman of the Scottish Chamber Orchestra and a non-executive director of Environcom Ltd, Moneycorp Bank Ltd, Moneta Topco Limited, Moneta Bidco Limited and Regent Acquisitions (Holdings) Limited. He was also a non-executive director of Standard Life Group Plc and Chairman of Standard Life Investments Limited. He was Global Head of Equities at UBS Warburg and a member of the Group Management Board of UBS AG until his retirement in March 2001.

Attendance record:
Board: 5/5
Audit & Management Engagement Committee: 2/2

David Cheyne

Appointed 1 June 2012

is a senior adviser to Akira Partners LLP and a trustee of the RAF Benevolent Fund. He retired as a consultant at Linklaters on 31 July 2015 where he was senior partner from 2006 to 2011 and a partner from 1980. Throughout his career at Linklaters he played a central role in a wide range of corporate transactions, including M&A deals, joint ventures, flotations and general corporate finance work. In particular, he advised on a number of large mining transactions. He also was vice chairman Europe, Middle East and Africa at Moelis & Company from 2011 to 2015.

Attendance record:
Board: 5/5
Audit & Management Engagement Committee: 2/2

Russell Edey

Appointed 8 May 2014

is chairman of Avocet Mining PLC, a non-executive director of Genesis Emerging Markets Fund Limited and a trustee of the Essex Community Foundation. He served as a non-executive director of Old Mutual PLC from June 2004 to May 2013 and retired as chairman of AngloGold Ashanti Limited in May 2010 having been a member of that company's board since 1998. In June 2014 he retired as a non-executive director of several companies in the Rothschild Group which he joined in 1977. Prior to that, he worked for Anglo American Corporation of South Africa Limited in South Africa and Australia.

Attendance record:
Board: 5/5
Audit & Management Engagement Committee: 2/2

Judith Mosely

Appointed 19 August 2014

is Business Development Director for Rand Merchant Bank in London with responsibility for developing the bank's African business with international mining and metals companies. She is a Trustee of Earthwatch an international environmental charity and a Liveryman of the Worshipful Company of Fan Makers. She was previously head of the mining finance team at Société Générale London branch and, in her early career, worked for National Westminster Bank's International Division and Hambros Bank.

Attendance record:
Board: 5/5
Audit & Management Engagement Committee: 2/2

Jane Lewis

Appointed 28 April 2016

is an investment trust specialist who, until August 2013, was a director of corporate finance and broking at Winterflood Investment Trusts. Prior to this she worked at Henderson Global Investors and Gartmore Investment Management Limited in investment trust business development and at West LB Panmure as an investment trust broker. She is a non-executive director of Invesco Perpetual UK Smaller Companies Investment Trust plc, Phaunos Timber Fund Limited, F&C Capital and Income Investment Trust plc and The Scottish Investment Trust plc.

Attendance record:
Board: 4/4
Audit & Management Engagement Committee: 1/1

None of the Directors has a service contract with the Company. The terms of their appointment are detailed in a letter sent to them when they joined the Board. These letters are available for inspection at the registered office of the Company and will be available at the Annual General Meeting.

Governance

Directors' report

The Directors present the Annual Report and Financial Statements of the Company and its subsidiary for the year ended 31 December 2016.

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) and 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/brwm, the Regulatory Disclosures section on page 83, and in the notes to the financial statements on pages 64 to 76.

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

THE COMMON REPORTING STANDARD

New tax legislation under the Organisation for Economic Cooperation and Development (OECD) 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. The Company will have to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certification 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 on to the share register, will be sent a certification form for the purposes of collecting this information.

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 investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

DIVIDENDS

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

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)) continues to act as the Company's Investment Manager under a delegation agreement with BFM. BIM UK also acted as the Secretary of the Company throughout the year. The Company pays an annual management fee to BFM equivalent to 0.80% of the Company's gross assets, which includes all services provided by BlackRock. However, in the event that the NAV per share decreases on a quarter-on-quarter basis, the fee will then be paid on net assets for the quarter. Included within this management fee is a contribution of £104,000 (excluding VAT) to a consortium element of a focused investment trust sales and marketing initiative, which enables the trusts to achieve efficiencies by combining certain sales and marketing activities, and is matched by BlackRock. This contribution will be deducted from the fee payable to BlackRock such that the total fee will not exceed 0.80% of gross assets. The purpose of the programme overall 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. The PNC Financial Services Group, Inc. has a significant economic interest in BlackRock, Inc. PNC Financial Services Group, Inc. is a U.S. public company.

APPOINTMENT OF THE MANAGER

The Board considers the arrangements for the provision of investment management services to the Company on an ongoing basis and a formal review is conducted annually. The Board has concluded that it is in shareholders' interests as a whole that BFM should continue as Manager of the Company.

As part of this review, the Board considered the quality and continuity of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date. The specialist nature of the Company's investment remit is, in the Board's view, best served by the Natural Resources team at BlackRock, who have a proven track record in successfully investing in the mining sector.

DEPOSITARY AND CUSTODIAN

The Company appointed BNY Mellon Trust & Depositary (UK) Limited (BNYMTD or the Depositary) in this role with effect from 2 July 2014. Their duties and responsibilities are outlined in the investment fund legislation (as defined in the FCA AIF Rulebook). The main role of the Depositary under AIFMD is to act as a central custodian with additional duties to monitor the operations of the Company, including monitoring cash flows and ensuring the Company's assets are valued appropriately in accordance with the relevant regulations and guidance. The Depositary is also responsible for enquiring into the conduct of the AIFM in each annual accounting period and to report thereon to shareholders. The Depositary receives a fee payable at 0.0115% of the net assets of the Company. The Company has appointed BNYMTD in a tripartite agreement to which BFM as AIFM is also a signatory. The Depositary is also liable for the loss of the financial instruments held in custody. The depositary agreement is subject to 90 days' notice of termination by any party.

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

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, shareholder documentation, the Common Reporting Standard and the Foreign Account Tax Compliance Act.

The Registrar receives a fixed fee each year plus disbursements and VAT for the maintenance of the register. Fees in respect of corporate actions and other services are negotiated on an arising basis.

CHANGE OF CONTROL

There are no agreements to which the Company is a party that might be affected by a change in 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 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/investment-stewardship/voting-guidelines-reports-position-papers. 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.

Details of the voting record in respect of the Company's portfolio for the year ended 31 December 2016 are set out in the table below.

Number of meetings voted	Number of proposals	% of meetings voted against, withheld or abstained on one or more management recommendations	% of proposals voted against management recommendations
63	573	22.7%	2.4%

CONTINUATION VOTE

As agreed by shareholders, an ordinary resolution for the continuation of the Company as an investment trust is proposed annually at the Annual General Meeting. If any such resolution is not passed, the Board shall put proposals to shareholders within 42 days of the Annual General Meeting with a view to enabling shareholders to realise their holding of shares for cash or, if appropriate, a non-cash consideration with a cash alternative.

Governance

Directors' report continued

PRINCIPAL RISKS

The principal risks faced by the Company are set out in the Strategic Report on pages 10 and 11.

GOING CONCERN

The financial statements of the Company have been prepared on a going concern basis. Having assessed the principal risks and the other matters discussed in the viability statement, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements. A statement on the medium term viability of the Company can be found in the Strategic Report on page 12. The Group is able to meet all of its liabilities from its assets and income generated from these assets and the ongoing charges are 1.10% of net assets. The Company has an annual continuation vote with the next vote due to be held at the Annual General Meeting in May 2017. The Board has no reason to believe that this resolution will not be passed.

DIRECTORS

The Directors of the Company as at 31 December 2016 and up to the date of the Annual Report and their biographies are set out on page 25. Details of their interests in the shares of the Company are set out in the Directors' Remuneration Report on page 33. All of the Directors held office throughout the year under review, with the exception of Ms Lewis who joined the Board on 28 April 2016.

The Company's Articles of Association require that one third of Directors retire by rotation each year and that each Director shall retire and seek re-election at intervals of no more than three years. The Board may also appoint Directors to the Board but any Director so appointed must stand for election by shareholders at the next Annual General Meeting in accordance with the Articles of Association. Directors are also required to retire if they have served more than nine years on the Board, but then may offer themselves for annual re-election.

Notwithstanding these requirements, the Board has resolved that all of the Directors should be subject to re-election on an annual basis. Accordingly, all of the Directors who held office throughout the year will offer themselves for re-election at the Annual General Meeting. Ms Lewis, who was appointed as a Director in April, will also retire and offer herself for election in accordance with the Company's Articles of Association.

The Board has considered the positions of the retiring Directors as part of the evaluation process and believes that it would be in the Company's best interests for the Directors to be proposed for re-election at the forthcoming Annual General Meeting, given their material level of contribution.

There were no contracts subsisting during or at the end of the year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business. None of the Directors has a service contract with the Company. No Director is entitled to compensation for loss of office on the takeover of 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 Directors individually which are available for inspection at the Company's registered office and will also be available for inspection at the Annual General Meeting.

CONFLICTS OF INTEREST

The Board has put in place a framework for Directors to report conflicts of interest or potential conflicts of interest which it believes has worked effectively during the year. All Directors have notified 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 that there remains a continuing obligation to notify the Company Secretary of any new situation that may arise, or any change to a situation previously notified. It is the Board's intention to continue to review all notified situations on a regular basis.

DIRECTORS' REMUNERATION REPORT

The Directors' Remuneration Report is set out on pages 31 to 33. Ordinary resolutions to approve this report, and also to approve the remuneration policy as set out in the future policy table on page 32, will be put to shareholders at the forthcoming Annual General Meeting.

NOTIFIABLE INTEREST IN THE COMPANY'S VOTING RIGHTS

As at 31 December 2016, the following investors had declared a notifiable interest in the Company's voting rights.

	Number of ordinary shares	% of issued share capital
Witan Investment Trust plc	8,750,000	4.9
Investec Wealth & Investment Limited	6,984,922	3.9

The Board is also aware that as at 31 December 2016, 1.2% of the Company's share capital was held by BlackRock Investment Management (UK) Limited on behalf of the BlackRock Investment Trusts Savings Plan and NISA.

As at 20 February 2017, the following investors had declared a notifiable interest in the Company's voting rights.

	Number of ordinary shares	% of issued share capital
Witan Investment Trust plc	8,750,000	4.9
Investec Wealth & Investment Limited	7,039,756	4.0

The Board is also aware that as at 20 February 2017, 1.2% of the Company's share capital was held by BlackRock Investment Management (UK) Limited on behalf of the BlackRock Investment Trusts Savings Plan and NISA.

FOREIGN EXCHANGE

At the financial year end, approximately 89.3% of the Company's portfolio was invested in non-sterling assets, with 27.0% invested in US dollar denominated assets. The Investment Manager does not actively hedge currency exposure.

DERIVATIVE TRANSACTIONS

During the year, the Group entered into a number of derivative put and call option contracts generating option premium income of £6,397,000 (2015: £8,647,000). Three option contracts remained open at 31 December 2016 (2015: two option contracts), details of which are given in the investment listing on page 22. All open options were fully covered.

SHARE CAPITAL AND SHARE REPURCHASES

Full details of the Company's share capital are given in note 16 on page 63. Details of the voting rights in the Company's shares as at the date of this report are given in note 17 to the Notice of Annual General Meeting on page 88. The ordinary shares carry the right to receive dividends and have one voting right per share. There are no restrictions on the voting rights of the shares or on the transfer of shares, and there are no shares that carry specific rights with regard to the control of the Company.

Shares may be repurchased when, in the opinion of the Directors, the discount appears high or wider than the peer group average and shares are available in the market. The main objective of any buy back should be to enhance the net asset value per share of the remaining shares and to reduce the absolute level and volatility of any discount to net asset value at which shares may trade. Although the Manager initiates the buy backs, the policy and parameters are set by the Board and reviewed at regular intervals. The Company would raise the cash needed to finance the purchase of ordinary shares either by selling securities in the Company's portfolio or by short term borrowing.

During the year the Company bought back 832,000 ordinary shares, which represented 0.5% of the Company's ordinary shares in issue at the start of the year (excluding treasury shares), at an average price of 226.99p per share and at an average discount to NAV of 14.5%. At 31 December 2016, the Company's issued share capital was 176,455,242 ordinary shares, excluding 16,556,600 ordinary shares held in treasury. The latest authority to purchase ordinary shares for cancellation or to be held in treasury was granted to the Directors on 28 April 2016 and expires on 4 May 2017. The Directors are proposing that their authority to buy back shares be renewed at the forthcoming Annual General Meeting. Purchases of ordinary shares pursuant to this authority will only be made in the market for cash at prices below the prevailing NAV per share.

SHARE ISSUES

The Company has the authority to issue new shares or sell shares from treasury for cash. No ordinary shares were issued or sold under this authority during the year.

The current authority to issue new ordinary shares or sell shares from treasury for cash was granted to the Directors on 28 April 2016 and expires on 4 May 2017. The Directors are proposing that their authority to issue new ordinary shares or sell shares from treasury for cash be renewed at the forthcoming Annual General Meeting.

TREASURY SHARES

At the 2016 Annual General Meeting the Company was authorised to repurchase ordinary shares into treasury for reissue or cancellation at a future date. The use of treasury shares should assist the Manager in the objective of providing a discount management mechanism. The Board intends only to authorise the sale of shares from treasury at prices at or above the prevailing net asset value per share (plus costs of the relevant sale). This should result in a positive overall effect for shareholders if shares are bought back at a discount and then sold at a price at or above the net asset value per share (plus costs of the relevant sale).

The 832,000 ordinary shares which have been repurchased in the market during the year have been placed in treasury and the Company now holds 16,556,600 ordinary shares in treasury (9.4% of the Company's issued share capital excluding treasury shares). The Board has reviewed the policy in relation to the amount of shares which can be held in treasury. As the restriction on the maximum amount of shares which can be held in treasury was repealed, the previous policy of limiting the percentage held to 10% has been removed.

GLOBAL GREENHOUSE GAS EMISSIONS FOR THE PERIOD 1 JANUARY 2016 TO 31 DECEMBER 2016

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

ARTICLES OF ASSOCIATION

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

ANNUAL GENERAL MEETING

The following information to be discussed at the forthcoming Annual General Meeting is important and requires your immediate attention. If you are in any doubt

Governance

Directors' report continued

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 (but not the personalised Form of Proxy or Form of Direction) as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting.

Resolution 13 Continuation of the Company as an investment trust

The ordinary resolution to be proposed will seek shareholders' authority that the Company shall continue in being as an investment trust.

Resolution 14 Authority to allot shares

The Directors may only allot shares for cash if authorised to do so by shareholders in general meeting. This resolution seeks authority for the Directors to allot shares for cash up to an aggregate nominal amount of £441,138 which is equivalent to 8,822,762 ordinary shares of 5p each and represents 5% of the current 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 next year's Annual General Meeting in 2018, unless renewed prior to that date at an earlier general meeting.

Resolution 15 Authority to disapply pre-emption 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 15 empowers the Directors to allot new shares for cash or to sell shares which are held by the Company in treasury, otherwise than to existing shareholders on a pro rata basis, up to an aggregate nominal amount of £441,138 which is equivalent to 8,822,762 ordinary shares of 5p each and 5% of the Company's issued ordinary share capital, excluding treasury shares, as at the date of the Notice of Annual General Meeting. Unless renewed at a general meeting prior to such time, this authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2018.

Resolution 16 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 26,450,640 ordinary shares (being 14.99% of the issued share capital, excluding treasury shares, as at the date of this report) or, if less, 14.99% of the ordinary shares in issue at 4 May 2017. This authority, unless renewed at an earlier general meeting, will expire at the conclusion of next year's Annual General Meeting.

RECOMMENDATION

The Board considers that the resolutions to be proposed at the Annual General Meeting are likely to promote the success of the Company 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 these resolutions as they intend to do so in respect of their own beneficial holdings.

