BLACKROCK COMMODITIES INCOME INVESTMENT TRUST PLC

ANNUAL REPORT
30 NOVEMBER 2013

BLACKROCK®

Contents

BlackRock Commodities Income Investment Trust plc

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

The Association of Investment Companies

A MEMBER OF THE ASSOCIATION OF INVESTMENT COMPANIES

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

Performance record

FINANCIAL HIGHLIGHTS

	As at 30 November 2013	As at 30 November 2012	Change %
Assets			
Net assets (£'000)*	101,830	111,663	-8.8
Net asset value per ordinary share	105.79p	118.47p	-10.7
– with income reinvested	–	–	-5.9
Ordinary share price (mid-market)	109.50p	122.75p	-10.8
– with income reinvested	–	–	-6.0

	Year ended 30 November 2013	Year ended 30 November 2012	Change %
Revenue			
Net revenue after taxation (£'000)	5,551	5,570	-0.3
Revenue return per ordinary share	5.87p	6.10p	-3.8
Interim dividends			
1st interim	1.4750p	1.4375p	+2.6
2nd interim	1.4750p	1.4375p	+2.6
3rd interim	1.4750p	1.4375p	+2.6
4th interim	1.5250p	1.5875p	-3.9
Total dividends paid and payable	5.9500p	5.9000p	+0.8

* The change in net assets reflects market movements and the issue of 2,000,000 ordinary shares in the year.

PERFORMANCE FROM 30 NOVEMBER 2008 TO 30 NOVEMBER 2013

Sources: BlackRock and Datastream.
Performance figures are calculated on a mid-market basis in sterling terms, with income reinvested.
Share price and NAV at 1 December 2008, rebased to 100.

Chairman's statement

I am pleased to present the Annual Report to shareholders of BlackRock Commodities Income Investment Trust plc for the year ended 30 November 2013.

OVERVIEW

Shares in the mining sector generally failed to participate in the otherwise strong recovery in equity markets during 2013. Returns from the energy sector were better than those from the mining sector. Slower growth in China and other major emerging economies tempered market expectations of future requirements for industrial and construction commodities and previous capital spending began to look over ambitious in the more muted demand environment.

Against this background, the Company's net asset value ('NAV') per share returned -5.9% and the share price returned -6.0%. Over the same period, the Euromoney Global Mining Index (formerly the HSBC Global Mining Index) and MSCI World Energy Index returned -21.5% and 13.1% respectively. Since the launch of the Company in December 2005 the NAV has returned 54.9% and the share price 57.2% (all percentages calculated in sterling terms with income reinvested).

Since the year end, the Company's NAV has returned -0.6% and the share price has returned 0.1%.

REVENUE RETURN AND DIVIDENDS

The Company's revenue return per share for the year amounted to 5.87 pence (2012: 6.10 pence). It remains the Company's intention to pay four quarterly dividends. Details for the 2012 and 2013 financial years are set out in note 8 to the Financial Statements.

Our objective this year was to pay dividends which in total amounted to at least 5.90 pence and I am pleased to report that we have exceeded this target by paying quarterly dividends amounting to 5.95 pence per share (2012: 5.90 pence). This necessitated a very marginal utilisation of brought forward revenue reserves.

It is the Company's aim to pay dividends amounting to at least 5.95 pence per share for the year ending 30 November 2014. Our ability to match or exceed this target will depend on the dividend distributions from our underlying portfolio and should not be interpreted as a profit forecast. The target level represents a yield of 5.4% based on the share price as at the close of business on 30 November 2013.

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

TENDER OFFERS

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

The Board announced on 19 June 2013 that it had decided not to proceed with a tender offer in August 2013 and on 18 December 2013 that the tender offer in February 2014 would not be implemented. During the year ended 30 November 2013, the Company's shares traded at an average premium to NAV of 0.4% compared to a discount of 2.0% to NAV, the price at which any tender offer would be made.

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

SHARE CAPITAL

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

During the year the Company issued 2,000,000 ordinary shares at an average price of 108.98 pence per share for a total consideration of £2,178,000, before the deduction of issue costs. The shares were issued at an average premium of 1.8% to the cum income NAV at the close of business on the business day prior to each issue and at a premium to the estimated cum income NAV at the time of each transaction.

Since 30 November 2013, a further 1,100,000 shares have been issued for consideration of £1,177,000, before the deduction of issue costs. The shares were issued at a premium of 2.1% to the cum income NAV at the close of business on the previous business day and at a premium to the estimated cum income NAV at the time of the transaction.

GEARING

The Company operates a flexible gearing policy which depends on prevailing market conditions. The maximum gearing used during the year was 10.7% and at 30 November 2013 gearing was 9.3%. Gearing has been calculated in accordance with AIC guidelines and on a net basis.

THE BOARD

In accordance with our policy of Board refreshment we were pleased to welcome Ed Warner to the Board on 1 July 2013.

Humphrey van der Klugt, who has served as a Director since the Company's incorporation in November 2005, intends to retire from the Board following the 2014 AGM. Humphrey is currently the Company's Audit and Management Engagement Committee Chairman. Michael Merton will take over as Chairman of the Audit and Management Engagement Committee immediately after the AGM.

I would like to thank Humphrey for his outstanding contribution to the Company and wish him the very best for the future.

The Board seeks to reflect the highest standards of corporate governance and accordingly all Directors will now stand for re-election every year.

PORTFOLIO MANAGER

The Board announced on 20 January 2014 that Richard Davis has stepped down as the portfolio manager. He is succeeded by Olivia Ker as the lead manager of the Trust. Thomas Holl will continue as deputy manager working alongside Olivia. Both are experienced members of BlackRock's Natural Resources equity team and will provide continuity in the existing investment approach.

The Board would like to thank Richard for all of his work since the Company's launch in 2005 and to wish him well for the future.

NEW REPORTING REQUIREMENTS

There have been a number of revisions to reporting requirements for companies with effect from accounting periods beginning on or after 1 October 2012. These include the addition of a new Strategic Report, as set out on pages 16 to 19, which is intended to replace the Business Review section of the Directors' Report, providing insight into the Company's objectives, strategy and principal risks, and enabling shareholders to assess how effective Directors have been in promoting the success of the Company during the course of the year under review.

Other changes comprise additional Audit Committee reporting requirements on the external audit process, as set out on pages 34 to 36, and changes to the structure and voting requirements in respect of the Directors' Remuneration Report which are explained in more detail on page 25 of the Directors' Remuneration Report.

ALTERNATIVE INVESTMENT FUND MANAGERS' DIRECTIVE

The Alternative Investment Fund Managers' Directive ('the Directive') is a European directive which seeks to reduce systemic risk by regulating alternative investment fund managers ('AIFMs'). AIFMs are responsible for managing investment products that fall within the category of Alternative Investment Funds ('AIFs') and investment trusts are included in this. The Directive was implemented on 22 July 2013 although the Financial Conduct Authority ('FCA') permits a transitional period of one year after that, during which UK AIFMs must seek authorisation. The Board has taken, and will continue to take, independent advice on the consequences for the Company of the implementation of the Directive. It has decided in principle that BlackRock Fund Managers Limited will be appointed as its AIFM before the end of the transitional period on 22 July 2014.

PROPOSED CHANGE TO THE ARTICLES OF ASSOCIATION

At the forthcoming Annual General Meeting, shareholders will be asked to approve new Articles of Association in substitution for the current Articles. The Board is proposing to make these amendments to the Articles in response to AIFMD Regulations coming into force; details of the principal changes are given on pages 23 and 24 of the Directors' Report.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will be held at 10.30 a.m. on Friday, 28 March 2014 at the offices of BlackRock, 12 Throgmorton Avenue, London EC2N 2DL. Details of the business of the meeting are set out in the Notice of Meeting on pages 64 to 67 of this Annual Report. The Investment Manager will also make a presentation to shareholders on the Company's progress and the outlook for the year.

OUTLOOK

As we enter the new financial year, global economic growth finally appears to be more robust, particularly in the US. If sustained, this will no doubt boost demand for energy and commodities more generally. New sources of supply, however, are coming on-stream to meet this improving demand. Corporate profitability will continue to be very dependent on cost and capital expenditure management. Energy prices will also remain significantly governed by OPEC's ability to ration output as new supply emerges. Overall, we are cautiously optimistic and believe that the Company's portfolio is well positioned to participate as economic growth accelerates. We also expect further growth in the dividend income generated by the portfolio.