LIVE STREAMING

The Annual General Meeting will be live streamed on the internet and can be viewed via a link on the Company's website, www.blackrock.co.uk/brwm.

Further details are provided on page 79.

CORPORATE GOVERNANCE

Full details are given in the Corporate Governance Statement on pages 34 to 37. 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 in office at the date of approval of this report confirm that, so far as they are aware, there is no relevant audit information of which the Group's auditors are 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 Group's auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and resolutions proposing their reappointment and authorising the Audit & Management Engagement Committee to determine their remuneration for the ensuing year will be submitted at the Annual General Meeting.

The Directors' Report was approved by the Board at its meeting on 23 February 2017.

BY ORDER OF THE BOARD

CAROLINE DRISCOLL
FOR AND ON BEHALF OF
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
23 February 2017

Governance

Directors' remuneration report

INTRODUCTION

The Board presents the Directors' Remuneration Report for the year ended 31 December 2016 which has been prepared in accordance with sections 420-422 of the Companies Act 2006. The future remuneration policy which is subject to a triennial binding vote, is set out in the future policy table on page 32.

The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on pages 43 to 47.

STATEMENT BY THE CHAIRMAN

The Board's policy on remuneration is set out in the future policy table on page 32. A key element is that fees payable to Directors should reflect the time spent by them on the Company's affairs, and should be sufficient to attract and retain individuals with suitable knowledge and experience. The basis for determining the level of increase in Directors' remuneration is set out in the policy report below. The remuneration was last increased on 1 October 2013.

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 are independent of the Manager.

POLICY REPORT

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 the size and complexity of the Company. The time commitment involved, 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 Directors' remuneration at other investment companies with similarities, such as size, specialisation, emerging markets, illiquidity of investments and valuation issues, as well as taking into account any data published by the Association of Investment Companies. This comparison, together with consideration of any alteration in non-executive Directors' responsibilities, is used to review whether any change in remuneration is necessary.

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

The Company has no employees and consequently no consideration is required to be given to employment conditions elsewhere in setting Directors' pay.

CONSIDERATION OF SHAREHOLDERS' VIEWS

An ordinary resolution to approve the Remuneration Report is put to members at each Annual General Meeting and shareholders have the opportunity to express their views and raise any queries in respect of the remuneration policy at this meeting. To date, no shareholders have commented in respect of the remuneration policy.

In accordance with the Companies Act 2006, the Company is required to obtain shareholder approval of its remuneration policy on a triennial basis. Consequently, an ordinary resolution for the approval of the remuneration policy as set out above and in the future policy table on page 32 will be put to members at the forthcoming Annual General Meeting. It is the intention of the Board that the above policy on remuneration will continue to apply for the next three financial years to 31 December 2019.

The future policy table on page 32 includes a new disclosure in respect of discretionary fees to be paid to Directors for work undertaken which falls outside the scope of their normal duties, pursuant to the Company's Articles of Association. No discretionary fees have been paid to Directors during the year 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.

At the Company's previous Annual General Meeting held on 28 April 2016, 99.67% of votes cast (including votes cast at the Chairman's discretion) were in favour of the resolution to approve the Directors' Remuneration Report in respect of the year ended 31 December 2015 and 0.33% of votes cast were against. At the Annual General Meeting held on 8 May 2014, 99.74% of votes cast (including votes cast at the Chairman's discretion) were in favour of the resolution to approve the Remuneration Policy and 0.26% of votes cast were against.

Governance

Directors' remuneration report continued

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 level of complexity of responsibilities borne by the Directors.
Description		Current levels of fixed annual fee: Chairman – £45,000 Audit & Management Engagement Committee Chairman/Senior Independent Director – £37,500 Directors – £30,000 All reasonable expenses to be reimbursed. 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 in or about the performance of their duties as Directors, including any expenses incurred in attending meetings of the Board or Committees of the Board, Annual General Meetings or General Meetings.
Maximum and minimum levels		Remuneration consists of a fixed fee each year, set in accordance with the stated policies and as such there is no set maximum threshold; however, any increase granted must be in line with the stated policies. The Company's Articles of Association set a limit of £250,000 in respect of the total remuneration that may be paid to Directors in any financial year. In addition, the Directors propose a limit of £50,000 per annum in relation to the maximum that may be paid in respect of taxable benefits. These ceilings have been set at a level to provide flexibility in respect of the recruitment of additional Board members and inflation.
Operation	Fixed fee element	The Board reviews the quantum of Directors' fees each year to ensure that it is in line with the level of Directors' remuneration for other investment trusts of a similar size. When making recommendations for any changes in fees, the Board will consider 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 & Management Engagement Committee. Any discretionary fees paid will be disclosed in the Directors' remuneration implementation report within the Annual Report.
Operation	Taxable benefits	Taxable benefits comprise travel expenses incurred by the Directors in the course of travel to attend Board and Committee meetings which are held at the Company's registered office in London, and which are reimbursed by the Company and therefore treated as a benefit in kind and are subject to tax and national insurance. The Company's policy in respect of this element of remuneration is that all reasonable costs of this nature will be reimbursed as they are incurred.

REMUNERATION IMPLEMENTATION REPORT

A single figure for the total remuneration of each Director is set out in the table below for the years ended 31 December 2016 and 2015:

	Fees		Taxable benefits		Total	
Directors	2016	2015	2016	2015	2016	2015
Ian Cockerill[1]	40,083	30,000	14,464	21,280	54,547	51,280
Anthony Lea[2]	14,750	45,000	–	–	14,750	45,000
Colin Buchan[3]	37,500	37,500	305	2,165	37,805	39,665
Ian Barby[4]	9,833	30,000	–	–	9,833	30,000
David Cheyne	30,000	30,000	–	–	30,000	30,000
Russell Edey	30,000	30,000	721	396	30,721	30,396
Judith Mosely	30,000	30,000	–	–	30,000	30,000
Jane Lewis[5]	20,250	–	543	–	20,793	–
Total	212,416	232,500	16,033	23,841	228,449	256,341

1. Chairman (with effect from 12 April 2016).
2. Chairman (retired 12 April 2016).
3. Chairman of the Audit & Management Engagement Committee and Senior Independent Director.
4. Retired 28 April 2016.
5. Appointed 28 April 2016.

No discretionary payments were made in the year to 31 December 2016 (2015: nil).

The information in the table on page 32 has been audited. The amounts paid by the Company to the Directors were for services as non-executive Directors. As at 31 December 2016, fees of £16,875 (2015: £19,375) were outstanding to Directors.

RELATIVE IMPORTANCE OF SPEND ON PAY

As the Company has no employees, the table on page 32 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 with the Group's total income, total profit/(loss) and dividend distributions.

As the Company has no employees, no consideration is required to be given to employment conditions elsewhere in setting Directors' pay.

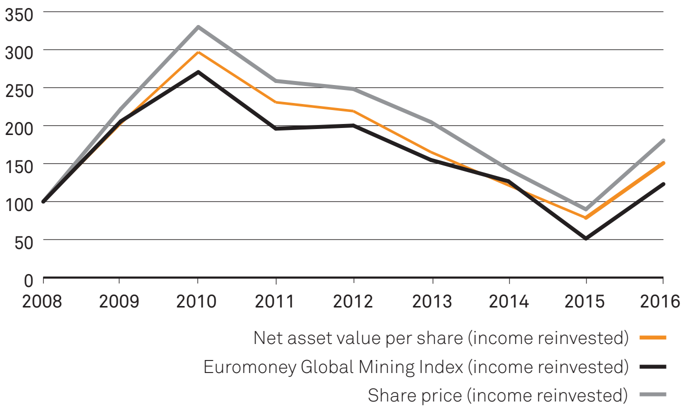
	2016 £'000	2015 £'000	Change £'000
Directors' total remuneration	228	256	-28
Total dividends paid and payable	22,939	37,230	-14,291
Total income	28,870	39,245	-10,375
Net profit/(loss) on ordinary activities after taxation	333,912	(210,131)	+544,043

No payments were made in the year to any past Directors (2015: nil).

PERFORMANCE

The graph below compares the Company's net asset value and mid-market share price (with income reinvested) with the Euromoney Global Mining Index (income reinvested). This Index was chosen for comparison purposes as it is deemed to be the most relevant to the Company's investment objective and is the benchmark used when reporting to shareholders.

PERFORMANCE 1 JANUARY 2008 TO 31 DECEMBER 2016



Total return performance record rebased to 100.
Sources: BlackRock and Datastream.

SHAREHOLDINGS

The Board has not adopted a policy that Directors are required to own shares in the Company, although all Directors are currently shareholders.

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 share options.

	31 December 2016	31 December 2015
A W Lea	n/a	12,000
I C S Barby	n/a	25,000
C A M Buchan	29,000	29,000
D W Cheyne	24,000	24,000
I D Cockerill	36,789	28,136
R P Edey	20,000	7,000
J Mosely	7,400	7,400
J Lewis	2,429	n/a

The information in the above table has been audited.

All of the holdings of the Directors are beneficial. No changes to these holdings have been notified up to the date of this report.

RETIREMENT OF DIRECTORS

Further details are given in the Directors' Report on page 28.

FOR AND ON BEHALF OF THE BOARD

IAN COCKERILL
Chairman
23 February 2017

Governance

Corporate governance statement

CHAIRMAN'S INTRODUCTION

Corporate Governance is the process by which the Board seeks to look after shareholders' interests 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 the Company in a manner which is responsible and consistent with our belief in honesty, transparency and accountability. In our view, good governance means managing our business well and engaging effectively with investors. We consider the practice of good governance to be an integral part of the way we manage the Company and we are committed to maintaining high standards of financial reporting, transparency and business integrity.

As a UK-listed investment trust company our principal reporting obligation is driven by the UK Corporate Governance Code (the UK Code) issued by the Financial Reporting Council in September 2014. However, as listed investment trust companies differ in many ways from other listed companies, the Association of Investment Companies has drawn up its own set of guidelines, the AIC Code of Corporate Governance (the AIC Code) issued in February 2015, which addresses the governance issues relevant to investment companies and meets the approval of the Financial Reporting Council.

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

This report, which forms part of the Directors' Report, explains how the Board deals with its responsibility, authority and accountability.

COMPLIANCE

The Board has made the appropriate disclosures in this report to ensure 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 all non-executive. Thus, not all of the provisions of the UK Code are directly applicable to the Company.

The Board considers that the Company has complied with the recommendations of the AIC Code and the provisions contained within the UK Code that are relevant to the Company throughout this accounting period, except the provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

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

THE BOARD

Board composition

The Board currently consists of six non-executive Directors, all of whom are independent of the Company's Manager. Mr Buchan acted as Senior Independent Director during the year. The provision of the UK Code (A.2.1) which relates to the combination of the roles of the chairman and chief executive does not apply as the Company has no executive directors.

The Directors' biographies, on page 25, demonstrate a breadth of investment, commercial, accounting, financial and professional experience which enables 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.

Board independence and tenure

The Board's individual independence, including that of the Chairman, has been considered and confirmed, and this independence allows all of the Directors to sit on the Company's various Committees. The Board is of the view that length of service will 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. It is considered that Mr Buchan, who has served as a Director for over nine years, continues to be independent in both character and judgement and that there are no relationships or circumstances which are likely to affect his judgement.

Diversity

Our Company is highly specialised and our priority to shareholders is to have a Board with the specialist abilities and technical mining experience to look after the Group's investments. In addition, the Board should be able to demonstrate with conviction that any new appointee would make a meaningful contribution. We also focus on diversity in its broadest sense, in terms of expertise, geographic background, gender and race.

The Board should have a blend of skills and attributes that is appropriate to its needs; we believe that gender is an important element and one we should aspire to on the basis that the expertise is available. As the Board is committed to appointing the most appropriate candidate, regardless of gender or other forms of diversity, no targets have been set against which to report.

Directors' appointment, retirement and rotation

The rules concerning the appointment, retirement and rotation of Directors are discussed in the Directors' Report on page 28. The Board has considered the position of each of the Directors as part of the evaluation process and believes it would be in the best interests of the Company for the Directors retiring to be proposed for election or re-election at the forthcoming Annual General Meeting given their material level of contribution and commitment to the Company.

The Directors support a planned and progressive renewing of the Board. The Board's tenure and succession policy seeks 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. The Board did not employ the services of a search company in the appointment of Ms Lewis. The existing Directors identified Ms Lewis as a suitable candidate from their range of contacts and her appointment was fully debated by all of the Directors.

Directors' training and induction

When a new Director is appointed to the Board, he or she is provided with all the relevant information regarding the Company and their duties and responsibilities as a Director. In addition, a new Director will spend some time with the Portfolio Managers, the Company Secretary and other key employees of the Manager whereby he or she will become familiar with the workings and processes of the Company. The Company's policy is to encourage Directors to keep up to date and attend training courses on matters which are directly relevant to their involvement with the Company. The Directors also receive regular briefings from, amongst others, the auditors and the Company Secretary regarding any proposed developments or changes in laws or regulations that could affect them or the Company.

Directors' liability insurance

The Company has maintained appropriate insurance cover throughout the year.

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, the Board has full and timely access to relevant information.

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

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

PERFORMANCE EVALUATION

In order to review the effectiveness of the Board, its Committees and individual Directors, the Board carries out an annual appraisal process. The evaluation for the year ended 31 December 2016 has been carried out and took the form of self and peer group assessments using written questionnaires followed by individual discussions between the Chairman and Directors. The performance of the Chairman was reviewed by the other Directors, led by the Senior Independent Director. The appraisal process is considered to be constructive in terms of identifying areas for improving the functioning of the Board and its Committees and the contribution of individual Directors, as well as building on and developing individual and collective strengths. There were no significant actions arising from the evaluation process and it was agreed that the Board as a whole and its Committees were functioning effectively.

DELEGATION OF RESPONSIBILITIES

The Board has delegated the following areas of responsibility:

Management and administration

The management of the investment portfolio and the administration of the Company have been 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 BFM (the Manager) are summarised on page 26. 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 Board has final investment authority on unquoted investments.

The review of the Manager's performance is an ongoing duty and responsibility of the Board which is carried out at each Board meeting. In addition, a formal review is undertaken annually, details of which are set out on pages 26 and 27 of the Directors' Report.

The Investment Manager has delegated the portfolio valuation and fund accounting services to the Bank of New York Mellon (International) Limited. The assets of the Company have been entrusted to the Depositary for safekeeping. The Depositary is Bank of New York Mellon Trustee & Depositary (UK) Limited. The address at which this business is conducted is given on page 82.

The Board has delegated the exercise of voting rights attaching to the securities held in the portfolio to the

Governance

Corporate governance statement continued

Investment Manager. Details of the Investment Manager's voting policy are set out on page 27.

COMMITTEES OF THE BOARD

Nomination Committee

As the Board is small and comprises only non-executive Directors it fulfils the function of the Nomination Committee and is chaired by the Chairman of the Board. Should a vacancy occur or the Board decide to recruit new members, the Board will take into account the size, balance and profile of the Board as a whole to identify any areas that need strengthening. Due to the specialist nature of the investment mandate, and the difficulty in finding new Directors with knowledge of the mining sector, the existing Directors will try to identify suitable individuals from their range of contacts, although other sources, including external search consultants, may also be used as required.

Audit & Management Engagement Committee

A separately chaired Audit & Management Engagement Committee has been established and currently consists of all the Directors of the Company. Further details are given in the Report of the Audit & Management Engagement Committee on pages 38 to 41.

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 31 to 33. 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 and, should a case 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 Risk and Quantitative Analysis Group. This accords with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

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 & 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 report to the Committee on a semi-annual basis 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 internal control reports respectively from BlackRock and the Bank of New York Mellon 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 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 Depositary. The 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 Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are submitted to the Board at each meeting.

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

FINANCIAL REPORTING

The Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements is set out on page 42, the Independent Auditor's Report on pages 43 to 47 and the statement of Going Concern on page 28.

SOCIALLY RESPONSIBLE INVESTMENT

Investment trusts do not employ staff and accordingly have no direct impact on social matters but can be significant investors in the economies of the regions in which they invest. The Company invests in mining companies around the world primarily on financial grounds to meet its stated objectives. However, the Board believes that it is important to invest in companies whose boards act responsibly in respect of environmental, ethical and social issues. The Investment

Manager's evaluation procedures and financial analysis of the companies within the portfolio includes research and appraisal, and also takes into account environmental policies, social, ethical and other business issues. In this regard the Natural Resources team works closely with BlackRock's Investment Stewardship team.

BlackRock is a signatory to the United Nations Principles on Responsible Investing and a member of both the Financial Accounting Standards Board (FASB) Task Force on Climate-Related Financial Disclosures and the Sustainability Accounting Standards Board (SASB). BlackRock was also represented on the 32 member, industry-led Financial Stability Task Force on Climate-related Financial Disclosures (TCFD). It is BlackRock's belief that enhanced, meaningful disclosures are an important step towards building understanding of the impact of climate risks on individual companies, sectors, and investment strategies. Given climate risk is a systemic issue, we believe disclosure standards should be developed and implemented at the market-level. We are therefore supportive of the need for greater transparency and disclosure on climate related issues.

The Manager is a Tier 1 signatory to the UK Stewardship Code, which among other things, sets out the responsibilities of institutional shareholders to monitor their investee companies. The Manager's compliance with the UK Stewardship Code is publicly available on the BlackRock website: https://www.blackrock.com/corporate/en-us/literature/fact-sheet/blk-responsible-investment-statementoncompliance-uk-stewardshipcode.pdf. The Manager's approach to Responsible Investment is detailed on the website at https://www.blackrock.com/corporate/en-us/literature/fact-sheet/blk-responsible-investment-guidelines-emea.pdf.

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 and the Manager has anti-bribery policies and procedures in place which are high level, proportionate and risk based. The Company's service providers have been contacted in respect of their anti-bribery policies and, where necessary, contractual changes are made to existing agreements in respect of anti-bribery provisions.

COMMUNICATION WITH SHAREHOLDERS

All shareholders have the opportunity to attend and vote at the Annual General Meeting. The Notice of Annual General Meeting which is sent out 20 working days in advance of the meeting sets out the business of the Meeting and any item not of an entirely routine nature is explained in the Directors' Report on page 30. Separate resolutions are proposed for substantive issues.

In addition, regular updates on performance are available to shareholders on the BlackRock website and the Portfolio Managers will review the Company's portfolio performance at the Annual General Meeting, where the Chairman of the Board and the Chairman of the Audit & Management Engagement Committee and representatives of the Manager will be available to answer shareholders' queries. Proxy voting figures will be announced to shareholders at the Annual General Meeting and will be made available on the website shortly after the meeting.

In accordance with provision E.2.2 of the UK Code, when, in the opinion of the Board, a significant proportion of votes have been cast against a resolution at any general meeting, the Board will explain, when announcing the results of voting, what actions it intends to take to understand the reasons behind the vote result.

The Company's willingness to enter into discussions with institutional shareholders is also demonstrated by the programmes of institutional presentations 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 brokers. The Chairman is available to meet directly with shareholders periodically without the Investment Manager being present. The Chairman may be contacted via the Company Secretary whose details are given on page 82. The dialogue with shareholders provides a two way forum for canvassing the views of shareholders and enabling the Board to become aware of any issues of concern, including those relating to performance, strategy and corporate governance.

There is a section within this report entitled 'Additional Information - Shareholder Information', on pages 78 to 80, 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/brwm. The work undertaken by the auditors does not involve consideration of the maintenance and integrity of the website and, accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in their jurisdiction.

DISCLOSURE AND TRANSPARENCY RULES

Other information required to be disclosed pursuant to the Disclosure and Transparency Rules has been placed in the Directors' Report on pages 26 to 30 because it is information which refers to events that have taken place during the course of the year.

FOR AND ON BEHALF OF THE BOARD
IAN COCKERILL
Chairman
23 February 2017

Governance

Report of the audit & management engagement committee

As Chairman of the Company's Audit & Management Engagement Committee (the Committee) I am pleased to present the Committee's report to shareholders for the year ended 31 December 2016.

COMPOSITION

All of the Directors are members of the Committee. The Directors' biographies are given on page 25 and the Board considers that at least one member of the Committee has competence in accounting and/or auditing and the Committee as a whole has competence relevant to the sector in which the Company operates. The Chairman of the Company is a member of the Committee to enable him to be kept fully informed of any issues which may arise.

ROLE AND RESPONSIBILITIES

The Committee meets at least twice a year. The two planned meetings are held prior to the Board meetings to approve the half yearly and annual results and the Committee receives information from the Manager's corporate audit and compliance departments. The Committee does not consider that as an investment trust company it needs to hold an additional meeting, although this is kept under review.

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/brwm. The Committee's principal duties, as set out in the terms of reference, are 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

- ensuring the adequacy and effectiveness of the Group'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;
- reviewing the consistency of, and any changes to, accounting policies;
- reviewing the Half Yearly and Annual Report and Financial Statements to ensure that the Group's results and financial position are represented accurately and fairly to shareholders;
- evaluating the need for an internal audit function;
- 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, they are fair balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

External audit

- reviewing the scope, execution, results, cost effectiveness, independence and objectivity of the external auditors;
- reviewing and approving the audit and non-audit fees payable to the external auditors and the terms of their engagement;
- reviewing and approving the external auditors' plan for the following financial year, with a focus on the identification of areas of audit risk and consideration of the appropriateness of the level of audit materiality adopted;
- reviewing the efficiency of the external audit process and the quality of the audit engagement partner and the audit team, and making a recommendation with respect to the reappointment of the auditors;
- reviewing the role of the Manager and third party service providers in an effective audit process;
- considering the quality of the formal audit report to shareholders; and
- overseeing the relationship with the external auditors.

Management engagement

- reviewing the investment management agreement 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; and
- considering the remuneration of the Manager and other service providers.

Third party service providers

- considering the appointment of other 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.

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.

The fees paid to the external auditors are set out in note 5 on page 58. An explanation of how auditor objectivity and independence is safeguarded is reported under 'Assessment of the effectiveness of the external audit process' on page 40.

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

SIGNIFICANT ISSUES CONSIDERED REGARDING THE ANNUAL REPORT AND FINANCIAL STATEMENTS

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

As the provision of portfolio valuation, fund accounting and administration services is delegated to the Manager, who sub-delegates certain administrative functions to the Bank of New York Mellon (International) Limited, and the provision of depositary services is provided by BNYMTD, the Committee has also reviewed the internal control reports prepared by BlackRock, the Custodian and Fund Accountants to ensure that the relevant control procedures are in place to cover these areas of risk as identified below and are adequate and appropriate and have been confirmed as operating effectively by their respective reporting auditors.

AUDITORS AND AUDIT TENURE

The Committee appointed the Company's auditors, PricewaterhouseCoopers LLP, on 28 April 2016 following the result of a tender process held in late 2015. The Committee is mindful of the EU regulations on mandatory audit rotation which require the appointment of a new auditor or an audit tender every ten years. The Company will be required to put its audit contract out to tender again by no later than 2026. Ms Sally Cosgrove has been the Company's audit partner since 28 April 2016.

The Committee will continue to review the auditors' appointment each year to ensure that the Company is receiving an optimal level of service. There are no contractual obligations that restrict the Company's choice of auditors.

Other assurance service fees of £6,200 (excluding VAT) paid to PricewaterhouseCoopers LLP relate to their review of the half yearly financial statements (2015: £6,500 paid to Ernst & Young LLP).

NON-AUDIT SERVICES

The Company's policy on non-audit services is set out in full in the Audit & Management Engagement Committee's terms of reference which are available on the Company's website at blackrock.co.uk/brwm.

Significant issue	How the issue was addressed
The accuracy of the valuation of the investment portfolio	Listed investments are valued using stock exchange prices from third party vendors. The Board reviews detailed portfolio valuations including the fair valuation of unquoted investments on a regular basis throughout the year and receives confirmation from the Manager that the pricing basis is appropriate and in line with relevant accounting standards as adopted by the Company and that the carrying values are materially correct. In relation to the Avanco Royalty contract, the Board engages an independent external mining consultant to conduct a periodic valuation of the royalty contract.
The risk of misappropriation of assets and unsecured ownership of investments	The Depositary is responsible for financial restitution for loss of financial investments held in custody. The Depositary reports to the Committee on a twice yearly basis. The Committee reviews reports from its service providers on key controls over the assets of the Company. 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 written options, and receives explanations from the Manager for any variations or significant movements from previous forecasts and prior year numbers. The Committee also reviews and approves the rationale for the revenue/capital accounting treatment of option income and special dividends.

Governance

Report of the audit & management engagement committee continued

ASSESSMENT OF THE EFFECTIVENESS OF THE EXTERNAL AUDIT PROCESS

To assess the effectiveness of the external audit, members of the Committee work closely with the Manager to obtain a good understanding of the progress and efficiency of the audit. The Committee has adopted a formal framework in its review of the effectiveness of the external audit process and audit quality. This includes a review of the following areas:

- the quality of the audit engagement partner and the audit team;
- the expertise of the audit firm and the resources available to it;
- identification of areas of audit risk;
- planning, scope and execution of the audit;
- consideration of the appropriateness of the level of audit materiality adopted;
- the role of the Committee, the Manager and third party service providers in an effective audit process;
- communications by the auditors with the Committee;
- how the auditors support the work of the Committee and how the audit contributes added value;
- policies and procedures to pre-approve and monitor non-audit services including gifts and hospitality;
- the independence and objectivity of the audit firm; and
- the quality of the formal audit report to shareholders.

Feedback in relation to the audit process and also the effectiveness of the Manager in performing its role is also sought from relevant involved parties, notably the audit partner and team. The external auditors are invited to attend the Committee meetings at which the half yearly and annual 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 Board and the Manager in the external audit process is assessed principally in relation to the timely identification and resolution of any process errors or control breaches that might impact the Company's net asset values and accounting records. It is also assessed by reference to how successfully any issues in respect of areas of accounting judgement are identified and resolved, the quality and timeliness of papers analysing these judgements, the Board and the Manager's approach to the value of the independent audit and the booking of any audit adjustments arising, and the timely provision of draft public documents for review by the auditors and the Committee.

To form a conclusion with regard to the independence of the external auditors, the Committee considers whether the skills and experience of the auditors make them a suitable supplier of non-audit services and whether there are safeguards in place to ensure that there is no threat to their objectivity and independence in the conduct of the audit resulting from the provision of such services. On an annual basis, PricewaterhouseCoopers LLP review the independence of their relationship with the Company and report to the Committee, providing details of any other relationship with the Manager. As part of this review, the Committee also receives information about policies and processes for maintaining independence and monitoring compliance with relevant requirements from the Company's auditors, including information on the rotation of audit partners and staff, the level of fees that the Company 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 Company, as well as an overall confirmation from the auditors of their independence and objectivity. As a result of their review, the Committee has concluded that PricewaterhouseCoopers LLP is independent of the Company and the Manager.

CONCLUSIONS IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The production and the audit of the Company'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 so doing, the Committee has given consideration to the following:

- the comprehensive control framework over the production of the Annual Report and Financial Statements, including the verification processes in place to deal with the factual content;
- the extensive levels of review that are undertaken in the production process by the Manager, the Depositary, the third party service providers responsible for accounting services and the Committee;
- the controls that are in place at the Manager and third party service providers to ensure the completeness and accuracy of the Company's financial records and the security of the Company's assets; and
- the existence of satisfactory internal control reports that have been reviewed and reported on by external auditors to verify the effectiveness of the internal controls of the Manager, Depositary, Custodian and Fund Accountants.

In addition to the work outlined above, the Committee has reviewed the Annual Report and Financial Statements and is satisfied that, taken as a whole, they are fair, balanced and understandable. In reaching this conclusion, the Committee has assumed that the reader of the Annual Report and Financial Statements would have a reasonable level of knowledge of the investment trust industry in general and of investment trusts in particular. The Committee has reported on these findings to the Board who affirm the Committee's conclusions in the Statement of Directors' Responsibilities on page 42.

COLIN BUCHAN
Chairman
Audit & Management Engagement Committee
23 February 2017

Governance

Statement of directors' responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the financial statements under IFRS as adopted by the European Union.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- present fairly the financial position, financial performance and cash flows of the Group and Company;
- 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 and Company'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 and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the Strategic Report, Directors' Report, the Directors' Remuneration Report, the Corporate Governance Statement and the Report of the Audit & Management Engagement Committee in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure and Transparency Rules. The Directors have delegated responsibility to the Manager for the maintenance and integrity of the Company's corporate and financial information included on the BlackRock website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names are listed on page 25, confirm to the best of their knowledge that:

- the financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and net return of the Group and Company; and
- the Strategic Report contained in the Annual Report and Financial Statements includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

The 2014 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 & 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 & Management Engagement Committee's Report on pages 38 to 41. As a result, the Board has concluded that the Annual Report and Financial Statements for the year ended 31 December 2016, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's and Company's position, performance, business model and strategy.

FOR AND ON BEHALF OF THE BOARD
IAN COCKERILL
Chairman
23 February 2017

Financial statements

Independent auditors' report to the members of BlackRock World Mining Trust plc

OUR OPINION

In our opinion, BlackRock World Mining Trust plc's Group financial statements and Company financial statements (the financial statements):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2016 and of the Group's and the Company's profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- 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.

WHAT WE HAVE AUDITED

The financial statements, included within the Annual Report and Financial Statements (the Annual Report), comprise:

- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated and Parent Statements of Changes in Equity for the year then ended;
- the Consolidated and Parent Statements of Financial Position as at 31 December 2016;
- the Consolidated and Parent Cash Flow Statements for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

OUR AUDIT APPROACH

Overview

Materiality	▸ Overall Group materiality: £6.77 million which represents 1% of net assets.
Audit scope	▸ The Company is a standalone Investment Trust Company and engages BlackRock Fund Managers Limited (the Manager) to manage its assets. ▸ We conducted our audit of the financial statements using information from Bank of New York Mellon (International) Limited (the Administrator) to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions. ▸ We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates. ▸ We obtained an understanding of the control environment in place at both the Manager and the Administrator, and adopted a fully substantive testing approach using reports obtained from the Administrator.
Areas of focus	▸ Valuation and existence of investments. ▸ Accuracy, completeness and existence of income.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)).