ALAN HODSON
Chairman
27 January 2014

Investment manager's report

There was a marked difference in the performance of the energy and mining sectors during the year under review, as illustrated in the table below. Energy shares, as measured by the MSCI World Energy Index, gained 13.1% on a total return basis and 10.5% on a capital only basis (in Sterling terms). Brent crude (the international benchmark price) was largely unchanged over the course of the year, closing at US$111/Bbl as shown in the following table.

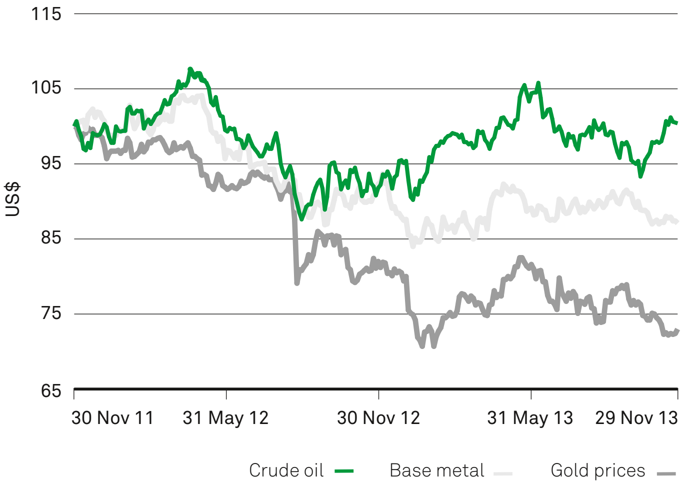
Commodity	30 November 2012	30 November 2013	% Change
Base Metals (US$/tonne)			
Aluminium	2,094	1,710	-18.3
Copper	7,979	7,054	-11.6
Lead	2,258	2,055	-9.0
Nickel	17,598	13,451	-23.6
Tin	21,862	22,789	4.2
Zinc	2,029	1,866	-8.0
Precious Metals (US$/oz)			
Gold	1,718	1,253	-27.1
Silver (USc/oz)	3,428	1,993	-41.9
Platinum	1,612	1,376	-14.6
Palladium	685	724	5.7
Energy			
Oil (WTI) (US$/Bbl)[1]	88.5	92.5	4.5
Oil (Brent) (US$/Bbl)[2]	110.7	111.1	0.4
Natural Gas (US$/MMBTU)[3]	3.5	3.8	8.6
Uranium (US$/lb)[4]	41.8	36.3	-13.2
Bulk Commodities (US$/tonne)			
Iron ore[5]	119.0	136.4	14.6
Coking coal[6]	161.0	136.0	-15.5
Thermal coal[7]	90.9	84.9	-6.6
Potash (US$/st)[8]	505.0	410.0	-18.8
Equity Indices			
Euromoney Global Mining Index (US$)[9]	515.2	401.2	-22.1
Euromoney Global Mining Index (£)[9]	321.5	244.9	-23.8
MSCI World Energy Index (US$)	237.4	268.1	12.9
MSCI World Energy Index (£)	148.1	163.7	10.5

1. West Texas Intermediate
2. Brent
3. Henry Hub
4. Nuexco Restricted, U3O8
5. CFR China (Bloomberg)
6. Spot HCC (Macquarie)
7. FOB Newcastle (Macquarie)
8. Standard Muriate, Saskatchewan
9. Formerly the HSBC Global Mining Index

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

The modest global economic recovery has helped underpin crude oil this year, but supply disruptions and geopolitical tensions have also had key roles to play. Outages in Libya, Nigeria and Sudan have taken a significant volume of oil off the market and Iranian exports have been hit by sanctions. West Texas Intermediate ('WTI') was further buoyed by the relative strength of the US economy and rose by 4.5% to US$92.5/Bbl, narrowing the spread between WTI and Brent crude. Natural gas performed well during the period with Henry Hub, the benchmark US domestic price, gaining 8.6%, albeit off a low base. Gas was helped by the cold winter in the northern hemisphere which pushed gas inventories below their five year average.

CRUDE OIL, BASE METAL AND GOLD PRICES



Source: Datastream.

In stark contrast to the decent returns in the energy sector, the Euromoney Global Mining Index slumped by 21.5% on a total return basis and by 23.8% on a capital only basis (in Sterling terms) in response to concerns about the sustainability of Chinese economic growth. Base metals with poor fundamentals, such as aluminium (-18.3%) and nickel (-23.6%), have fallen to multi-year lows. Both metals have historically high levels of inventory and are in supply surplus this year. Copper was a better performer, falling by 11.6%, helped by the steady decline in inventories since the end of June. Towards the end of the year, Chinese economic data showed some improvement and this is evidenced by strong imports of iron ore by the country's steel industry. Iron ore prices gained 14.6% over the year as a consequence, making it the best performing commodity in the table above. The data failed to catalyse a recovery in equity valuations; however, a key feature of the mining industry this year has been a renewed focus on shareholder returns through cost cutting initiatives and greater capital discipline. Even though early indications have been reasonably encouraging, the market remains sceptical.

Gold had a poor year, registering its worst two day performance for 30 years when a sizeable transaction in the futures market triggered stop-loss selling, which in turn drove redemptions out of the gold Exchange Traded Funds. In the second half of the year, improving US economic data also damaged bullion's appeal as the metal began to price in the ending of quantitative easing in the US. Gold fell by 27.1% to US$1,253/oz, while silver collapsed by 41.9%. The platinum group metals had a much better time. Platinum (-14.6%) and palladium (+5.7%) have been helped by strong Chinese jewellery demand and lower than expected South African production.

PORTFOLIO ACTIVITY

Portfolio positioning this year, has led us to be overweight energy shares and underweight mining shares, relative to a composite index which is equally weighted in the MSCI World Energy Index and the Euromoney Global Mining Index. This positioning was driven by a number of factors, including valuation, dividend yield and our near term outlook on the sectors. Energy shares were generally (marginally) cheaper than their mining counterparts and had better dividend yields, an important investment criteria for this portfolio. Our 2013 outlook for the energy sector was also more positive. Our view was that the downside in oil markets was limited given OPEC's ability to defend prices, while industrial metals might struggle in the face of supply surpluses and inventory overhangs.

Our key positions in the energy markets included the integrated oil and gas companies. Chevron, ExxonMobil, BP, Royal Dutch Shell, Eni and Total are all top ten positions in the portfolio, all of which are described on page 11. These companies are trading at attractive levels in terms of earnings multiples and dividend yields. For example, Chevron, the portfolio's largest investment, is on a 2014 price earnings multiple of 10.2 times and a yield of 3.3%. We have added to some of these positions over the course of the year, funding the purchases through sales of some of the better performing exploration and production ('E&P') and oil service companies. While the integrated oil and gas companies offer compelling value, the portfolio's E&P investments offer more potential for capital appreciation. Our key E&P investment is Anadarko Petroleum, which has significant production and exploration assets in the Gulf of Mexico, onshore US, West and East Africa. The stock is trading on a price earnings multiple of 15.9 times for 2014 and a dividend yield of 0.9%. Other E&P stocks provide exposure to the US shale gas industry, which looks set to revolutionise energy markets in the long term. These include Noble Energy and Southwestern Resources. The latter is active in the Fayetteville shale in Arkansas with a 900,000 acre position and is one of the lowest cost gas producers in the US. By virtue of its strong growth profile, Southwestern is trading on a 2014 price earnings multiple of 18.5 times.

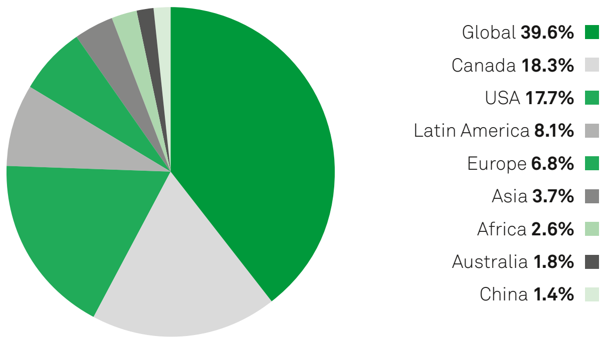
Within the mining sector, our largest weighting is in the diversified mining companies, which together with the integrated oil and gas equities make up 50% of the portfolio. These have been leading the drive for more rigorous capital discipline and improved shareholder returns. Following changes to senior management at the top five diversified companies, they are beginning to focus on profitability and efficiency rather than simply expanding production. To this end several large scale expansions and developments have been cancelled and many companies have written down the value of assets. Our biggest positions in the diversified mining sector include BHP Billiton and Rio Tinto, which are trading on 2014 price earnings multiples of 10.6 times and 9.1 times respectively. Their dividends yields for 2014 are estimated at 4.4% and 3.6% respectively. Descriptions of both companies are provided on page 11.