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the table on page 44. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Financial statements

Independent auditors' report continued

Area of focus	How our audit addressed the area of focus
Valuation and existence of investments *Refer to page 38 (Report of the Audit Committee), page 52 (Accounting Policies) and page 52 (Notes to the financial statements).* The investment portfolio at the year-end comprised listed investments valued at £760 million (95.5%) and unlisted investments valued at £34 million (4.5%). We focused on the existence of both listed and unlisted investments, as listed investments comprise the majority of the investments balance and unlisted investments are individually and in aggregate, material to the financial statements. We focused on the valuation of listed investments because listed investments represent the principal element of the net asset value as disclosed on the Balance Sheet in the financial statements. We also focused on the valuation of unquoted investments as the valuation of these investments requires estimates and significant judgements to be applied by the Manager, such that changes to the estimates and/or judgements can result, either on an individual or aggregate basis, in a material change to the valuation of unquoted investments. When assessing the valuation of these unquoted investments, we also examine the compliance with the requirements of International Private Equity and Venture (IPEV) Capital Valuation Guidelines, as incorrect application could indicate a misstatement in the valuation.	We tested the existence of the investment portfolio by agreeing the holdings for investments to an independent custodian confirmation and royalty contracts. No differences were identified by our testing which required reporting to those charged with governance. *Listed investments* We tested the valuation of the listed investments by agreeing the prices used in the valuation to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. *Unquoted investments* We have understood the controls around the pricing of unquoted investments including final approval of the valuation by the Manager's Pricing Committee and the Board. We reviewed the appropriateness of the valuation methodology used by the Manager, including whether the valuation methodology is in line with IFRS and IPEV Guidelines as well as assessing the key assumptions applied by the Manager in determining the value of unquoted investments. For the Banro Barbados preference share, we obtained and evaluated the fair value determined by management. We assessed the reasonableness of the valuation methodology for valuing preference shares, and the discounting adjustments applied within the calculation. We recalculated the valuation by independently verifying the gold price used to an independent source. For the Avanco royalty contract, we obtained the Manager's expert's valuation. Our valuation experts examined the valuation methodology applied and the key assumptions within the valuation. We re-performed the calculations, assessed the reasonableness of production volumes used in the valuation and performed price benchmarking over gold and copper forecasts. We performed an analysis of discount rates used including, determining the valuation's sensitivity to discount rates. We also agreed the royalty rate to the royalty agreement and agreed inputs in the discounted cash flow calculation to independent reports. Based on the procedures detailed above, we consider the valuation methodology of the unquoted investments to be appropriate.
Accuracy, existence and completeness of income *Refer to page 38 (Audit Committee Report) and page 52 (Notes to the Financial Statements).* Income predominantly comprised dividend income, option premium income and fixed interest income. We focused on the accuracy, existence and completeness of income recognition as incomplete or inaccurate income could have a material impact on the Company's net asset value and dividend cover. We also focused on the accounting policy for income recognition and the presentation of income in the Consolidated Statement of Comprehensive Income for compliance with the requirements of The Association of Investment Companies Statement of Recommended Practice (the AIC SORP), as incorrect application could indicate a misstatement in income recognition.	We assessed the accounting policy for income recognition for compliance with IFRS and the AIC SORP and performed testing to check that dividend and option income and income from fixed investments had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that dividend and option income and income from fixed investments has been accounted for in accordance with the stated accounting policy. *Dividend income* We tested dividend receipts by agreeing the dividend rates from investments to market data. To test for completeness, we tested that dividends recorded in the year had been declared by investment holdings in the portfolio, and that all dividends declared by investment holdings had been recorded. We tested existence by agreeing a sample of dividends received to bank statements. We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP by determining the reasons behind the dividend distributions. Our procedures did not identify any misstatements which required reporting to those charged with governance. *Option premium income* We tested option premium income by agreeing a sample of premium income recorded to broker margin cash account statements. To test for completeness of option premium income, we selected a sample of the options held at year end and tested that the appropriate premiums had been accrued for at year end. Our testing procedures did not identify any misstated or unrecorded option premiums. *Fixed interest income* We tested fixed interest income by recalculating the expected coupon interest and amortisation, using coupon rates and maturity dates obtained from the market. No misstatements were identified by our testing which required reporting to those charged with governance.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

The Group's accounting function is delegated to the Administrator who maintain their own accounting records and controls.

We conducted a fully substantive audit; however, as part of our risk assessment, we assessed the control environment in place at both the Manager and the Administrator to obtain an understanding of the controls environment in place at the service providers. This assessment of the operating and accounting structure in place at both organisations involved obtaining and analysing the relevant control reports issued by the independent auditor of the Manager and the Administrator. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	£6.77 million.
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, which is a generally accepted auditing practice for investment trust audits.

We agreed with the Audit & Management Engagement Committee that we would report to them misstatements identified during our audit above £339,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 28, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the Directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group and Company have adequate resources to remain in operation, and that the Directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Company's ability to continue as a going concern.

OTHER REQUIRED REPORTING

Consistency of other information and compliance with applicable requirements

Companies Act 2006 reporting

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.

In addition, in light of the knowledge and understanding of the Group, the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Financial statements

Independent auditors' report continued

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:	
▸ information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report.
▸ the statement given by the Directors on page 42, in accordance with provision C.1.1 of the UK Corporate Governance Code (the Code), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Company's position and performance, business model and strategy, is materially inconsistent with our knowledge of the Group and Company acquired in the course of performing our audit.	We have no exceptions to report.
▸ the section of the Annual Report on page 38, as required by provision C.3.8 of the Code, describing the work of the Audit & Management Engagement Committee does not appropriately address matters communicated by us to the Audit & Management Engagement Committee.	We have no exceptions to report.

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:	
▸ the Directors' confirmation on page 10 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
▸ the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
▸ the Directors' explanation on page 12 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, 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 Group 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.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the Directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

ADEQUACY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Group and Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

DIRECTORS' REMUNERATION

Directors' Remuneration Report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

CORPORATE GOVERNANCE STATEMENT

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities set out on page 42, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Group's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Sally Cosgrove (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 February 2017

Financial statements

Consolidated statement of comprehensive income for the year ended 31 December 2016

	Notes	Revenue 2016	Revenue 2015	Capital 2016	Capital 2015	Total 2016	Total 2015
		£'000	£'000	£'000	£'000	£'000	£'000
Income from investments	3	22,383	30,503	-	-	22,383	30,503
Other income	3	6,487	8,742	-	-	6,487	8,742
		28,870	39,245	-	-	28,870	39,245
Profit/(loss) on investments held at fair value through profit or loss	10	-	-	326,525	(236,061)	326,525	(236,061)
Loss on foreign exchange	14	-	-	(11,981)	(2,942)	(11,981)	(2,942)
Total		28,870	39,245	314,544	(239,003)	343,414	(199,758)
Expenses							
Investment management fee	4	(1,179)	(1,328)	(3,848)	(3,984)	(5,027)	(5,312)
Other operating expenses	5	(895)	(1,030)	(13)	(13)	(908)	(1,043)
Total operating expenses		(2,074)	(2,358)	(3,861)	(3,997)	(5,935)	(6,355)
Net profit/(loss) before finance costs and taxation		26,796	36,887	310,683	(243,000)	337,479	(206,113)
Finance costs	6	(309)	(288)	(940)	(864)	(1,249)	(1,152)
Net profit/(loss) on ordinary activities before taxation		26,487	36,599	309,743	(243,864)	336,230	(207,265)
Taxation	7	(3,184)	(3,855)	866	989	(2,318)	(2,866)
Profit/(loss) for the year		23,303	32,744	310,609	(242,875)	333,912	(210,131)
Earnings/(loss) per ordinary share	9	13.19p	18.47p	175.85p	(137.00)p	189.04p	(118.53)p

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

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

The notes on pages 52 to 77 form part of these financial statements.

Financial statements

Consolidated and parent statements of changes in equity for the year ended 31 December 2016

Group	Note	Ordinary share capital	Share premium account	Special reserve	Capital redemption reserve	Capital reserves	Revenue reserve	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
For the year ended 31 December 2016								
At 31 December 2015		9,651	127,155	116,471	22,779	55,022	46,235	377,313
Total comprehensive income:								
Net profit for the year		–	–	–	–	310,609	23,303	333,912
Transactions with owners, recorded directly to equity:								
Share purchase costs		–	–	(9)	–	–	–	(9)
Ordinary shares purchased into treasury		–	–	(1,873)	–	–	–	(1,873)
Dividends paid	8	–	–	–	–	–	(31,797)	(31,797)
At 31 December 2016		9,651	127,155	114,589	22,779	365,631	37,741	677,546
For the year ended 31 December 2015								
At 31 December 2014		9,651	127,155	116,471	22,779	297,897	50,721	624,674
Total comprehensive income:								
Net (loss)/profit for the year		–	–	–	–	(242,875)	32,744	(210,131)
Transactions with owners, recorded directly to equity:								
Dividends paid	8	–	–	–	–	–	(37,230)	(37,230)
At 31 December 2015		9,651	127,155	116,471	22,779	55,022	46,235	377,313

Company	Note	Ordinary share capital	Share premium account	Special reserve	Capital redemption reserve	Capital reserves	Revenue reserve	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
For the year ended 31 December 2016								
At 31 December 2015		9,651	127,155	116,471	22,779	62,504	38,753	377,313
Total comprehensive income:								
Net profit for the year		–	–	–	–	310,611	23,301	333,912
Transactions with owners, recorded directly to equity:								
Share purchase costs		–	–	(9)	–	–	–	(9)
Ordinary shares purchased into treasury		–	–	(1,873)	–	–	–	(1,873)
Dividends paid	8	–	–	–	–	–	(31,797)	(31,797)
At 31 December 2016		9,651	127,155	114,589	22,779	373,115	30,257	677,546
For the year ended 31 December 2015								
At 31 December 2014		9,651	127,155	116,471	22,779	309,346	39,272	624,674
Total comprehensive income:								
Net (loss)/profit for the year		–	–	–	–	(246,842)	36,711	(210,131)
Transactions with owners, recorded directly to equity:								
Dividends paid	8	–	–	–	–	–	(37,230)	(37,230)
At 31 December 2015		9,651	127,155	116,471	22,779	62,504	38,753	377,313

The notes on pages 52 to 77 form part of these financial statements.

Financial statements

Consolidated and parent statements of financial position as at 31 December 2016

	Notes	2016 Group £'000	2016 Company £'000	2015 Group £'000	2015 Company £'000
Non current assets					
Investments held at fair value through profit or loss	10	760,167	769,152	426,085	435,067
		760,167	769,152	426,085	435,067
Current assets					
Other receivables	12	5,153	5,153	3,797	3,797
Cash held on margin deposit with brokers		2,412	2,412	1,340	1,277
Cash and cash equivalents		68	68	13,223	5,307
		7,633	7,633	18,360	10,381
Total assets		767,800	776,785	444,445	445,448
Current liabilities					
Other payables	13	(2,931)	(3,997)	(6,254)	(7,257)
Derivative financial liabilities held at fair value through profit or loss	10	(855)	(855)	(161)	(161)
Bank overdraft		(1,324)	(9,243)	–	–
Bank loans	14	(84,976)	(84,976)	(60,708)	(60,708)
		(90,086)	(99,071)	(67,123)	(68,126)
Total assets less current liabilities		677,714	677,714	377,322	377,322
Non current liabilities					
Deferred tax liabilities	15	(168)	(168)	(9)	(9)
Net assets		677,546	677,546	377,313	377,313
Equity attributable to equity holders					
Ordinary share capital	16	9,651	9,651	9,651	9,651
Share premium account	17	127,155	127,155	127,155	127,155
Special reserve	17	114,589	114,589	116,471	116,471
Capital redemption reserve	17	22,779	22,779	22,779	22,779
Capital reserves	17	365,631	373,115	55,022	62,504
Revenue reserve	17	37,741	30,257	46,235	38,753
Total equity		677,546	677,546	377,313	377,313
Net asset value per ordinary share	9	383.98p	383.98p	212.83p	212.83p

The financial statements on pages 48 to 77 were approved and authorised for issue by the Board of Directors on 23 February 2017 and signed on its behalf by Ian Cockerill, Chairman.

BlackRock World Mining Trust plc

Registered in England, No. 2868209

The notes on pages 52 to 77 form part of these financial statements.

Financial statements

Consolidated and parent cash flow statements for the year ended 31 December 2016

	2016 Group	2016 Company	2015 Group	2015 Company
	£'000	£'000	£'000	£'000
Operating activities				
Profit/(loss) before taxation*	336,230	336,230	(207,265)	(207,273)
Add back finance costs	1,249	1,249	1,152	1,152
(Gains)/losses on investments held at fair value through profit or loss including transaction costs	(326,525)	(326,528)	236,061	240,028
Net movement on foreign exchange	11,981	11,981	2,942	2,942
Sales of investments held at fair value through profit or loss	264,377	264,377	230,407	230,407
Purchases of investments held at fair value through profit or loss	(271,240)	(271,240)	(197,355)	(197,355)
(Increase)/decrease in other receivables	(1,356)	(1,356)	2,187	1,517
Decrease in other payables	(660)	(660)	(191)	(166)
Decrease in amounts due from brokers	–	–	18	18
Net movement in cash held on margin deposit with brokers	(1,072)	(1,072)	344	343
(Decrease)/increase in amounts due to brokers	(2,714)	(2,714)	2,714	2,714
Net cash inflow from operating activities before interest and taxation	10,270	10,267	71,014	74,327
Interest paid	(1,249)	(1,249)	(1,242)	(1,242)
Taxation paid	(1,495)	(1,495)	(441)	(441)
Taxation on overseas investment income included within gross income	(613)	(613)	(1,651)	(1,651)
Net cash inflow from operating activities	6,913	6,910	67,680	70,993
Financing activities				
Drawdown/(repayment) of loans	24,268	24,268	(48,305)	(48,305)
Dividends paid	(31,797)	(31,797)	(37,230)	(37,230)
Shares purchased into treasury	(1,882)	(1,882)	–	–
Net cash outflow from financing activities	(9,411)	(9,411)	(85,535)	(85,535)
Decrease in cash and cash equivalents	(2,498)	(2,501)	(17,855)	(14,542)
Cash and cash equivalents at start of the year	13,223	5,307	31,054	19,825
Effect of foreign exchange rate changes	(11,981)	(11,981)	24	24
Cash and cash equivalents at end of the year	(1,256)	(9,175)	13,223	5,307
Comprised of:				
Cash and cash equivalents	68	68	13,223	5,307
Bank overdraft	(1,324)	(9,243)	–	–

* Includes dividends and interest received in the year of £13,253,000 and £6,157,000 (2015: £25,713,000 and £6,634,000) respectively.

The notes on pages 52 to 77 form part of these financial statements.

Financial statements

Notes to the financial statements

1. PRINCIPAL ACTIVITY

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

The principal activity of the subsidiary, BlackRock World Mining Investment Company Limited, is investment dealing.

2. ACCOUNTING POLICIES

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

(a) Basis of preparation

The Group and Parent Company financial statements have been prepared in accordance with 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 income statement 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, 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 and Company 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 and the Company's financial statements are presented in sterling, which is the functional currency of the Group and the Company and the currency of the primary economic environment in which the Group operates. All values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2016 and have not been applied in preparing these financial statements (major changes and new standards issued are detailed below). None of these are expected to have a significant effect on the measurement of the amounts recognised in the financial statements of the Group.

IFRS 9 – Financial Instruments (2014) replaces IAS 39 and deals with a package of improvements including principally a revised model for classification and measurement of financial instruments, a forward looking expected loss impairment model and a revised framework for hedge accounting. In terms of classification and measurement, the revised standard is principles based depending on the business model and nature of cash flows. Under this approach, instruments are measured at either amortised cost or fair value. Under IFRS 9 equity and derivative investments will be held at fair value because they fail the 'solely payments of principal and interest' test and debt investments will be held at fair value because the business model is to manage them on a fair value basis. The standard is effective from 1 January 2018 with earlier application permitted. The Group does not plan to early adopt this standard.

Amendments to IFRS 10, IFRS 12 and IAS 28 (amendments to IFRS 12 are effective 1 January 2016, a date is to be determined for IFRS 10 and IAS 28) are in relation to applying the consolidation exception for investment entities. The Group does not expect the eventual impact of these amendments to be significant.

Amendments to IAS 1 (effective 1 January 2016) require changes to the presentation of financial instruments. The amendment is not expected to have a significant effect on the measurement of amounts recognised in the financial statements of the Company.

Amendments to IAS 7 - Disclosure initiative Statement of Cash Flows (effective 1 January 2017). The amendments are not expected to have a significant effect on the presentation of the Cash Flow Statement within the financial statements of the Company.

Amendments to IAS 12 – Recognition of deferred tax assets for unrealised losses (effective 1 January 2017). The amendment is not expected to have a significant effect on the measurement of amounts recognised in the financial statements of the Company.