Elsewhere in the mining sector, our preferred metal is copper. Our investment philosophy in copper, and indeed all commodities, is to seek out undervalued companies trading at discounts to net asset values (based on conservative commodity price forecasts) with quality assets. A good example of such a company in the portfolio is Freeport McMoran Copper & Gold, which is the largest publicly listed copper producer in the world. We estimate that the shares are discounting a copper price of US$2.75/lb into perpetuity, which is too conservative in our view. Its regular dividend has increased by 270% since 2010 and following the payment of a special dividend in June 2013, the company is trading on a 12 month historic yield of 6.5%.

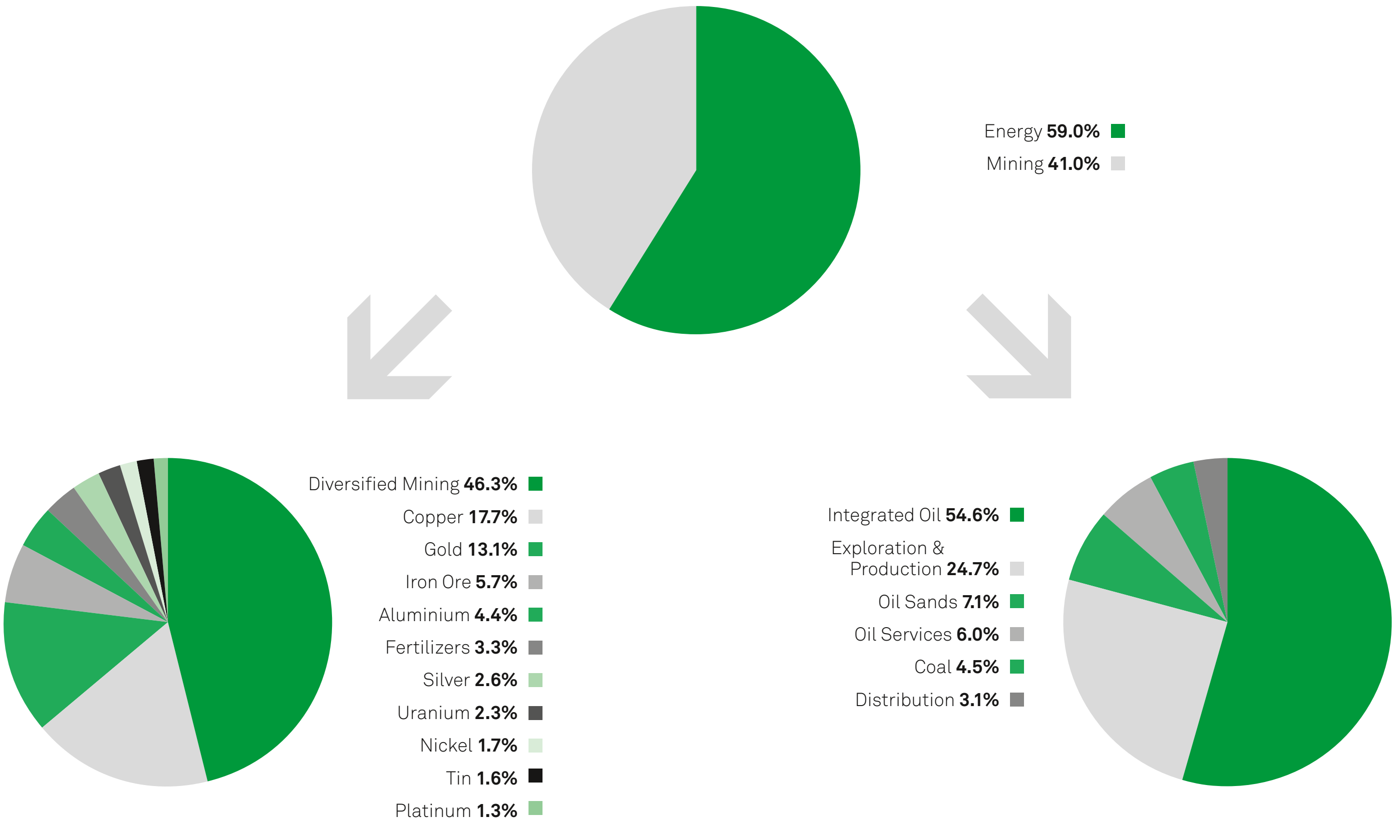
Another interesting investment, albeit with a lower weighting, is Nevsun Resources. The company is the owner-operator of an attractive asset, which is high margin with significant exploration upside. The asset is located in Eritrea so the company does carry a higher degree of risk. Therefore, we have scaled the size of the investment accordingly. However, with half the market capitalisation in cash, a dividend yield of approximately 4% and a price earnings multiple of less than 7 times 2014 earnings, we believe we are being well compensated for these risks. Longer term, we also like the company's production profile. The asset is a polymetallic orebody containing gold, copper and zinc. In 2014, the transition away from gold into copper production will take place, followed by a transition into zinc production in 2017. Zinc fundamentals look unattractive at this point in time, with inventories at near record levels. Longer term, however, we believe that the zinc market will face significant supply challenges as several mines come to the end of their lives. This could be positive for zinc prices, just as Nevsun Resources zinc production ramps up. Diversified miner GlencoreXstrata also provides exposure to zinc.

In the gold sector, we have been adding to exposure on price weakness. The FTSE Gold Mines Index has fallen by 53.2% over the year and is down by 67.8% from its high in September 2011. This significant de-rating is reflected in the fact that valuations are now on a par with general mining companies, a highly unusual situation. With profit margins squeezed by falling bullion prices and cost inflation, gold producers are, like other mining companies, focusing on cost cutting and capital discipline. We have added to the positions in Eldorado, Goldcorp and Yamana Gold. In the case of AngloGold Ashanti, we have written two sets of put options that, if exercised, would take us into the stock at prices more than 70% below its recent high. We believe a number of developments have improved the company's outlook. These include the recent commissioning of two mines, both outside South Africa, for the first time in more than a decade. The introduction of a new mining technique at the company's deep level mines in South Africa could also radically improve their economics.

ASSET ALLOCATION – GEOGRAPHY



ASSET ALLOCATION – COMMODITY



Source: BlackRock.

In terms of the portfolio's geographic exposure, approximately one third of the investments are in what we define as global companies. These are companies, such as Chevron and BHP Billiton, which have a significant operational presence in several countries. Another third of the assets is invested in companies with a North American focus. The portfolio's geographic exposure is well diversified in terms of geopolitical risks and has remained largely unchanged over the course of the year. A full breakdown of the Company's geographic and commodity allocation can be seen in the charts above.

PERFORMANCE ATTRIBUTION

For performance measurement purposes a composite index equally weighted in the MSCI World Energy Index and the Euromoney Global Mining Index is used. For the 12-month period under review, this index fell by 4.2%. By comparison, the Company's NAV fell by 5.9%. With energy solidly outperforming mining during the period under review, as shown in the chart below, the portfolio's 60% allocation to energy equities and 40% to mining equities benefited relative performance. Some of our sub-sector and individual stock selections however, contributed to underperformance. The worst performers included the gold stocks, such as Kinross Gold and Eldorado, both of which lost more than half of their value during the period under review.

By far the best contributors to relative performance were the E&P and oil service stocks, which delivered in terms of operational performance and benefited from resilient crude and stronger gas prices. Anadarko Petroleum, Peyto Exploration & Development Corp., Occidental Petroleum, Noble Energy and Baker Hughes all contributed positively to performance. Chevron and Total were also solid contributors.

RELATIVE PERFORMANCE OF MINING AND ENERGY EQUITIES

Source: Datastream.

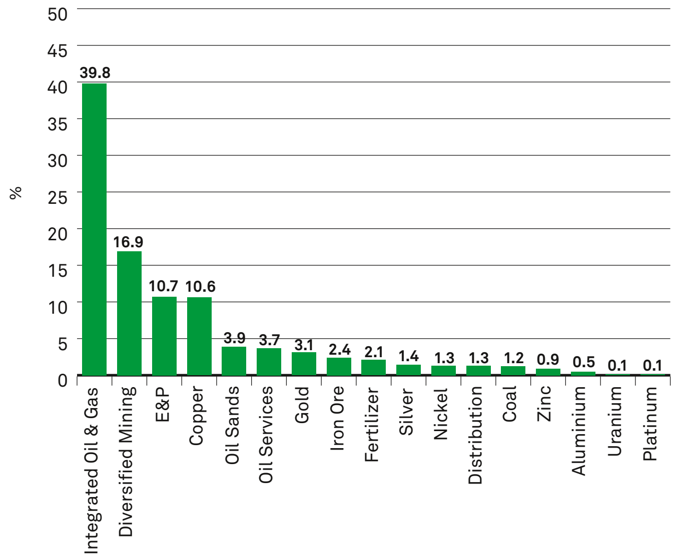
INCOME

During the year, we generated £6.7 million (2012: £6.6 million) in gross income, giving an earnings per share of 5.87 pence (2012: 6.10 pence). This was slightly short of the 5.90 pence per share dividend target, consequently, we made use of our revenue reserves to meet, and raise, the final interim payment, bringing the total dividend for the year to 5.95 pence per share. Dividend income from the mining sector was a little disappointing during the period, because of the weaker market conditions.

Of the £6.7 million in gross income, £4.5 million was received through the dividend payments from our investments. The following graph shows a breakdown of the source of these payments. Integrated oil and gas stocks continue to be some of the best dividend payers within the commodity universe and this year these companies contributed nearly 40% of dividend income. Chevron and ExxonMobil, for example, have maintained their excellent long term track record of growing dividends. Within the mining sector, copper companies have also been strong payers, reflecting the relatively high levels of profitability in the copper industry. Copper companies accounted for approximately 11% of dividend income, while the diversified miners, benefiting from strong iron ore and copper prices, contributed nearly 17% of total dividend income. A fall in metal prices, together with a greater focus on conserving cash, has meant that dividend payments have been somewhat disappointing.

For example, a number of special dividends paid in 2012, were not repeated this year.

BREAKDOWN OF DIVIDEND INCOME



Source: Datastream.

Our option writing strategy generated an additional £2.2 million of gross income. Since the launch of the Company eight years ago, we have written, on average, three options per month. Typically, the notional exposure of each option is around 1% of gross assets. In other words, if a call option is exercised, we would sell the stock and its weighting would fall from, say, 4% to 3% of gross assets. Similarly, if a put is exercised, our weighting in that stock would increase by one percentage point of gross assets. All the options we have written are exchange traded and typically have a life of two months. Options are used as part of our portfolio management process – we write calls against positions we would be happy to sell and puts in stocks we would like to buy. During the year, our call writing has generally been in the energy sector, which has performed well. Our strategy here has been to take profits and re-invest the proceeds in the mining sector, which has underperformed, therefore our put options have generally been written in the mining sector as we look to add to these stocks on weakness. Going forward, we will continue to use options as part of our portfolio management process and as a way of bringing in more income. Dividends from our investments however, will always be the most important contributor to income.

OUTLOOK

For some time now, the Company has had a minor exposure to the agriculture sector. Our investments have included fertilizer producers such as Agrium, Mosaic and Potash Corporation. Thus far they have been categorised as mining companies, as key parts of their businesses involve mining rock that is then turned into fertilizer products. It is the Investment Manager's belief that agriculture offers a compelling investment theme and that equities within the sector are capable of delivering additional opportunities in terms of capital appreciation and yield. As a consequence, the Investment Manager intends to make other modest investments in the agriculture sector.

Investment manager's report continued

In the energy markets, oil prices look set to move sideways into 2014. We believe a steady recovery in global economic growth will support demand, which could be offset by a rebound in supply. We would expect OPEC to continue to defend the bottom end of its recent range. In the mining sector, commodity prices in the near term are also likely to remain range bound. We expect improving fundamentals for some industrial commodities as the global economy recovers.

Across the commodity equity universe, companies are trading on undemanding valuations and with many commodities trading at or close to their marginal cost of production, the downside risk has been reduced. With capital expenditure being reined in and a greater focus on shareholder returns, management teams are guiding investors towards rising free cashflows. This bodes well for their ability to grow their dividends.

NATURAL RESOURCES TEAM
BlackRock Investment Management (UK) Limited
27 January 2014

Ten largest investments

30 November 2013

Chevron – 7.6% (2012: 5.7%, chevron.com) is one of the world's leading integrated energy companies engaged in every aspect of the oil, gas and power generation industries. Chevron is one of the world's 'supermajor' oil companies, along with BP, ExxonMobil, Royal Dutch Shell and Total.

ExxonMobil – 5.7% (2012: 6.2%, exxonmobil.com) is the world's largest publicly traded international oil and gas company and the largest refiner and marketer of petroleum products.

BHP Billiton – 5.3% (2012: 5.2%, bhpbilliton.com) is the world's largest diversified natural resources company. The company is a major producer of aluminium, iron ore, copper, thermal and metallurgical coal, manganese, uranium, nickel, silver, titanium minerals and diamonds. The company also has significant interests in oil, gas and liquefied natural gas.

Rio Tinto – 4.1% (2012: 4.6%, riotinto.com) is one of the world's leading mining companies. The company produces aluminium, copper, diamonds, gold, industrial minerals, iron ore and energy products.

BP – 3.8% (2012: 2.9%, bp.com) is one of the world's leading oil and gas companies active in all areas of the oil and gas industry including exploration and production, refining and marketing, distribution, trading, power generation and petrochemicals. The company also has renewable energy interests in biofuels and wind power.

Royal Dutch Shell – 3.8% (2012: 2.3%, shell.com) is one of the world's leading energy companies. The Anglo-Dutch company is active in every area of the oil and gas industry from exploration and production, reefing and marketing, power generation and energy trading. The company also has renewable energy interests in biofuels.

GlencoreXstrata – 3.5% (2012: 1.4%*, glencorexstrata.com) formed following the merger of Glencore International and Xstrata in May 2013 and is one of the world's largest globally diversified natural resource companies. GlencoreXstrata is an integrated producer and marketer of commodities, with activities in every part of the supply chain, from sourcing materials to delivering products to an international customer base. In the mining sector, the company has interests in base metals and iron ore, while its energy portfolio is focused on oil and coal. The company also has storage, handling and processing facilities for grains, oils and oilseeds, cotton and sugar.

Eni – 3.2% (2012: 3.1%, eni.com) is a major integrated energy company with activities in exploration and production, refining and marketing as well as power generation. Based in Italy, Eni is also the leading player in the European gas market. In the oil services sector, Eni owns a major stake in Saipem, a leading turnkey contractor in the oil and gas industry.

Teck Resources – 2.8% (2012: 2.5%, teck.com) is a Canadian diversified mining company and a major producer of copper. With operations in Canada, USA, Chile and Peru, the company is the second largest exporter of metallurgical coal and the third largest producer of zinc concentrate. Teck also has interests in molybdenum and oil sands.

Total – 2.7% (2012: 3.5%, total.com) is based in France and is one of the world's largest international oil and gas companies with operations covering the entire energy chain, from oil exploration and production to trading, shipping and refining and marketing of petroleum products.

All percentages reflect the value of the holding as a percentage of total investments. For this purpose where more than one class of securities is held, these have been aggregated. The percentages in brackets represent the value of the holding as at 30 November 2012. Together, the ten largest investments represents 42.5% of total investments (ten largest investments as at 30 November 2012: 41.7%).

* The GlencoreXstrata merger was completed during the period and the combined entity started trading on 2 May 2013. At 30 November 2012, the Company had 1.2% and 0.2% invested in Xstrata and Glencore respectively.