IFRS 14 – Regulatory Deferral Accounts (effective 1 January 2016) allows first time IFRS adopters to continue to account for 'regulatory deferral account balances' in accordance with previous GAAP. The Company has no such accounts and, therefore, the provisions of the standard are not applicable.

IFRS 15 – Revenue from Contracts with Customers (effective 1 January 2017) specifies how and when an entity should recognise revenue and enhances the nature of revenue disclosures. Given the nature of the Company's revenue streams from financial instruments, the provisions of this standard are not expected to have a material impact.

IFRS 16 – Leases (effective 1 January 2019). The Company does not enter into lease agreements, therefore the provisions of this standard are not applicable.

(b) Basis of consolidation

The consolidated financial statements are made up to 31 December each year and incorporate the financial statements of the Company and its wholly-owned subsidiary, BlackRock World Mining Investment Company Limited. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are based on consistent accounting policies. All intra-group balances and transactions, including unrealised profits arising therefrom, are eliminated.

(c) Presentation of the Consolidated Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and a capital nature has been presented alongside the Statement of Comprehensive Income.

(d) Segmental reporting

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

(e) Income

Dividends receivable on equity shares are recognised as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available, dividends receivable on or before the period end are treated as revenue for the period. Provision is made for any dividends not expected to be received. Special dividends, if any, are treated as a capital or a revenue receipt depending on the facts or circumstances of each particular case. The return on a debt security is recognised on a time apportionment basis so as to reflect the effective yield on the debt security. Interest income and expenses are 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 Statement of Comprehensive Income unless the option has been written for the maintenance and enhancement of the Company's investment portfolio and represents an incidental part of a larger capital transaction, in which case any premium arising are allocated to the capital column of the Statement of Comprehensive Income.

Royalty income from contractual rights is measured at the fair value of the consideration received or receivable where the Manager can reliably estimate the amount, pursuant to the terms of the agreement. Royalty income from contractual rights received comprise of a return of income and a return of capital based on the underlying cost of the contract and, accordingly, the return of income element is taken to the revenue account and the return of capital element is taken to the capital account. These amounts are disclosed in the Consolidated Statement of Comprehensive Income within income from investments and gains/losses on investments held at fair value through profit or loss, respectively.

The useful life of the contractual rights will be determined by reference to the contractual arrangements, the planned mine life on commencement of mining and the underlying cost of the contractual rights will be revalued on a systematic basis using the units of production method over the life of the contractual rights which is estimated using available estimated proved and probable reserves specifically associated with the mine. The Investment Manager relies on public disclosures for information on proven and probable reserves from the operators of the mine. Amortisation rates are adjusted on a prospective basis for all changes to estimates of the life of contractual rights and iron ore reserves. These are disclosed in the Consolidated Statement of Comprehensive Income within gains/losses on investments held at fair value through profit or loss.

Financial statements

Notes to the financial statements continued

2. ACCOUNTING POLICIES continued

(f) Expenses

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

- expenses which are incidental to the acquisition of an investment are charged to the capital column of the Consolidated Statement of Comprehensive Income. Details of transaction costs on the purchases and sales of investments are disclosed in note 10 on page 61;
- 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 expected long term split of returns, in the form of capital gains and income, respectively, from the investment portfolio;
- expenses are treated as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated.

(g) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the 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 the 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 taxation in the future or right to pay less taxation in the future have occurred at the financial reporting date. This is subject to deferred taxation assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the temporary differences can be deducted. Deferred taxation assets and liabilities are measured at the rates applicable to the legal jurisdictions in which they arise.

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

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

All investments, including contractual rights, are designated upon initial recognition as held at fair value through profit or loss. Purchases of investments are recognised on a trade date basis. Contractual rights are recognised on the completion date, where a purchase of the rights is under a contract, and is initially measured at fair value excluding transaction costs. The sales of assets are recognised at the trade date of the disposal. Proceeds are measured at fair value, which is regarded as the proceeds of sale less any transaction costs.

The fair value of the financial instruments is based on their quoted bid price at the financial reporting date, without deduction for the estimated selling costs. For all financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed by the Board to be appropriate in the circumstances. Valuation techniques include the 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 (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

The gains and losses from changes in fair value of contractual rights are taken to the Consolidated Statement of Comprehensive Income and arise as a result of the revaluation of the underlying cost of the contractual rights, changes in commodity prices and changes in estimates of proven and probable reserves specifically associated with the mine.

Under IFRS, the investment in the subsidiary in the Company's Statements of Financial Position is fair valued which is deemed to be the net asset value of the subsidiary. Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Consolidated Statement of Comprehensive Income as 'Gains or losses on investments held at fair value through profit or loss'. Also included within this heading are transaction costs in relation to the purchase or sale of investments.

(i) Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statements of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(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 Statements of Changes in Equity and have become a liability of the Group when they have been approved by shareholders in the case of a final dividend, or paid in the case of an interim dividend.

(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 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 losses 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 and loans are recorded as the proceeds received. Finance charges, including any premium payable on settlement or redemption and direct issue costs, 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 instrument to the extent that they are not settled in the period in which they arise.

(o) Derivatives

Derivatives are classified as financial instruments held at fair value through profit or loss held for trading and are initially recognised at fair value. The derivatives are subsequently held at fair value based on the bid/offer prices of the options written to which the Group and Company are 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.

(p) 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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed overleaf.

Financial statements

Notes to the financial statements continued

2. ACCOUNTING POLICIES continued

Fair value of unquoted financial instruments

When the fair values of financial assets and financial liabilities recorded in the Statements of Financial Position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models.

(a) The fair value of the Avanco contractual rights was assessed by an independent valuer with a recognised and relevant professional qualification. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of production profiles, commodity prices, cash flows and discount rates. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statements of Financial Position and the level where the instruments are disclosed in the fair value hierarchy. To assess the significance of a particular input to the entire measurement, the external valuer performs sensitivity analysis.

(b) The investment in the Banro gold linked preference share is valued by reference to gold prices and an illiquidity discount to reflect the discount to par value at which the senior secured notes issued by Banro have traded during the year.

(c) The investment in the subsidiary company is valued based on the net assets of the subsidiary company which is considered appropriate based on the nature and volume of transactions in the subsidiary company.

The key assumptions used to determine the fair value of the unquoted financial instruments and sensitivity analyses are provided in note 18.

3. INCOME

	2016 £'000	2015 £'000
Investment income:		
UK listed dividends	4,727	9,782
Overseas listed dividends*	9,008	14,460
Special dividends	1,038	71
Income from contractual rights (Avanco royalty)	1,595	–
Fixed interest income	6,015	6,190
	22,383	30,503
Other income:		
Option premiums	6,397	8,647
Deposit interest	6	26
Profit on futures	–	25
Stock lending income	84	44
	6,487	8,742
Total income	28,870	39,245
Total income comprises:		
Dividends	14,773	24,313
Deposit interest	6	26
Option premiums	6,397	8,647
Income from contractual rights	1,595	–
Fixed interest income	6,015	6,190
Profit on futures	–	25
Stock lending income	84	44
	28,870	39,245

* Includes £2,851,000 (2015: £2,381,000) from Banro.

During the year ended 31 December 2016, the Company received option premiums of £6,800,000 (2015: £8,503,000) for writing options for the purposes of revenue generation. Options written for income purposes are credited to the revenue column of the Consolidated Statement of Comprehensive Income and recognised evenly over the life of the option contracts and amounted to £6,397,000 (2015: £8,647,000).

4. INVESTMENT MANAGEMENT FEE

	2016			2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	1,179	3,848	5,027	1,328	3,984	5,312
Total	1,179	3,848	5,027	1,328	3,984	5,312

With effect from 1 October 2015 the annual management fee was reduced to 0.80% of gross assets. However, in the event that the NAV per share decreases on a quarter-on-quarter basis, the fee will then be paid on net assets for the quarter. During the year, £4,472,000 (2015: £5,312,000) of the investment management fee was generated from net assets and £555,000 (2015: £nil) from the gearing effect on gross assets. The average of the net assets under management during 2016 was £537,003,000 (2015: £526,273,000).

Until 31 March 2015 the investment management fee was levied quarterly at a rate of 1.3% per annum, based on the value of gross assets on the last day of each quarter. Where the net asset value per share at that quarter end did not exceed the net asset value per share as at the immediately preceding quarter end, the management fee was calculated on the basis of net assets.

Between 1 April 2015 and 30 June 2015, the annual management fee was reduced to:

- 1.10% on the first £500 million of gross assets
- 0.70% on the next £500 million
- 0.40% on gross assets above £1 billion

Between 1 July 2015 and 30 September 2015 the annual management fee was increased to:

- 1.20% on the first £500 million of gross assets
- 1.00% on the next £500 million
- 0.85% on gross assets above £1 billion
- 75% of the management fees are allocated to the capital column and 25% to the revenue column of the Consolidated Statement of Comprehensive Income.

Financial statements

Notes to the financial statements continued

5. OTHER OPERATING EXPENSES

	2016 £'000	2015 £'000
Allocated to revenue		
Custody fee	91	90
Auditors' remuneration:		
– audit services	31	29
– other assurance services*	6	6
Registrar's fee	78	72
Directors' emoluments**	228	256
Broker fees	–	269
Depositary fees	60	62
Marketing expenses	149	17
Other administrative costs	252	229
	895	1,030
Allocated to capital		
Transaction charges	13	13
	908	1,043

	2016	2015
The Company's ongoing charges, calculated as a percentage of average net assets and using expenses, excluding finance costs, transaction costs and taxation were***:	1.10%	1.21%
The Company's ongoing charges, calculated as a percentage of average gross assets and using expenses, excluding finance costs, transaction costs and taxation were****:	0.96%	1.08%

* Fees paid to the auditors for other assurance services of £6,200 excluding VAT (2015: £6,500) relate to the review of the half yearly financial statements.

** Details of the Directors' emoluments are given in the Directors' Remuneration Report on page 32. The emoluments of Ian Cockerill, Chairman, who previously was also the highest paid Director, were £54,547 (2015: £51,280). His emoluments include taxable benefits for reimbursement of travel expenses.

*** Ongoing charges based on net assets represent the management fee and all other operating expenses, excluding finance costs, transaction charges and taxation, as a % of average net assets.

**** Ongoing charges based on gross assets represent the management fee and all other operating expenses, excluding finance costs, transaction charges and taxation, as a % of average gross assets. Gross assets are calculated based on net assets during the year before the deduction of the bank overdraft and loans.

6. FINANCE COSTS

	2016			2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank loans	289	881	1,170	271	812	1,083
Interest on bank overdraft	20	59	79	17	52	69
Total	309	940	1,249	288	864	1,152

7. TAXATION

(a) Analysis of charge in year

	2016			2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Corporation tax	2,279	(900)	1,379	2,658	(1,436)	1,222
Less: double tax relief	(62)	–	(62)	(96)	–	(96)
Overseas tax	842	–	842	1,293	–	1,293
Total current tax charge	3,059	(900)	2,159	3,855	(1,436)	2,419
Deferred tax movement (note 15)	125	34	159	–	447	447
Total tax (note 7(b))	3,184	(866)	2,318	3,855	(989)	2,866

(b) Factors affecting total tax charge for the year

The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for a large company of 20.00% (2015: 20.25%). The differences are explained below:

	2016			2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit/(loss) on ordinary activities before taxation	26,487	309,743	336,230	36,599	(243,864)	(207,265)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax 20.00% (2015: 20.25%)	5,297	61,949	67,246	7,411	(49,382)	(41,971)
Effects of:						
Withholding tax suffered	842	–	842	–	–	–
Non taxable UK dividends	(945)	–	(945)	(1,981)	–	(1,981)
Non taxable overseas dividends	(1,943)	–	(1,943)	(2,773)	–	(2,773)
Overseas tax	–	–	-	1,293	–	1,293
Non taxable foreign exchange losses	–	2,489	2,489	-	596	596
Double tax relief	(62)	–	(62)	(96)	–	(96)
(Gains)/losses on investments held at fair value through profit or loss not subject to tax	–	(65,305)	(65,305)	–	47,802	47,802
Peruvian capital gains tax	–	–	–	–	(2)	(2)
Effect of rate change	(5)	(1)	(6)	–	(6)	(6)
Disallowable expenses	–	2	2	1	3	4
Total taxation charge for the year (note 7(a))	**3,184**	**(866)**	**2,318**	**3,855**	**(989)**	**2,866**

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.

Financial statements

Notes to the financial statements continued

8. DIVIDENDS

Under IFRS, final dividends are not recognised until they are approved by shareholders, and special and interim dividends are not recognised until they are paid. They are also debited directly to reserves. Amounts recognised as distributable to ordinary shareholders for the period to 31 December were debited to the revenue reserve. These amounts are as follows:

	2016 £'000	2015 £'000
Interim ordinary dividend in respect of the year ended 31 December 2016 of 4.00p per share, declared on 25 August 2016 and paid on 16 September 2016	7,058	12,410
Final ordinary dividend in respect of the year ended 31 December 2015 of 14.00p per share, approved by shareholders on 24 March 2016 and paid on 8 May 2016	24,739	24,820
	31,797	37,230

The total dividends payable in respect of the year 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.

	2016 £'000	2015 £'000
Dividends paid or proposed on equity shares:		
Interim ordinary dividend paid of 4.00p (2015: 7.00p)	7,058	12,410
Proposed final ordinary dividend of 9.00p per share (2015: 14.00p)*	15,881	24,820
	22,939	37,230

* Based on 176,455,242 (2015: 177,287,242) ordinary shares.

9. CONSOLIDATED EARNINGS AND NET ASSET VALUE PER ORDINARY SHARE

Revenue and capital returns per share and net asset value per share are shown below and have been calculated using the following:

	2016	2015
Net revenue profit attributable to ordinary shareholders (£'000)	23,303	32,744
Net capital profit/(loss) attributable to ordinary shareholders (£'000)	310,609	(242,875)
Total profit/(loss) attributable to ordinary shareholders (£'000)	333,912	(210,131)
Equity shareholders' funds (£'000)	677,546	377,313
The weighted average number of ordinary shares in issue during the year, on which the return per ordinary share was calculated was:	176,639,636	177,287,242
The actual number of ordinary shares in issue at the year end, on which the net asset value per ordinary share was calculated was:	176,455,242	177,287,242
Revenue earnings per share	13.19p	18.47p
Capital earnings/(loss) per share	175.85p	(137.00p)
Total profit/(loss) per share	189.04p	(118.53p)
Net asset value per share	383.98p	212.83p
Ordinary share price (mid-market)	336.50p	181.00p

10. INVESTMENTS

	Group 2016 £'000	Company 2016 £'000	Group 2015 £'000	Company 2015 £'000
UK listed investments held at fair value through profit or loss	231,011	231,011	147,626	147,626
Overseas listed investments held at fair value through profit or loss	509,239	509,239	270,317	270,317
Contractual rights held at fair value through profit or loss	19,917	19,917	8,142	8,142
Investment in subsidiary held at fair value through profit or loss	–	8,985	–	8,982
Total value of financial asset investments	760,167	769,152	426,085	435,067
Derivative financial instruments – written option contracts	(855)	(855)	(161)	(161)
Valuation of investments at 31 December	759,312	768,297	425,924	434,906
Valuation brought forward at 1 January	425,924	434,906	695,037	707,986
Investment holding losses/(gains) at 1 January	256,974	249,492	120,745	109,296
Opening cost of investments	682,898	684,398	815,782	817,282
Acquisitions at cost	271,717	271,717	197,355	197,355
Disposal proceeds	(264,377)	(264,377)	(230,407)	(230,407)
Contractual rights – return of capital	(477)	(477)	–	–
Realised gains/(losses) on sales	37	37	(99,832)	(99,832)
Cost carried forward at 31 December	689,798	691,298	682,898	684,398
Investment holding (losses)/gains at 31 December	69,514	76,999	(256,974)	(249,492)
Closing valuation of investments	759,312	768,297	425,924	434,906

During the year, transaction costs of £592,000 (2015: £636,000) were incurred on the acquisition of investments. Costs relating to the disposal of investments during the year amounted to £296,000 (2015: £468,000). All transaction costs have been included within the capital reserves. Royalty income from contractual rights considered as a return of capital and disclosed in the capital column of the Consolidated Statement of Comprehensive Income amounted to £477,000 (2015: £nil).