Investments

as at 30 November 2013

	Main geographic exposure	Market value £'000	% of investments %
Integrated Oil			
Chevron	Global	8,215	7.6
ExxonMobil	Global	6,161	5.7
BP	Global	4,097	3.8
Royal Dutch Shell	Global	4,075	3.8
Eni	Europe	3,459	3.2
Eni call option17/01/14	Europe	(13)	–
Total	Global	2,888	2.7
Conocophillips	USA	2,222	2.1
Occidental Petroleum	USA	2,082	1.9
Occidental Petroleum call option 22/02/14	USA	(75)	(0.1)
Statoil	Europe	1,520	1.5
		34,631	**32.2**
Diversified Mining			
BHP Billiton	Global	5,763	5.4
BHP Billiton put option 21/02/14	Global	(76)	(0.1)
Rio Tinto	Global	3,914	3.6
Rio Tinto Finance 8.95% 01/05/14*	Global	631	0.6
Rio Tinto put option 21/02/14	Global	(84)	(0.1)
GlencoreXstrata	Global	3,835	3.6
GlencoreXstrata put option 21/02/14	Global	(58)	(0.1)
Teck Resources	Canada	2,955	2.8
Vale	Latin America	1,373	1.3
Lundin Mining	Europe	1,108	1.0
Vedanta Resources	Asia	1,018	1.0
		20,379	**19.0**
Exploration & Production			
Anadarko Petroleum	USA	2,576	2.4
Peyto Exploration & Development	Canada	2,088	1.9
Crescent Point Energy	Canada	1,967	1.8
Vermilion Energy	Canada	1,965	1.8
Noble Energy	USA	1,587	1.5
Southwestern Energy	USA	1,298	1.2
Range Resources	USA	1,280	1.2
Penn West	Canada	1,032	1.0
Western Areas	Australia	743	0.7
Ultra Petroleum	USA	625	0.6
EOG	USA	504	0.5
		15,665	**14.6**
Copper			
Antofagasta	Latin America	2,858	2.6
Freeport McMoRan Copper & Gold	Asia	2,117	2.0
First Quantum	Global	1,327	1.2
First Quantum call option 21/12/13	Global	(1)	–
First Quantum call option 18/01/14	Global	(4)	–
Southern Copper	Latin America	1,054	1.0
South Peru Copper	Latin America	438	0.4
		7,789	**7.2**

	Main geographic exposure	Market value	% of investments
		£'000	%
Gold			
Barrick Gold	Global	1,409	1.3
Nevsun Resources	Africa	1,119	1.0
Yamana Gold	Latin America	1,109	1.0
Kinross	Canada	877	0.8
Kinross call option 22/02/14	Canada	(48)	–
Eldorado Gold	Global	847	0.8
Goldcorp	Canada	685	0.7
Goldcorp put option 18/01/14	Canada	(51)	–
Anglogold Ashanti put option 18/01/14	Global	(88)	(0.1)
Anglogold Ashanti put option 19/04/14	Global	(103)	(0.1)
		5,756	**5.4**
Oil Sands			
Canadian Oil Sands	Canada	2,519	2.4
Suncor Energy	Canada	1,188	1.1
Suncor Energy call option 22/03/13	Canada	(54)	(0.1)
Cenovus Energy	Canada	890	0.8
		4,543	**4.2**
Oil Services			
Schlumberger	USA	1,754	1.6
Aker Solutions	Europe	1,195	1.1
Baker Hughes	USA	869	0.8
Baker Hughes call option 18/01/14	USA	(26)	–
		3,792	**3.5**
Coal			
China Shenhua Energy	China	1,455	1.4
Consol Energy	USA	1,412	1.3
		2,867	**2.7**
Iron Ore			
Kumba Iron Ore	Africa	1,192	1.1
Labrador Iron Ore	Canada	975	0.9
Fortescue Metals	Australia	316	0.3
		2,483	**2.3**
Distribution			
Enbridge Income Fund Trust	Canada	1,954	1.8
		1,954	**1.8**
Aluminium			
Alcoa	USA	1,138	1.0
Alcoa call option 22/02/14	USA	(23)	–
Alumina	Australia	813	0.8
		1,928	**1.8**
Fertilizers			
Mosaic	USA	877	0.8
Potash Corporation of Saskatchewan	Canada	580	0.6
		1,457	**1.4**

Investments continued

as at 30 November 2013

	Main geographic exposure	Market value	% of investments
		£'000	%
Silver			
Fresnillo	Latin America	1,161	1.1
		1,161	**1.1**
Uranium			
Cameco	USA	1,002	0.9
		1,002	**0.9**
Nickel			
Vale Indonesia	Asia	735	0.7
		735	**0.7**
Tin			
Minsur	Latin America	713	0.7
		713	**0.7**
Platinum			
Impala Platinum	Africa	568	0.5
		568	**0.5**
Total investments		**107,423**	**100.0**
Represented as follows per the Statement of Financial Position:			
Investments held at fair value through profit or loss		108,127	100.7
Derivative financial instruments		(704)	(0.7)
Total investments		**107,423**	**100.0**

* Fixed interest security.

All investments are in ordinary shares unless otherwise stated.

The total number of holdings as at 30 November 2013 was 75 (30 November 2012: 54).

The total number of open options as at 30 November 2013 was 14 (30 November 2012: 8).

The negative valuations of £704,000 (30 November 2012: £397,000) in respect of options held represent the notional cost of repurchasing the contracts at market prices as at 30 November 2013.

Directors

Alan Hodson* (Chairman) (appointed 4 November 2005) joined SG Warburg (subsequently UBS) in 1984, rising to Global Head of Equities, a member of the Executive Committee of UBS Investment Bank and of the UBS AG Group Managing Board until his retirement in June 2005. He is Chairman of Triodos New Horizons Limited and of the Board of Special Trustees of Great Ormond Street Hospital Children's Charity and a non-executive director of JPMorgan Elect Plc and Harbourvest Global Private Equity Limited.

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

Michael Merton* (appointed 13 July 2010) was previously Head of Global Business Services at Rio Tinto and a member of its Executive Committee. Mr Merton has considerable experience in the commodities sector. He is a non-executive director of Cape plc, a director and trustee of The HALO Trust and the Rio Tinto Pension Fund, and Chairman of the J Sainsbury Pension Scheme and its investment committee.

Jonathan Ruck Keene (appointed 13 March 2009) is a managing director of BlackRock Investment Management (UK) Limited with over 30 years' experience in the financial sector. He joined the BlackRock group in 1986 through one of its predecessor companies, Mercury Asset Management, where he was a portfolio manager until 1997. Following senior management roles in communications and marketing, he was appointed as head of Investment Trusts in 2004 and became Chairman of BlackRock's Specialist Client Group in 2012. He is also a director of The Great Turk Fund and BlackRock Hedge Selector Ltd.

Ed Warner* (appointed 1 July 2013) is chairman of Panmure Gordon & Co, UK Athletics, LMAX and the Standard Life European Private Equity Trust, and a non-executive director of Clarkson PLC and Grant Thornton UK. He was previously a non-executive director of BlackRock Emerging Europe plc (formerly The Eastern European Trust), and chief executive of IFX Group, chief executive of Old Mutual Financial Services UK, Head of Pan European Equities at BT Alex Brown, and Head of Global Research at both NatWest Markets and Dresdner Kleinwort Benson.

All of the Directors are non-executive and, with the exception of Mr Ruck Keene, are independent of the Investment Manager.

* Member of the Audit and Management Engagement Committee.

Strategic report

The Directors present the Strategic Report of the Company for the year ended 30 November 2013.

PRINCIPAL ACTIVITY

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

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

OBJECTIVE

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

STRATEGY

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

BUSINESS MODEL AND INVESTMENT POLICY

There are no restrictions on investment in terms of geography or sub-sector and, in addition to equities, other types of securities, such as convertible bonds and debt issued primarily by mining or energy companies, may be acquired. Although most securities will be quoted, listed or traded on an investment exchange, up to 10% of the gross assets of the Company and its subsidiary ('the Group'), at the time of investment, may be invested in unquoted securities. Investment in securities may be either direct or through other funds, including other funds managed by BlackRock Investment Management (UK) Limited ('BlackRock') or its associates, with up to 15% of the portfolio being invested in other listed investment companies, including listed investment trusts.

Up to 10% of the gross assets of the Group, at the time of investment, may be invested in physical assets, such as gold and in securities of companies that operate in the commodities sector other than the mining and energy sectors.

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

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

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

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

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

PORTFOLIO ANALYSIS

A detailed analysis of the portfolio has been provided on pages 12 to 14.

PERFORMANCE

During the year ended 30 November 2013, the Company's NAV per share returned -5.9% and the share price returned -6.0% (both percentages calculated in sterling terms with income reinvested).

The Investment Manager's Report on pages 6 to 10 includes a review of the main developments during the period, together with information on investment activity within the Company's portfolio.

RESULTS AND DIVIDENDS

The results for the Group are set out in the Consolidated Statement of Comprehensive Income on page 39. The total loss for the year, after taxation, was £6,331,000 (2012: loss of £6,261,000) of which the revenue return amounted to £5,551,000 (2012: £5,570,000) and the capital loss amounted to £11,882,000 (2012: £11,831,000).

The Company pays dividends quarterly and for the year ended 30 November 2013 the Company's target was to pay dividends amounting to at least 5.90 pence per share in total (2012: target of 5.75 pence). The first three quarters' dividends of 1.475 pence per share were paid on 17 April 2013, 26 July 2013 and 24 October 2013. A fourth quarterly dividend of 1.525 pence per share was paid on 23 January 2014 to shareholders on the register of members at the close of business on 27 December 2013. This makes a total of 5.95 pence per share which exceeds the target for the year of 5.90 pence per share. It is the Company's aim to pay dividends amounting to at least 5.95 pence per share for the year ending 30 November 2014. This represents a yield of 5.4% based on the share price as at the close of business on 30 November 2013.

KEY PERFORMANCE INDICATORS

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

	Year ended 30 November 2013	Year ended 30 November 2012
Net asset value movement[1]	-5.9%	-5.2%
Share price movement[2]	-6.0%	+0.8%
Premium to net asset value (at year end)	3.5%	3.6%
Revenue return per share	5.87p	6.10p
Ongoing charges[1]	1.4%	1.3%

1. Calculated in accordance with AIC guidelines.
2. Calculated on a mid to mid basis with income reinvested.

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

SHARE RATING

The Directors recognise the importance to investors that the Company's share price should not trade at a significant discount to NAV. Accordingly, the Directors monitor the share rating closely.

ORDINARY SHARE ISSUES AND REPURCHASES

The Directors will consider the issue at a premium or repurchase at a discount of ordinary shares to correct any supply/demand imbalance in the market. Any such issues or repurchases will enhance the net asset value per share for continuing shareholders.

Share Issues

During the year the Company issued shares on seven separate occasions and 2,000,000 ordinary shares in total were issued at an average price of 108.98 pence per share for a total consideration of £2,178,000 before the deduction of issue costs.

Details of the allottees are set out in the following table:

Allottee	Number of issues	Shares issued	Price range (pence)	Total consideration £'000	Average premium %
JPMorgan Cazenove	3	1,000,000	108.50 to 108.60	1,085	1.8
Winterflood Securities	4	1,000,000	107.75 to 111.50	1,093	1.8

Since 30 November 2013, the Company has issued a further 1,100,000 ordinary shares. The shares were issued at a price of 107.00 pence per share for a total consideration of £1,177,000 before the deduction of issue costs.

The current authority to issue new ordinary shares or sell shares from treasury for cash was granted to the Directors on 8 March 2013 and will expire at the conclusion of the 2014 annual general meeting. 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.

Share repurchases

The current authority to repurchase up to 14.99% of the Company's issued share capital to be held in treasury or for cancellation was granted to the Directors on 8 March 2013 and will expire at the conclusion of the 2014 annual general meeting. No ordinary shares were bought back in the year under review. The Directors considered that it was unnecessary to buy back any shares as there was demand for the Company's shares in the market and any discount at which the shares traded to their underlying net asset value remained narrow. In the year to 30 November 2013, the Company's shares traded in the range of a discount of 4.3% and a premium of 5.5% with the average being a premium of 0.4%.

The Directors are proposing that their authority to buy back up to 14.99% of the Company's issued share capital be renewed at the forthcoming annual general meeting.

Although the Investment Manager would implement any buy backs, the policy and parameters are set by the Board and reviewed at regular intervals. The Company would raise the cash needed to finance any purchase of shares either by selling securities in the Company's portfolio or by short-term borrowing.

PRINCIPAL RISKS

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

- Performance risk – The Board is responsible for deciding the investment strategy to fulfil the Company's objectives and for monitoring the performance of the Company's Investment Manager. An inappropriate policy or strategy may lead to poor performance, dissatisfied shareholders and a widening discount. To manage this risk the Board regularly reviews the Company's investment mandate and long term strategy and the Investment Manager's explanation of significant stock selection decisions, the rationale for the composition of the investment portfolio and any movement in the level of gearing.

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

- Income/dividend risk – The amount of income and future dividend growth will depend on the Company's underlying portfolio and investment activity. Any change in the tax treatment of the income received by the Company (including as a result of withholding taxes or exchange controls imposed by jurisdictions in which the Company invests) may reduce the level of dividends received by shareholders. The Board monitors this risk through the receipt of income forecasts and considers the level of income at each meeting.

- Market risk – Market risk arises from volatility in the prices of the Company's investments. It represents the potential loss the Company might suffer through realising investments in the face of negative market movements. The Board considers asset allocation, stock selection, any unquoted investments and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager. The Board monitors the implementation and results of the investment process with the Investment Manager.

- Financial risk – The Company's investment activities expose it to a variety of financial risks which include market price risk, liquidity risk, credit risk and interest rate risk. Further details are disclosed in note 19, together with a summary of the policies for managing these risks.

- Gearing risk – The use of gearing increases the Company's performance risk. Gearing provides an opportunity for greater returns but, at the same time, increases the Company's exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of gearing that are in excess of the costs associated therewith may cause the Company's NAV to increase further and more rapidly than would otherwise be the case. Conversely, where investments depreciate, the Company's NAV may decrease further and more rapidly than would otherwise be the case. Gearing costs also decrease gains and income and increase losses and costs. The use of gearing in making investments increases the Company's exposure to market fluctuations and creates the possibility that where the investment depreciates the Company's overall loss may be greater than the sum invested.

- Operational risk – In common with most other investment trust companies, the Company has no employees. The Company therefore relies upon the services provided by third parties and is dependent on the control systems of the Investment Manager and the Company's other service providers. The security, for example, of the Company's assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements, depend on the effective operation of these systems. These are regularly tested and monitored and an internal controls report, which includes an assessment of risks together with procedures to mitigate such risks, is prepared by the Investment Manager and reviewed by the Audit and Management Engagement Committee on a regular basis. The Investment Manager and custodian, Bank of New York Mellon (International) Limited also produce Service Organisation control reports (SOC 01), which are reviewed by their reporting accountants and gives assurance regarding the effective operation of controls. The Board also considers succession arrangements for key employees of the Investment Manager and the business continuity arrangements for the Company's key service providers.

- Regulatory risk – The Company operates as an investment trust in accordance with Chapter 4 of Part 24 of the Corporation Tax Act 2010. As such, the Company is exempt from capital gains tax on the profits realised from the sale of its investments. The Investment Manager monitors investment movements, the level of forecast income and expenditure and the amount of proposed dividends, if any, to ensure that the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 are not breached and the results are reported to the Board at each meeting.

  The Company must also comply with the provisions of the Companies Act 2006, the UKLA Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules. A breach of the Companies Act 2006 could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules could result in the Company's shares being suspended from listing, which in turn would breach the requirements of Chapter 4 of Part 24 of the Corporation Tax Act 2010.

  Following authorisation under the AIFMD (the 'Directive') the Company and its appointed AIFM will be subject to the risk that the requirements of the Directive are not correctly complied with.

  The Board relies on the services of its professional advisers and its Company Secretary to ensure compliance with all relevant regulations. The Company Secretary has stringent compliance procedures in place and closely monitors regulatory developments and changes.

FUTURE PROSPECTS

The Board's main focus is the achievement of an annual dividend target and, over the long term, capital growth. The future of the Company is dependent upon the success of the investment strategy. The outlook for the Company is discussed in both the Chairman's Statement on page 5 and in the Investment Manager's Report on pages 9 and 10.

SOCIAL, COMMUNITY AND HUMAN RIGHTS ISSUES

As an investment trust, the Company has no direct social or community responsibilities. However, the Company believes that it is in shareholders' interests to consider environmental, social and governance factors and human rights issues when selecting and retaining investments. Details of the Company's policy on socially responsible investment are set out on page 21.