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

	Group 2016 £'000	Company 2016 £'000	Group 2015 £'000	Company 2015 £'000
Realised gains/(losses) on sales	37	37	(99,832)	(99,832)
Changes in investment and derivative holding gains	315,190	315,193	(136,686)	(140,653)
Contractual rights – return of capital	(477)	(477)	–	–
Revaluation of contractual rights	11,775	11,775	457	457
	326,525	326,528	(236,061)	(240,028)

Stock lending

	2016 £'000	2015 £'000
Aggregate value of securities on loan at year end	9,173	19,298
Maximum aggregate value of securities on loan during the year	91,096	35,485
Fee income from stock lending during the year	84	44

In respect of securities on loan at the year end, securities of £9,675,000 (2015: £20,381,000) were held as collateral, the value of which exceeded the value of securities on loan by £502,000 (2015: £1,083,000).

In respect of the maximum aggregate value of securities on loan during the year, securities of £97,424,000 (2015: £39,075,000) were held as collateral, the value of which exceeded the value of securities on loan by £6,328,000 (2015: £3,590,000).

The value of securities on loan did not exceed the value of collateral held at any time during the year ended 31 December 2016.

Financial statements

Notes to the financial statements continued

11. SUBSIDIARY UNDERTAKING

At 31 December 2016, the Company had one wholly owned subsidiary, which was registered in England and Wales with its registered office at 12 Throgmorton Avenue, London EC2N 2DL.

	Description of shares	Issued share capital	
		2016	2015
BlackRock World Mining Investment Company Limited	Ordinary shares of £1	£100	£100

Under IFRS, the investment in the subsidiary is fair valued in the separate financial statements of the Company which is deemed to be the total equity of the Company and equates to £8,985,000 (2015: £8,982,000). The subsidiary paid dividends of £nil (2015: £4,000,000) to the parent company during the year ended 31 December 2016.

12. OTHER RECEIVABLES

	Group 2016 £'000	Company 2016 £'000	Group 2015 £'000	Company 2015 £'000
Prepayments and accrued income	5,153	5,153	3,797	3,797
	5,153	5,153	3,797	3,797

13. OTHER PAYABLES

	Group 2016 £'000	Company 2016 £'000	Group 2015 £'000	Company 2015 £'000
Accruals for expenses and interest payable	2,197	2,197	2,857	2,857
Amounts due to brokers	–	–	2,714	2,714
Tax payable	734	726	683	675
Amounts due to subsidiary	–	1,074	–	1,011
	2,931	3,997	6,254	7,257

14. INTEREST BEARING LOANS AND BORROWINGS

	Group 2016 £'000	Company 2016 £'000	Group 2015 £'000	Company 2015 £'000
Bank loans (US$ and GBP)	84,976	84,976	60,708	60,708

The Group has an overdraft facility of £30 million (2015: £30 million) and a multi-currency loan facility of £120 million (2015: £130 million). At 31 December 2016, the Company had a USD loan outstanding for US$105,000,000 which matures on 14 May 2017 (2015: USD loan for US$60,000,000 and GBP loan for £20,000,000 which matured on 10 May 2016). The loans are provided by the Bank of New York Mellon. The interest rate on bank loans approximate to 1.86% per annum for USD balances (2015: 1.30% per annum for USD balances and 1.57% per annum for GBP balances). The Company incurred foreign currency losses on the translation of US$ denominated loans of £12,372,000 (2015: £2,966,000).

15. DEFERRED TAX ASSETS/(LIABILITIES)

	Group and Company 2016 £'000	Group and Company 2015 £'000
Deferred tax asset in respect of timing differences		
At 1 January	–	449
Utilisation of deferred tax asset	–	(449)
At 31 December	–	–
Deferred tax liabilities in respect of timing differences		
At 1 January	(9)	(11)
Movement in Peruvian capital gains tax liability	–	2
Deferred tax in respect of contractual rights	(159)	–
At 31 December	(168)	(9)
Comprised of:		
Deferred tax liabilities	(168)	(9)
	(168)	(9)

Following the changes in Peruvian tax legislation effective from 1 January 2011, a capital gains tax is imposed on gains realised by non-residents at rates of 5% or 30% depending on whether the transaction took place inside or outside of Peru. The Group has accrued a capital gains tax liability of £9,000 (2015: £9,000) for unrealised capital gains arising on investments in stocks listed on the Peruvian stock exchange. The tax has been calculated at the rate of 5% of the unrealised capital gains, being the difference between the market value of the investments at the year end and their average purchase cost.

16. CALLED UP SHARE CAPITAL

	Ordinary shares number (nominal)	Treasury shares number (nominal)	Total shares	£'000
Allotted, called up and fully paid share capital comprised:				
Ordinary shares of 5p each				
Allotted, issued and fully paid:				
At 1 January 2016	177,287,242	15,724,600	193,011,842	9,651
Purchase of ordinary shares	(832,000)	832,000	–	–
At 31 December 2016	176,455,242	16,556,600	193,011,842	9,651

During the year ended 31 December 2016, the Company purchased 832,000 (2015: nil) shares for a total consideration of £1,882,000 (2015: £nil) including costs. No shares have been purchased since the year end and up to and including the date of this report.

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Notes to the financial statements continued

17. SHARE PREMIUM AND RESERVES

Group	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve – arising on investments sold £'000	Capital reserve – arising on investments held £'000	Revenue reserve £'000
At 1 January 2016	127,155	116,471	22,779	311,996	(256,974)	46,235
Movement during the year:						
Total comprehensive income:						
(Losses)/profit for the year	–	–	–	(15,879)	326,488	23,303
Transactions with owners:						
Ordinary shares purchased into treasury	–	(1,882)	–	–	–	–
Dividends paid	–	–	–	–	–	(31,797)
At 31 December 2016	127,155	114,589	22,779	296,117	69,514	37,741

Company	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve – arising on investments sold £'000	Capital reserve – arising on investments held £'000	Revenue reserve £'000
At 1 January 2016	127,155	116,471	22,779	311,996	(249,492)	38,753
Movement during the year:						
Total comprehensive income:						
(Losses)/profit for the year	–	–	–	(15,879)	326,490	23,301
Transactions with owners:						
Ordinary shares purchased into treasury	–	(1,882)	–	–	–	–
Dividends paid	–	–	–	–	–	(31,797)
At 31 December 2016	127,155	114,589	22,779	296,117	76,998	30,257

The net revenue profit before distribution dealt with in the financial statements of the parent company was £23,301,000 (2015: £36,711,000). As permitted under section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

The share premium account and capital redemption reserve are not distributable profits under the Companies Act 2006. The special reserve may be used as distributable profits for all purposes and in particular the repurchase by the Company of its ordinary shares. Under the Company's Articles, the Company is permitted to distribute accumulated realised capital profits in the form of dividends.

18. 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/brwm for a more detailed discussion of the risks inherent in investing in the Company.

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 page 36 and in the Statement of Directors' Responsibilities on page 42, 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. The AIFM reports to the Board at each meeting on key risks metrics and risk management processes; in addition, the Depository monitors the performance of the AIFM and reports to the Audit & Management Engagement Committee at each meeting. Any issues are reported to the Board on an ad hoc basis as they arise.

The Directors of the Alternative Investment Fund Manager (AIFM) review quarterly investment performance reports and receive semi-annual presentations in person from the Investment Manager covering the Company'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 Company 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/brwm. The AIFM reserves to itself the investment performance, product risk monitoring and oversight and the responsibility for the monitoring and oversight of regulatory and operational risk for the Company. 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 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. RQA tracks the actual risk management practices being deployed across the Company. By breaking down the components of the process, RQA have the ability to determine if the appropriate risk management processes are in place across the Company. 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 risk exposures of the Group are set out as follows:

(a) Market risk

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

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

The VaR calculations are based on a confidence level of 99% with a holding period of not greater than 1 day and a historical observation period of not less than 1 year (250 days). A VaR number is defined at a specified probability and a specified time horizon. A 99% 1 day VaR means that the expectation is that 99% of the time over a 1 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 as of 31 December 2016 and 31 December 2015 (based on a 99% confidence level) was 3.74% and 5.36% 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. 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.

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.

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Notes to the financial statements continued

18. RISK MANAGEMENT POLICIES AND PROCEDURES continued

Exchange traded and over-the-counter (OTC) financial derivative instruments

When appropriate, the Group may enter into commodity futures and write both exchange traded and over-the-counter option contracts as part of its investment policy. 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 31 December 2016 and 2015, the Group entered into commodity futures and 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 resources and no call and 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. No commodity futures transactions were open at 31 December 2016 or 2015. The notional amount of the three put options written that were open (2015: two call options) at 31 December 2016 was £17,899,000 (2015: £10,040,000).

Concentration of exposure to market price risks

An analysis of the Group's investment portfolio is shown on pages 22 to 24. At 31 December 2016, this shows that the portfolio had significant levels of investments in Africa, Latin America, Australia, Canada and South Africa. Accordingly, there is a concentration of exposure to those countries, though it is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

(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 has been covered by the VaR analysis under the market risk section.

The fair values of the Group's monetary items which have foreign currency exposure at 31 December 2016 and 31 December 2015 are shown below. Where the Group's equity investments which are not monetary items are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

2016	US dollar £'000	Canadian dollar £'000	Australian dollar £'000	Swedish krona £'000	Others £'000	Total £'000
Receivables (due from brokers, dividends and other income receivable)	3,460	–	–	–	–	3,460
Cash and cash equivalents	27	1,144	–	–	–	1,171
Bank loans	(84,976)	–	–	–	–	(84,976)
Payables	(140)	–	–	–	–	(140)
Total foreign currency exposure on net monetary items	(81,629)	1,144	–	–	–	(80,485)
Investments at fair value through profit or loss	232,624	176,227	88,643	14,897	15,937	528,328
Total net foreign currency exposure	150,995	177,371	88,643	14,897	15,937	447,843

2015	US dollar £'000	Canadian dollar £'000	Australian dollar £'000	Swedish krona £'000	Others £'000	Total £'000
Receivables (due from brokers, dividends and other income receivable)	3,628	–	–	–	–	3,628
Cash and cash equivalents	598	–	–	761	–	1,359
Bank loans	(40,708)	–	–	–	–	(40,708)
Payables	(2,787)	–	–	–	–	(2,787)
Total foreign currency exposure on net monetary items	(39,269)	–	–	761	–	(38,508)
Investments at fair value through profit or loss	137,789	69,352	50,261	5,649	15,248	278,299
Total net foreign currency exposure	98,520	69,352	50,261	6,410	15,248	239,791

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 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 holdings in cash and fixed interest investments and its borrowing facility for investment purposes. Interest rate sensitivity has been covered by the VaR analysis under the market risk section.

Interest rate exposure

The exposure at 31 December 2016 and 31 December 2015 of financial assets and liabilities to interest rate risk is shown by reference to:

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

	2016			2015		
	Within one year £'000	More than one year £'000	Total £'000	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates:						
Cash and cash equivalents	68	–	68	13,223	–	13,223
Bank loans	(84,976)	–	(84,976)	(60,708)	–	(60,708)
Bank overdraft	(1,324)	–	(1,324)	–	–	–
Exposure to fixed interest rates:						
Fixed interest investments	–	71,585	71,585	–	54,813	54,813
Total exposure to interest rates	(86,232)	71,585	(14,647)	(47,485)	54,813	7,328

Interest rates received on cash balances are approximately nil for USD balances and 0.15% per annum for GBP balances (2015: nil for USD balances and 0.15% per annum for GBP balances). Interest rates paid on bank loans are approximately 1.64% per annum for USD balances and 1.58% per annum for GBP balances (2015: 1.30% per annum for USD balances and 1.57% per annum for GBP balances). Effective interest rates on fixed interest investments ranged from 6.77% to 13.37% (2015: 8.56% to 12.97%).

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 loan and overdraft facilities.

Financial statements

Notes to the financial statements continued

18. RISK MANAGEMENT POLICIES AND PROCEDURES continued

The Group finances part of its activities through borrowings at levels approved and monitored by the Board. Derivative contracts are not used to hedge against the exposure to interest rate risk.

(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, fixed income investments, commodity futures and through option writing transactions on equity investments held within the portfolio.

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

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

Depositary

The Group's Depositary is BNY Mellon Trust & Depositary (UK) Limited (the Depositary) (Moody's long term credit rating as at 31 December 2016: Aa2). All of the equity assets and cash of the Group are held within the custodial network of the Depositary. Bankruptcy or insolvency of the Depositary may cause the Group's rights with respect to its investments held by the Depositary to be delayed or limited. The maximum exposure to this risk at 31 December 2016 is the total value of equity investments held with the Depositary and cash and cash equivalents in the Statements of Financial Position.

In accordance with the requirements of the depositary agreement, the Depositary will ensure that any agents it appoints to assist in safekeeping the assets of the Group will segregate the 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 Mellon (International) Limited as the Group's custodian. Bankruptcy or insolvency of the custodian may also cause the Group's rights with respect to securities held by the custodian to be delayed or limited.

Counterparties/Brokers

All transactions in listed securities are settled/paid for upon delivery using an approved broker whose credit standard is reviewed periodically by the Investment Manager. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has made payment. Payment is made on a purchase once the securities have been delivered by the broker. The trade will fail if either party fails to meet its obligation. Limits are set on the amount that may be due from any one broker.

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

The Group may also be exposed to counterparty risk should there be any rehypothecation of pledged collateral. Collateral is received/paid where the client service agreement states that there should be collateral movements agreed with the counterparty, where there is a requirement for a mark-to-market process or collateralisation to ensure that the Group is protected against any counterparty default.

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* £'000	Collateral held* £'000	Total exposure to all other counterparties* £'000	Lowest credit rating of any one counterparty
2016	2	2,412	nil	68	A-1
2015	2	13,223	nil	1,340	A-1

* Calculated on a net basis.

Collateral is received/paid where the client service agreement states that there should be collateral movements agreed with the counterparty, where there is a requirement for a mark-to-market process or collateralisation to ensure that the Group is protected against any counterparty default.

Over-the-counter (OTC) financial derivative instruments

The Group may write both exchange traded and over-the-counter option contracts as part of its investment policy. Options written by the Company provide the purchaser with the opportunity to purchase from or sell to 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 years ended 31 December 2016 and 2015, the Group wrote covered call and put option contracts to generate revenue income. As the call and put options are covered by dedicated cash resources and no call and 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.

Management of OTC financial derivative instruments

Economic exposure through option writing is restricted such that no more than 20% of the Company's portfolio shall be under option at any given time. Exposures are monitored daily by the Investment Manager and its independent risk management team. The Board also reviews the exposures regularly.

The option positions are diversified across sectors and geographies comprising 3 positions as at 31 December 2016 (2015: 2).

The economic exposures to options can be closed out at any time by the Company with immediate effect.

The following table details the Company's exposure to stock lending and net collateral analysed by counterparty as at the balance sheet date.

	Stock lending	Collateral received
	£'000	£'000
Credit Suisse Europe	9,173	9,675
	9,173	9,675

Collateral

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

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18. RISK MANAGEMENT POLICIES AND PROCEDURES continued

Cash collateral pledged by the Group is separately identified as an asset in the Statements of Financial Position and is not included as a component of cash and cash equivalents. The cash is subject to certain counterparty credit risk as the Group's access to its cash could be delayed should the counterparties become insolvent or bankrupt.