DIRECTORS AND EMPLOYEES

The Directors of the Company on 30 November 2013, all of whom held office throughout the year, with the exception of Mr Warner who was appointed on 1 July 2013, are set out in the Directors' biographies on page 15. The Board consists of five male Directors.

The Company does not have any employees.

BY ORDER OF THE BOARD

BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Secretary
27 January 2014

Directors' report

The Directors present the annual report and financial statements of the Company and its subsidiary (together the 'Group') for the year ended 30 November 2013.

STATUS OF THE COMPANY

In the opinion of the Directors, the Company has conducted its affairs during the year under review, and subsequently, so as to qualify as an investment trust for the purposes of Chapter 4 of Part 24 of the Corporation Tax Act 2010. The last accounting period for which the Company has been treated as approved as an investment trust by HM Revenue & Customs was for the year ended 30 November 2012. The Company has already made a successful application under Regulation 5 of the Investment Trust (Approved Company) (Tax) Regulations 2011 for investment trust status to apply to all accounting periods starting on or after 1 December 2012.

This is subject to the Company continuing to meet the eligibility conditions set out in section 1158 of the Corporation Tax Act 2010 and the ongoing requirements for approved companies in Chapter 3 of Part 2 Investment Trust (Approved Company) (Tax) Regulations 2011.

The Company is registered as an investment company as defined in section 833 of the Companies Act 2006 and operates as such. The Company is not a close company within the meaning of the provisions of the Corporation Tax Act 2010.

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

Facilitating retail investments

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

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

INVESTMENT MANAGEMENT AND ADMINISTRATION

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

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

The Company contributes to a sales and marketing programme run by BlackRock on behalf of a number of investment trusts under its management under which the Company's contribution is matched by BlackRock. The programme commenced on 1 November 2013 and the Company's contribution amounted to £2,600 (including VAT) for the period to 30 November 2013, all of which was outstanding at 30 November 2013. The purpose of the programme is to ensure effective communication with existing shareholders and to attract new shareholders to the Company. This has the advantage of improving liquidity in the Company's shares and helps to sustain the rating of its shares.

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

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

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

Appointment of the Investment Manager

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

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

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

CHANGE OF CONTROL

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

EXERCISE OF VOTING RIGHTS IN INVESTEE COMPANIES

BlackRock's approach to voting at shareholder meetings, engagement with companies and corporate governance is framed within an investment context. BlackRock believes that sound corporate governance practices by companies contribute to their long-term financial performance and thus to better risk-adjusted returns. BlackRock's proxy voting process is led by our Corporate Governance and Responsible Investment team, located in five offices around the world. In addition to its own professional staff, the Corporate Governance and Responsible Investment team draws upon the expertise of BlackRock's portfolio managers, researchers and other internal and external resources globally.

BlackRock's global corporate governance and engagement principles are published on the website blackrock.com/corporate/en-gb/about-us/responsible-investment/responsible-investment-reports. The principles set out BlackRock's views on the overarching features of corporate governance that apply in all markets. For each region, BlackRock also publish market-specific policies, which are updated every year to ensure they remain relevant.

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

During the year under review, the Investment Manager voted on 799 proposals at 62 general meetings on behalf of the Company. At these meetings the Investment Manager voted in favour of most resolutions, as should be expected when investing in well run companies, but voted against 25 management resolutions, abstained on 7 resolutions and submitted a withhold vote in respect of 14 resolutions. Most of the votes against were in respect of resolutions to approve a poorly structured remuneration package or on capital raising requests which would have significantly diluted existing shareholders. All of the withhold votes were in respect of resolutions to re-elect directors of companies where there was a perceived lack of independence or where directors were considered to have an excessive number of other directorships.

GOING CONCERN

The financial statements of the Company and the Group have been prepared on a going concern basis. The Directors believe that this is the appropriate basis as forecast projections and actual performance are reviewed on a regular basis throughout the year and the Group has adequate resources to continue in operational existence for the foreseeable future and is financially sound. The Group is able to meet all of its liabilities from its assets and the ongoing charges are approximately 1.4% of the net assets.

DIRECTORS

The Directors of the Company and their biographies are set out on page 15. Details of the Directors' interests in the Ordinary Shares of the Company are set out on page 28 of the Directors' Remuneration Report. All of the Directors held office throughout the year under review with the exception of Mr Warner who was appointed on 1 July 2013.

Mr Warner, having been appointed subsequent to the last Annual General Meeting ('AGM') is subject to election by shareholders at the forthcoming AGM. Although the Articles of Association require that one third of the Directors retire and submit themselves for re-election at each AGM the Board has resolved that all of the Directors should be subject to re-election on an annual basis. Accordingly, Mr Hodson, Mr Merton and Mr Ruck Keene will offer themselves for re-election for a further year.

Mr van der Klugt will retire at the AGM but will not be offering himself for re-election.

As a managing director of the Company's Investment Manager, Mr Ruck Keene is deemed to be interested in the Company's management agreement.

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

The powers of the Directors are described in the Corporate Governance Statement on pages 29 to 32.

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

DIRECTORS' INDEMNITY

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

CONFLICTS OF INTEREST

The Company's Articles of Association reflect the codification of certain directors' duties arising from the Companies Act 2006 and in particular the duty for Directors to avoid conflicts of interest. The Board has put in place a framework for the Directors to report conflicts of interest, or potential conflicts of interest which it considers works effectively.

Directors' report continued

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

DIRECTORS' REMUNERATION REPORT

The Directors' Remuneration Report is set out on pages 25 to 28. Ordinary resolutions to approve this report, and also to approve the remuneration policy as set out in the future policy table on page 26 will be put to shareholders at the forthcoming AGM. Further details are provided on pages 23 and 24.

SUBSTANTIAL SHARE INTERESTS

As at 30 November 2013, the Company had received notification in accordance with the FCA's Disclosure and Transparency Rule 5.1.2 R of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital.

	Number of ordinary shares	% of issued share capital
Brewin Dolphin	11,637,020	12.1
Investec Wealth & Investment Management Limited	8,190,013	8.5
Rathbone Brothers Plc	4,886,567	5.1
Charles Stanley	4,485,114	4.7

The Board is also aware that 2.2% of the Company's share capital was held through the BlackRock Investment Trusts Savings Plan and ISA schemes as at 30 November 2013.

As at 20 January 2014, the Company had received notification in accordance with the FCA's Disclosure and Transparency Rule 5.1.2 R of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital.

	Number of ordinary shares	% of issued share capital
Brewin Dolphin	11,637,020	12.1
Investec Wealth & Investment Management Limited	8,190,013	8.5
Rathbone Brothers Plc	4,886,567	5.1
Charles Stanley	4,485,114	4.7

The Board is aware that 2.3% of the Company's share capital was held through the BlackRock Investment Trusts Savings Plan and ISA schemes as at 20 January 2014.

No other shareholder had notified an interest of 3% or more in the Company's shares up to 20 January 2014.

FOREIGN EXCHANGE

At the financial year end, approximately 75.8% of the Company's portfolio was invested in non-Sterling assets, with 44.4% invested in US dollar denominated assets. The Investment Manager does not actively hedge currency exposure.

DERIVATIVE TRANSACTIONS

During the year the Group entered into a number of derivative option contracts generating option premium Income of £2,185,000 (2012: £1,894,000). 14 contracts remained open at 30 November 2013, details of which are given in the investment listing on pages 12 to 14. All open call options were fully covered.

SHARE CAPITAL

Full details of the Company's issued share capital are given in note 14 to the Financial Statements on page 51. Details of the voting rights in the Company's shares as at the date of this report are also given in note 16 to the Notice of Annual General Meeting on page 67. The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. There are no restrictions on the voting rights or on the transfer of the ordinary shares. There are no shares which carry specific rights with regard to the control of the Company.

TREASURY SHARES

The Board has determined that up to 10% of the issued shares of the Company may be held in treasury and, as described above, the Company is authorised to purchase its own ordinary shares to be held in treasury for reissue or cancellation at a future date. This authority was not used during the year and the Company does not currently hold any ordinary shares in treasury.

TENDER OFFERS

The Board concluded that it would not exercise its discretion to operate the half yearly tender offers in August 2013 and February 2014.