Cash collateral pledged to the counterparty is reflected in the table below:

	Pledged collateral	
	31 December 2016 £'000	31 December 2015 £'000
Cash collateral pledged – Bank of America Merrill Lynch	2,412	1,340

Receivables

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

In summary, the exposure to credit risk at 31 December was as follows:

	2016 £'000	2015 £'000
Investment from contractual rights	19,917	8,142
Fixed interest securities	71,585	54,813
Cash and cash equivalents	68	13,223
Cash collateral pledged with counterparty	2,412	1,340
Other receivables (amounts due from brokers, dividends and interest receivable)	5,153	3,797
	99,135	81,315

There were no past or impaired assets as of 31 December 2016 (31 December 2015: nil).

Management of counterparty credit risk

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

The counterparty/credit risk is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit standard is reviewed periodically by the Investment Manager, and limits are set on the amount that may be due from any one broker;
- the Group's listed investments are held on its behalf by the Bank of New York Mellon (International) Limited as the Group's custodian (as sub-delegated by the Depositary). Bankruptcy or insolvency of the custodian may cause the Group's rights with respect to securities held by the custodian to be delayed. The Board monitors the Group's risk by reviewing the custodian's internal control reports;
- transactions involving derivatives are either exchange traded where the relevant exchange guarantees settlement or on an over-the-counter basis. Transactions are entered into only with those counterparties approved by the credit department of the Investment Manager. Counterparties are selected on the basis of a number of risk migration criteria designed to reduce the risk to the Group of default;
- the creditworthiness of financial institutions with whom cash is held is reviewed regularly by the Investment Manager;

- all transactions in listed securities are settled on a payment against delivery basis using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has made payment. Payment is made on purchase once the securities have been delivered by the broker. The trade will fail if either party fails to meets its obligation.

The Board monitors the Company'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 auditors' review of the Custodian's control processes;

- 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 auditors' 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 Statements of Financial Position. The disclosures set out in the following table include financial assets and financial liabilities that are subject to an enforceable master netting agreement or similar agreement.

At 31 December 2016 and 2015, the Group's derivative assets and liabilities (by type) are as follows:

	At 31 December 2016		At 31 December 2015	
Derivatives	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Written option contracts	–	(855)	–	(161)
Total derivative assets and liabilities in the Statements of Financial Position	–	(855)	–	(161)
Derivatives not subject to a master netting agreement	–	–	–	–
Total assets and liabilities subject to a master netting agreement	–	(855)	–	(161)

The following table presents the Group's derivative liabilities by counterparty, net of amounts available for offset, under a master netting agreement and net of any related collateral paid by the Group at 31 December 2016 and 2015:

Counterparty	Derivative liabilities subject to a master netting agreement by a counterparty £'000	Derivatives available for offset £'000	Non-cash collateral given £'000	Cash collateral given £'000	Net amount of derivative liabilities £'000
At 31 December 2016 Bank of America Merrill Lynch	(855)	–	–	855	–
At 31 December 2015 Bank of America Merrill Lynch	(161)	–	–	161	–

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18. RISK MANAGEMENT POLICIES AND PROCEDURES continued

(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. The Group has an overdraft facility of £30 million (2014: £30 million) and a multi-currency loan facility of £120 million (2015: £130 million). As per the borrowing agreements, borrowings under the overdraft and loan facilities must not exceed 25% of the net assets of the Company and this covenant was complied with during the year. For details of the loan facility, refer to note 14 on page 62.

Liquidity risk exposure

The remaining undiscounted gross cash outflows of the financial liabilities as at 31 December 2016 and 2015, based on the earliest date on which payment can be required, were as follows:

2016	3 months or less £'000	Not more than one year £'000	More than one year £'000	Total £'000
Current liabilities:				
Bank overdraft	1,324	–	–	1,324
Bank loans	84,976	–	–	84,976
Amounts due to brokers, accruals and provisions	2,931	–	–	2,931
Derivative financial instruments – written options	855	–	–	855
	90,086	–	–	90,086

2015	3 months or less £'000	Not more than one year £'000	More than one year £'000	Total £'000
Current liabilities:				
Bank loans and overdraft	60,708	–	–	60,708
Amounts due to brokers, accruals and provisions	6,254	–	–	6,254
Derivative financial instruments – written options	161	–	–	161
	67,123	–	–	67,123

Management of liquidity risk

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

The Board gives guidance to the Investment Manager as to the maximum amounts of the Group's resources that should be invested in any one company. The policy is that the Group should remain 90% invested in normal market conditions and that 25% of the Group's assets may be invested in cash or cash equivalents. Short term borrowings may be used to manage short term cash requirements.

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 Company are subject to special liquidity arrangements.

(d) Valuation of financial instruments

Financial assets and financial liabilities are either carried in the Statements of Financial Position at their fair value (investment and derivatives) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank and bank overdrafts). IFRS 13 requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Group are explained in the accounting policies note to the Financial Statements on pages 54 and 55.

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

The fair value hierarchy has the following levels:

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

Level 2 – Valuation techniques used to price securities based on observable inputs. This category includes instruments valued using quoted market prices in active markets for identical instruments; 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 observable data and the unobservable inputs could have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

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

The determination of what constitutes 'observable ' requires significant judgement by the Investment Manager. 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.

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 Company.

Valuation process and techniques for Level 3 valuations

The Directors engage a mining consultant, an independent valuer with a recognised and relevant professional qualification, to conduct a periodic valuation of the contractual rights and the fair value of the contractual rights is assessed with reference to relevant factors. At the reporting date the income streams from contractual rights have been valued on the net present value of the pre-tax cash flows discounted at a rate the external valuer considers reflects the risk associated with the project. The valuation model uses discounted cash flow analysis which incorporates both observable and non-observable data. Observable inputs include assumptions regarding current rates of interest and commodity prices. Unobservable inputs include assumptions regarding production profiles, price realisations, cost of capital and discount rates. In determining the discount rate to be applied, the external valuer considers the country and sovereign risk associated with the project, together with the time horizon to the commencement of production and the success or failure of projects of a similar nature. To assess the significance of a particular input to the entire measurement, the external valuer performs sensitivity analysis. The external valuer has undertaken an analysis of the impact of using alternative discount rates on the fair value of contractual rights.

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18. RISK MANAGEMENT POLICIES AND PROCEDURES continued

This investment in contractual rights is reviewed regularly to ensure that the initial classification remains correct given the asset's characteristics and the Group's investment policies. The contractual rights are initially recognised using the transaction price as the best evidence of fair value at acquisition and are subsequently measured at fair value, taking into consideration the relevant IFRS 13 requirements. In arriving at their estimates of market values, the valuers have used their market knowledge and professional judgement. The Group classifies the fair value of this investment as Level 3.

Valuations are the responsibility of the Directors of the Company. In arriving at a final valuation, the Directors consider the independent valuer's report, the significant assumptions used in the fair valuation and the review process undertaken by BlackRock's Pricing Committee. The valuation of unquoted investments is performed on a quarterly basis by the Portfolio Managers and reviewed by the Pricing Committee of the Investment Manager. On a quarterly basis the Portfolio Managers will review the valuation of the contractual rights and inputs for significant changes. A valuation of contractual rights is performed annually by an external valuer, SRK Consulting (UK) Limited, and reviewed by the Pricing Committee of the Investment Manager. The valuations are also subject to quality assurance procedures performed within the Pricing Committee. On a semi-annual basis, after the checks above have been performed, the Investment Manager presents the valuation results to the Directors. This includes a discussion of the major assumptions used in the valuations. There were no changes in valuation techniques during the year.

Fair values of financial assets and financial liabilities

Financial assets and financial liabilities are either carried in the Statements of Financial Position at their fair value (investment and derivatives) or at an amount which is a reasonable approximation of fair value (cash and cash equivalents, collateral pledged, other receivables, other payables and bank loans and overdrafts).

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

Financial assets at fair value through profit or loss at 31 December 2016 – Group	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity	655,028	4	13,633	668,665
Fixed interest securities	68,015	3,570	–	71,585
Investment in contractual rights	–	–	19,917	19,917
	723,043	3,574	33,550	760,167
Liabilities:				
Derivative financial instruments – written options	–	(855)	–	(855)
	723,043	2,719	33,550	759,312

Financial assets at fair value through profit or loss at 31 December 2015 – Group	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity	352,482	76	10,572	363,130
Fixed interest securities	54,813	–	–	54,813
Investment in contractual rights	–	–	8,142	8,142
	407,295	76	18,714	426,085
Liabilities:				
Derivative financial instruments – written options	–	(161)	–	(161)
	407,295	(85)	18,714	425,924

Financial assets at fair value through profit or loss at 31 December 2016 – Company	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity	655,028	4	22,618	677,650
Fixed interest securities	68,015	3,570	–	71,585
Investment in contractual rights	–	–	19,917	19,917
	723,043	3,574	42,535	769,152
Liabilities:				
Derivative financial instruments – written options	–	(855)	–	(855)
	723,043	2,719	42,535	768,297

Financial assets at fair value through profit or loss at 31 December 2015 – Company	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity	352,482	76	19,554	372,112
Fixed interest securities	54,813	–	–	54,813
Investment in contractual rights	–	–	8,142	8,142
	407,295	76	27,696	435,067
Liabilities:				
Derivative financial instruments – written options	–	(161)	–	(161)
	407,295	(85)	27,696	434,906

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

Level 3 Financial assets at fair value through profit or loss at 31 December – Group	2016 £'000	2015 £'000
Opening fair value	18,714	17,864
Purchases at cost	–	7,685
Disposals	–	(8,861)
Total gains or losses included in gains/(losses) on investments in the Consolidated Statement of Comprehensive Income:		
– assets disposed during the year	–	2,370
– assets held at the end of the year	14,836	(344)
Closing balance	33,550	18,714

Level 3 Financial assets at fair value through profit or loss at 31 December – Company	2016 £'000	2015 £'000
Opening fair value	27,696	30,813
Purchases at cost	–	7,685
Disposals	–	(8,861)
Total gains or losses included in gains/(losses) on investments in the Consolidated Statement of Comprehensive Income:		
– assets disposed during the year	–	2,370
– assets held at the end of the year	14,839	(4,311)
Closing balance	42,535	27,696

Level 3 valuation process and techniques used by the Company are explained in the accounting policies in note 2(h). A more detailed description of the techniques is found on page 73 under 'Valuation process and techniques'.

Financial statements

Notes to the financial statements continued

18. RISK MANAGEMENT POLICIES AND PROCEDURES continued

Quantitative information of significant unobservable inputs – Level 3 – Group and Company

Description	2016 £'000	2015 £'000	Valuation technique	Unobservable input
Banro gold-linked preference share	13,633	10,572	Discount to gold prices	30% Illiquidity discount
Avanco	19,917	8,142	Discount cash flows	Discount rate – weighted average cost of capital Average gold and copper prices
Investment in subsidiary company	8,985	8,982	Net assets	Net assets

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy, together with an estimated quantitative sensitivity analysis, as at 31 December 2016 are as shown below. The rationale for the explanation of the illiquidity discount is given on page 18 of the Investment Manager's Report.

Description	Input	Estimated sensitivity used*	Impact on fair value
Banro gold-linked preference share	Average gold prices	10%	£1.4m
Avanco royalty	Discount rate – weighted average cost of capital	1%	£2.2m
	Average gold and copper prices	10%	£4.8m

* The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value.

The sensitivity impact on fair value is calculated based on the sensitivity estimates set out by the independent valuer in its report on the valuation of contractual rights. Significant increases/(decreases) in estimated commodity prices and discount rates in isolation would result in a significantly higher/(lower) fair value measurement. Generally, a change in the assumption made for the estimated value is accompanied by a directionally similar change in the commodity prices and discount rates.

(vii) Capital management policies and procedures

The Company's capital management objectives are:

- to ensure it will be able to continue as a going concern; and
- to achieve a balanced return of dividends and capital growth over the longer term, by investing primarily in securities of companies in the mining and metals sectors.

This is to be achieved through an appropriate balance of equity capital and gearing. The Company operates a flexible gearing policy which depends on prevailing conditions. The policy is that debt should not be more than 25% of the Group's net assets.

The Company's total capital at 31 December 2016 was £763,846,000 (2015: £438,021,000), comprising of bank loans and an overdraft of £86,300,000 (2015: £60,708,000) and equity shares, capital and reserves of £677,546,000 (2015: £377,313,000).

19. TRANSACTIONS WITH THE AIFM AND THE INVESTMENT MANAGER

BlackRock Fund Managers Limited (BFM) was appointed as the Company's Alternative Investment Fund Manager (AIFM) with effect from 2 July 2014. BlackRock Investment Management (UK) Limited (BIM (UK)) continues to act as the Company's Investment Manager under a delegation agreement with BFM.

The investment management fee due to BFM for the year ended 31 December 2016 amounted to £5,027,000 (2015: £5,312,000). At the year end, £1,532,000 (2015: £1,952,000) was outstanding in respect of the management fees.

In addition to the above services, BlackRock has provided marketing services. The total fees paid or payable for these services for the year ended 31 December 2016 amounted to £104,000 excluding VAT (2015: £17,000 excluding VAT). Marketing fees of £94,000 were outstanding as at 31 December 2016 (2015: £143,000).

20. RELATED PARTY DISCLOSURE: DIRECTORS' EMOLUMENTS

The related party transactions with the Directors are set out in the Directors' Remuneration Report on pages 32 and 33. The amount of Directors' fees outstanding at 31 December 2016 was £16,875 (2015: £19,375).

21. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2016 (2015: 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:

February
Annual results announced.

March
Annual Report and Financial Statements published.

April/May
Annual General Meeting.

August
Half yearly figures announced and Half Yearly Financial Report published.

DIVIDEND – 2016

The proposed final dividend in respect of the year ended 31 December 2016 is 9.00p per share.

Ex-dividend date (shares transferred without the dividend)	16 March 2017
Record date (last date for registering transfers to receive the dividend)	17 March 2017
Last date for registering DRIP instructions	20 April 2017
Dividend payment date	12 May 2017

QUARTERLY DIVIDENDS – 2017

Going forward, it is intended that dividends will be paid quarterly as follows:

Period ending	Announce	Payment date
31 March	April/May	June
30 June	August	September
30 September	November	December
31 December	February	April/May

PAYMENT OF DIVIDENDS

Cash dividends will be sent by cheque to the first-named shareholder at their registered address. Dividends may also be paid direct into a shareholder's bank account via BACSTEL-IP (Bankers' Automated Clearing Service – Telecom Internet Protocol). This may be arranged by contacting the Company's registrar, Computershare Investor Services PLC, through their secure website investorcentre.co.uk, or by telephone on 0370 707 1187, or by completing the Mandate Instructions section on the reverse of your dividend counterfoil and sending this to the Company's registrar, 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 REINVESTMENT SCHEME (DRIP)

Shareholders may request that their dividends be used to purchase further shares in the Company. Dividend reinvestment forms may be obtained from Computershare Investor Services PLC through their secure website investorcentre.co.uk, or on 0370 707 1187. Shareholders who have already opted to have their dividends reinvested do not need to reapply. The last date for registering for this service for the forthcoming dividend is 20 April 2017.

DIVIDEND TAX ALLOWANCE

From April 2016, dividend tax credits have been replaced by an annual £5,000 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 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 a shareholder's responsibility to include all dividend income when calculating any tax liability.

This change was announced by the Chancellor, as part of the UK Government Budget, in July 2015. If you have any tax queries, please contact a financial advisor.

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/brwm.

ISIN/SEDOL NUMBERS

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

	Ordinary shares
ISIN	GB0005774855
SEDOL	0577485
Reuters Code	BRWM.L
Bloomberg Code	BRWM: LN
Ticker	BRWM

SHARE DEALING

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

For existing shareholders the Company's registrar, Computershare Investor Services PLC, has both internet and telephone share dealing services. To access the internet share dealing, log on to computershare.com/sharedealingcentre. The telephone share dealing service is available on 0370 703 0084.

To use these services, you will need your shareholder reference number which is detailed on your share certificate.

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

Telephone dealing – The fee for this service is 1% of the value of each sale or purchase of shares, plus £35. Stamp duty of 0.5% is payable on purchases.

CREST

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

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

ELECTRONIC COMMUNICATIONS

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

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

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

ELECTRONIC PROXY VOTING

Shareholders are able to submit their proxy votes electronically via Computershare's internet site at eproxyappointment.com using their shareholder reference number, control number and 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. More details are set out in the notes on the Form of Proxy and the Notice of Annual General Meeting.

DURATION OF THE COMPANY

Shareholders are given an opportunity at each Annual General Meeting to vote on an ordinary resolution to continue the life of the Company for a further twelve months.

LIVE STREAMING

For the first time, the Annual General Meeting of the Company to be held at 11.30 a.m. on Thursday, 4 May 2017 will be live streamed via the internet. If you are unable to attend the meeting you can therefore view it online as it happens via a link on the Company's website at www.blackrock.co.uk/brwm. You will be able to watch the Portfolio Managers present their outlook for the coming months.

Although you are able to view the Annual General Meeting via the live stream, this does not constitute attendance at the Annual General Meeting. You cannot exercise any voting rights you may hold via this medium. The live stream should not be viewed as an alternative to attending in person and has been provided to allow shareholders who are unable to attend in person to view the meeting live. Should you wish to appoint the Chairman or another person as your proxy, please follow the instructions on 'electronic proxy voting' on this page or submit your completed proxy card to the Registrar in the business reply envelope provided.

The Annual General Meeting will be available to watch on demand shortly after the meeting on the Company's website.

NOMINEE CODE

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

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

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

PUBLICATION OF NET ASSET VALUE/PORTFOLIO ANALYSIS

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

Additional information

Shareholder information continued

The daily NAV per share and monthly information are released through the London Stock Exchange's Regulatory News Service and are available on the website at blackrock.co.uk/brwm 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 website at blackrock.co.uk/brwm. 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 access Computershare's website you will need your shareholder reference number which can be found on paper or electronic communications you have previously received from Computershare. Listed below are the most frequently used features of the website.

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

SAVINGS PLAN

The Company participates in the BlackRock Investment Trust Savings Plan, which facilitates both regular monthly investments and occasional lump sum investments in the Company's ordinary shares. Shareholders who would like information on the Savings Plan should call BlackRock free on 0800 44 55 22.

STOCKS AND SHARES NEW INDIVIDUAL SAVINGS ACCOUNTS (NISA)

NISAs are a tax-efficient method of investment and the Company's shares are eligible investments within the BlackRock Investment Trust Stocks and Shares NISA. In the 2016/2017 tax year, investors have an annual NISA allowance of £15,240. For the 2017/2018 tax year this limit will increase to £20,000. Details are available from BlackRock by calling free on 0800 44 55 22.

SHAREHOLDER ENQUIRIES

The Company's registrar is Computershare Investor Services PLC. Certain details relating to your holding can be checked through the Computershare Investor Centre website. As a security check, specific information needs to be input accurately to gain access to an individual's account. This includes your shareholder reference number, available from your share certificate, dividend confirmation statement or other electronic communications you have previously received from Computershare. The address of the Computershare website is investorcentre.co.uk. Alternatively, please contact the registrar on 0370 707 1187.

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 Secretary
BlackRock World Mining Trust plc
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000
Email: cosec@blackrock.com

Enquiries about the Savings Plan or NISA should be directed to:

Freepost RLTZ-KHUH-KZSB
BlackRock Investment Management (UK) Limited
PO Box 9036
Chelmsford CM99 2XD
Telephone: 0800 44 55 22

Additional information

Analysis of ordinary shareholders as at 31 December 2016

BY TYPE OF HOLDER

	Number of shares	% of total 2016	% of total 2015	Number of holders	% of total 2016	% of total 2015
Direct private investors	4,487,089	2.5	2.7	2,044	46.1	34.4
Nominee companies	153,696,102	87.1	95.7	2,282	51.5	63.7
Others	18,272,051	10.4	1.6	105	2.4	1.9
	176,455,242	100.0	100.0	4,431	100.0	100.0

BY SIZE OF HOLDING

	Number of shares	% of total 2016	% of total 2015	Number of holders	% of total 2016	% of total 2015
1-10,000	7,661,505	4.3	6.2	4,008	90.4	92.2
10,001-100,000	8,060,281	4.6	5.5	249	5.6	5.0
100,001-1,000,000	43,753,118	24.8	28.0	128	2.9	2.1
1,000,001-5,000,000	96,945,392	54.9	47.3	43	1.0	0.6
Over 5,000,000	20,034,946	11.4	13.0	3	0.1	0.1
	176,455,242	100.0	100.0	4,431	100.0	100.0

Additional information

Management & other service providers

REGISTERED OFFICE
(Registered in England, No. 2868209)
12 Throgmorton Avenue
London EC2N 2DL

ALTERNATIVE INVESTMENT FUND MANAGER
BlackRock Fund Managers Limited*
12 Throgmorton Avenue
London EC2N 2DL

INVESTMENT MANAGER AND COMPANY SECRETARY
BlackRock Investment Management (UK) Limited*
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000
Email: cosec@blackrock.com

DEPOSITARY
BNY Mellon Trust & Depositary (UK) Limited*
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

REGISTRAR
Computershare Investor Services PLC*
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 707 1187

AUDITORS
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London SE1 2RT

STOCKBROKERS
J.P.Morgan Cazenove Limited*
25 Bank Street
Canary Wharf
London E14 5JP

Winterflood Securities Limited*
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

SOLICITORS
Herbert Smith Freehills LLP
Exchange House
Primrose Street
London EC2A 2EG

CUSTODIAN AND BANKER
The Bank of New York Mellon (International) Ltd*
One Canada Square
London E14 5AL

SAVINGS PLAN AND NISA ADMINISTRATOR
FREEPOST RLTZ-KHUH-KZSB
BlackRock Investment Management (UK) Limited*
PO Box 9036
Chelmsford CM99 2XD
Telephone: 0800 44 55 22

* Authorised and regulated by the Financial Conduct Authority.

Regulatory disclosures

AIFMD disclosures

REPORT ON REMUNERATION

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

Details of the BlackRock AIFM Remuneration Policy are disclosed on the website at blackrock.co.uk/brwm 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 the Company's AIFM.

QUANTITATIVE REMUNERATION DISCLOSURE

Disclosures 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 are disclosed on the website at blackrock.co.uk/brwm under Key Documents, AIFMD Remuneration Disclosures.

LEVERAGE

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

Consistent with its investment objective and policy, the Company may utilise a variety of exchange traded and over-the-counter (OTC) derivative instruments such as covered put/call options as part of its investment policy. The use of derivatives may expose the Company to a higher degree of risk.

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 31 December 2016	Gross leverage as at 31 December 2016
Leverage ratio	1.14	1.14

OTHER RISK DISCLOSURES

The financial risk disclosures relating to risk framework and liquidity risk are set out in note 18 to the notes to the financial statements on pages 64 to 76.

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/brwm under Key Documents, AIFMD Fund Disclosures.

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

CAROLINE DRISCOLL
FOR AND ON BEHALF OF
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
23 February 2017

Regulatory disclosures

Information to be disclosed in accordance with Listing Rule 9.8.4.

The disclosures below are made in compliance with the requirements of Listing Rule 9.8.4.

9.8.4 (1) The Company has not capitalised any interest in the period under review.

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

9.8.4 (3) This provision has been deleted.

9.8.4 (4) The Company does not have any long term incentive schemes in operation.

9.8.4 (5) and 9.8.4 (6) No Director of the Company has waived or agreed to waive any current or future emoluments from the Company or any subsidiary undertaking.

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

9.8.4 (8) The Company's subsidiary has not allotted any equity securities for cash in the period under review.

9.8.4 (9) This provision is not applicable to the Company.

9.8.4 (10) 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 9.8.4 (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.

CAROLINE DRISCOLL
FOR AND ON BEHALF OF
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
23 February 2017

Annual General Meeting

Notice of annual general meeting

Notice is hereby given that the twenty third Annual General Meeting of BlackRock World Mining Trust plc will be held at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL on Thursday, 4 May 2017 at 11.30 a.m. to consider and, if thought fit, pass resolutions 1 to 14 as ordinary resolutions and resolutions 15 and 16 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 in the future policy table on page 32. 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 of its remuneration policy, as set out in the future policy table on page 32 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.

ORDINARY BUSINESS

1. To receive the report of the Directors and the financial statements for the year ended 31 December 2016, together with the report of the auditors thereon.

2. To approve the Directors' Remuneration Report for the year ended 31 December 2016, excluding the remuneration policy of the Company.

3. To approve the remuneration policy of the Company, as set out in the future policy table in the Directors' Remuneration Report on page 32.

4. To declare a final dividend of 9.00p per ordinary share for the year ended 31 December 2016.

5. To re-elect Mr C A M Buchan as a Director.

6. To re-elect Mr D W Cheyne as a Director.

7. To re-elect Mr I D Cockerill as a Director.

8. To re-elect Mr R P Edey as a Director.

9. To re-elect Ms J Mosely as a Director.

10. To elect Ms J Lewis as a Director.

11. To reappoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.

12. To authorise the Audit & Management Engagement Committee to determine the auditors' remuneration.

SPECIAL BUSINESS

Ordinary resolutions

13. That the Company shall continue in being as an investment trust.

14. 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 relevant securities in the Company (as described in that section) up to an aggregate nominal amount of £441,138 (being 5% of the aggregate nominal amount of the issued share capital, excluding treasury shares, of the Company at the date of this notice) provided that this authority shall (unless previously revoked) expire at the conclusion of the Company's Annual General Meeting to be held in 2018, 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

15. That in substitution for all existing authorities and subject to the passing of resolution numbered 14 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 the resolution numbered 14 above, as if section 561(1) of the Act did not apply to any such allotments and sales of equity securities, provided that this power:

    (a) shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2018, 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 and sell equity securities in pursuance of such offers or agreements;

    (b) shall be limited to the allotment of equity securities and/or the sale of equity securities held in treasury for cash up to an aggregate nominal amount of £441,138 (representing 5% of the aggregate nominal amount of the issued share capital, excluding treasury shares, of the Company at the date of this notice); and

    (c) shall be limited to the allotment and/or sale of equity securities at a price of not less than the net asset value per share as close as practicable to the allotment or sale.

Annual General Meeting

Notice of annual general meeting continued

16. That in substitution for the Company's existing authority to make market purchases of ordinary shares of 5p each in the Company (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 Shares (within the meaning of section 693 of the Act) provided that:

    (a) the maximum number of Shares hereby authorised to be purchased shall be 26,450,640 or if less, that number of Shares which is equal to 14.99% of the Company's issued share capital (excluding treasury shares) as at 4 May 2017;

    (b) the minimum price (exclusive of expenses) which may be paid for any such Share shall be 5p being the nominal value per share;

    (c) the maximum price (exclusive of expenses) which may be paid for any such Share shall be the higher of (i) 105% of the average of the middle market quotations (as derived from the Official List) of the 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 independent bid for, any number of Shares on the trading venue where the purchase is carried out; and

    (d) unless renewed, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2018 save that the Company may, prior to such expiry, enter into a contract to purchase Shares under the authority hereby conferred and may make a purchase of Shares pursuant to any such contract notwithstanding such expiry.

All Shares purchased pursuant to the above authority shall be either:

(i) held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Act; or

(ii) cancelled immediately upon completion of the purchase.

BY ORDER OF THE BOARD
CAROLINE DRISCOLL
FOR AND ON BEHALF OF
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
23 February 2017

Registered Office:
12 Throgmorton Avenue
London EC2N 2DL

Notes:

1. A member entitled to attend and vote at the meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend, speak and vote in his place. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member.
2. To appoint a proxy you may use the form of proxy enclosed with this Annual Report. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or 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 printed thereon as soon as possible and in any event by not later than 11.30 a.m. on 2 May 2017. Amended instructions must also be received by the Company's registrar by the deadline for receipt of proxies. 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 11.30 a.m. on 2 May 2017.
3. Completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person.
4. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a Nominated Person) should note that the provisions in Notes 1 and 2 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such agreement to give instructions to the member as to the exercise of voting rights at the meeting.
5. Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy the information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from the Nominated Person.
6. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only 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 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 the adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
8. Holders of shares through the Savings Schemes are entitled to attend and vote at the meeting if the voting instruction form, which is enclosed with this document, is correctly completed and returned in accordance with the instructions printed thereon.
9. Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's registrar not later than 48 hours before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: euroclear.com/CREST. Shareholders are advised that CREST and the internet are the only methods by which completed proxies can be submitted electronically.
10. If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare (ID number 3RA50) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Computershare is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes subject of those proxies are cast and voting rights in respect of those discretionary proxies, when added to the interest in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company, who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
12. Any question 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. Representatives should bring to the meeting evidence of their appointment, including any authority under which it is signed.

Annual General Meeting

Notice of annual general meeting continued

14. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
    (i) the audit of the Company's accounts (including the auditors' 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 auditors 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 22 March 2017, being the date six weeks clear 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. 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/brwm.
17. As at the date of this report, the Company's issued share capital comprised 176,455,242 ordinary shares of 5 pence each, excluding shares held in treasury. Each ordinary share carries the right to one vote and therefore the total number of voting rights in the Company on 23 February 2017 is 176,455,242.
18. No service contracts exist between the Company and any of the Directors, who hold office in accordance with letters of appointment and the Articles of Association.

Glossary

NET ASSET VALUE PER SHARE (NAV)

This is the value of the Company's assets attributable to one ordinary share. It is calculated by dividing shareholders' funds by the total number of ordinary shares in issue (excluding treasury shares). For example, as at 31 December 2016 equity shareholders' funds were £677,546,000 and there were 176,455,242 ordinary shares in issue (excluding shares held in treasury); the NAV was therefore 383.98p per share.

Shareholders' funds are calculated by deducting the Company's current and long term liabilities and any provision for liabilities and charges from its assets.

DISCOUNT

Investment trust shares 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. For example, if the share price was 370p and the NAV 430p, the discount would be 13.9%.

PREMIUM

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

The Company may from time to time utilise gearing. Gearing works by magnifying the Company's performance. If a company 'gears up' and then markets rise and the 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.

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.

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:

Leverage ratio = exposure: net asset value

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

Financial Conduct Authority

FCA
FINANCIAL CONDUCT AUTHORITY

Be ScamSmart

Investment scams are designed to look like genuine investments.

In association with the Institute of Chartered Secretaries and Administrators Registrars Group

Spot the warning signs.

Have you been...

- **contacted out of the blue**
- **promised tempting returns and told the investment is safe**
- **called repeatedly, or**
- **told the offer is only available for a limited time?**

If so, you might have been contacted by fraudsters.

How to avoid share fraud

1. **Reject cold calls**
   If you've been cold called with an offer to buy or sell shares, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

2. **Check the firm on the FS register at www.fca.org.uk/register**
   The Financial Services Register is a public record of all the firms and individuals in the financial services industry that are regulated by the FCA.

3. **Get impartial advice**
   Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Remember: if it sounds too good to be true, it probably is!

Report a scam

If you suspect that you have been approached by fraudsters please tell the FCA using the share fraud reporting form at **www.fca.org.uk/scams**, where you can find out more about investment scams. You can also call the FCA Consumer Helpline on **0800 111 6768**.

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk.

Find out more at **www.fca.org.uk/scamsmart**

April 2015

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