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

GLOBAL GREENHOUSE GAS EMISSIONS FOR THE PERIOD 1 DECEMBER 2012 TO 30 NOVEMBER 2013

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

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

ANNUAL GENERAL MEETING

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

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

Following the publication by the Department for Business, Innovation and Skills (BIS) of final remuneration disclosure regulations effective from 1 October 2013, the Company's remuneration policy will be subject to a triennial binding shareholder vote. The rest of the Directors' remuneration report will continue to be subject to an annual advisory vote. These resolutions are included as items of ordinary business and are included as Resolution 2 and Resolution 3 in the Notice of Annual General Meeting on page 64 of the Annual Report.

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

Resolution 10 Authority to allot shares:

The Directors may only allot shares for cash if authorised to do so by shareholders in a general meeting. This resolution seeks to renew the authority of the Directors to allot ordinary shares, for cash up to an aggregate nominal amount of £96,258 per annum which is equivalent to 9,625,800 ordinary shares of 1 pence each and represents 10% of the Company's issued ordinary share capital (excluding any treasury shares) as at the date of the Notice of the Annual General Meeting.

The Directors will use this authority when it is in the best interests of the Company to issue shares for cash. This authority will expire at the conclusion of the Annual General Meeting to be held in 2015 unless renewed prior to that date.

Resolution 11 Authority to disapply pre-exemption rights:

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

Resolution 11 empowers the Directors to allot new shares for cash or to sell shares held by the Company in treasury, otherwise than to existing shareholders on a pro rata basis, up to an aggregate nominal amount of £96,258 which is equivalent to 9,625,800 ordinary shares of 1 pence each and represents 10% of the Company's issued ordinary share capital as at the date of the Notice of Annual General Meeting.

This authority will expire at the conclusion of the Annual General Meeting to be held in 2015 unless renewed prior to that date.

Resolution 12 Authority to buy back shares:

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

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

Under the Listing Rules of the Financial Conduct Authority, the maximum price which can be paid is the higher of (i) an amount equal to 5% above the average of the market values of the ordinary shares for the five business days immediately preceding the date on which the purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of, and (b) the highest current independent bid for, any number of ordinary shares on the trading venue where the purchase is carried out. In making purchases, the Company will deal only with member firms of the London Stock Exchange.

The Directors are seeking authority to purchase up to 14,429,074 ordinary shares, being approximately 14.99% of the issued share capital as at the date of the Notice of Annual General Meeting. This authority will expire at the conclusion of the Annual General Meeting to be held in 2015 unless renewed prior to that date.

Any ordinary shares purchased pursuant to resolution 12 shall be cancelled immediately upon completion of the purchase or held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Companies Act 2006.

Resolutions 13 and 14 Regular tender offers:

Resolutions 13 and 14 seek shareholder approval to renew the authorities to operate semi-annual tender offers in accordance with the standard terms and conditions of the regular tender offers. The Directors are seeking authority to purchase up to a maximum of 20% of the shares in issue at each relevant tender offer date. The authorities, if renewed, will respectively expire on 31 October 2014 and 30 April 2015.

Resolution 15 Amendment to the Articles:

Regulations implementing the Alternative Investment Fund Managers Directive ('AIFMD Regulations') came into force in the UK on 22 July 2013. The Board is proposing to make amendments to the Articles in response to the AIFMD Regulations coming into force.

The principal changes proposed to be introduced in the Articles, and their effect are set out below.

(i) Net asset value
The Articles will now provide that the net asset value of the Company shall be calculated at least annually and be disclosed to shareholders from time to time in such manner as may be determined by the Board. The amendment will have no bearing on current practice and simply articulates the minimum requirements of the AIFMD Regulations.

(ii) Accounts
The Articles will now provide that the Company's annual report and accounts may be prepared either in accordance with generally acceptable accounting principles of the UK or such other international accounting standards as may be permitted under the law of the UK. The amendment will have no bearing on current practice and simply articulates the minimum requirements of the AIFMD Regulations.

(iii) Information made available to shareholders
The AIFMD Regulations require that prior to any new or existing investor making an investment in the Company certain prescribed information is to be made available to them. Therefore, the Articles will include language with the effect that such information shall be made available to prospective and existing shareholders from time to time in such manner as may be determined by the Board (including, in certain cases, on the Company's website or by electronic notice).

(iv) Liability for loss of financial assets held in custody
The AIFMD Regulations require that the Company has a depositary. Under the AIFMD Regulations, the depositary has strict liability for the loss of the Company's financial assets in respect of which it has safe-keeping duties. This rule applies even where the depositary has delegated the actual custody of an asset to another entity. The Company may wish to hold assets in a country where the depositary is required to use a local sub-custodian to hold the relevant asset. The depositary may not wish the Company to acquire or retain such an asset, unless it can discharge its strict liability to the local sub-custodian. A discharge of strict liability in these circumstances will only be possible if the Company's 'rules or instruments of incorporation' (for example, the Articles) permit such a discharge.
The Board is cognisant that situations may arise where allowing the depositary to discharge its strict liability will be commercially necessary. An amendment to the Articles is therefore proposed with the effect of enabling the Board, should the need arise and subject to applicable laws, to allow a depositary to discharge its strict liability for loss of certain of the Company's assets. This proposed amendment provides the Company with commercial flexibility, and the Board will exercise its discretion in the usual way in determining whether or not to provide such a discharge.

(v) Valuation
In line with early guidance from the Financial Conduct Authority, the Articles will now provide that valuation of the Company's assets shall be performed in accordance with prevailing accounting standards.

The Articles showing changes to the Articles will be available for inspection at the Company's registered office at 12 Throgmorton Avenue, London EC2N 2DL from the date of this Report and Accounts until the conclusion of the Annual General Meeting. The full terms of the proposed amendments to the Articles will also be available for inspection at the place of the forthcoming Annual General Meeting for at least 15 minutes before and during that Annual General Meeting.

RECOMMENDATION

Your Board considers that the resolutions to be proposed at the Annual General Meeting are likely to promote the success of the Company for the benefit of its members as a whole and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that shareholders vote in favour of the resolutions, as they intend to do in respect of their own beneficial holdings.

CORPORATE GOVERNANCE

Full details are given in the Corporate Governance Statement on pages 29 to 32. The Corporate Governance Statement forms part of this Directors' Report.

AUDIT INFORMATION

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

AUDITOR

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

BY ORDER OF THE BOARD

BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Secretary
27 January 2014

Directors' remuneration report

The Board presents the Directors' Remuneration Report for the year ended 30 November 2013 which has been prepared in accordance with sections 420-422 of the Companies Act 2006. The report now comprises a remuneration policy report, which is subject to a triennial binding shareholder vote, and a remuneration policy implementation report, which will be subject to an annual advisory vote. Resolutions to approve both the remuneration policy report and the remuneration policy implementation report will be put to shareholders at the forthcoming annual general meeting.

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on pages 37 and 38.

DIRECTORS' REMUNERATION POLICY REPORT

The Board's remuneration policy, as currently in force, is set out in the future policy table on page 26 and will be subject to a triennial binding vote, therefore an ordinary resolution to approve this report will be put to shareholders at the forthcoming annual general meeting. 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.

With effect from 1 December 2013, the remuneration of the Chairman was increased to £33,000 from £32,000, the Chairman of the Audit and Management Engagement Committee increased to £27,000 from £24,000 and the Director's fee was increased to £22,000 from £21,000. Prior to this increase the remuneration was last increased on 1 December 2012. The basis for determining the level of increase in Directors' Remuneration is set out below.

REMUNERATION COMMITTEE

The Board as a whole fulfils the function of the Remuneration Committee, and considers any change in the Directors' remuneration policy. A separate Remuneration Committee has therefore not been established. The Company's Directors are all non-executive and are independent of the Investment Manager with the exception of Mr Ruck Keene.

In determining Directors' fees, a number of factors are considered, including the average rate of inflation during the period since the last fee increase, the level of Directors' remuneration for other investment trusts of a similar size as well as the level and complexity of the Directors responsibilities.

To ensure fees are set at an appropriate level, the Secretary provides a comparison of the Directors' remuneration with other investment trusts of a similar size and/or mandate 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.

It is the Company's policy that no Director shall be entitled to any performance related remuneration, benefits in kind, long-term incentive schemes, share options, pensions or other retirement benefits or, compensation for loss of office. Directors are entitled to claim expenses in respect of duties undertaken on behalf of the Company.

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

Remuneration/service contracts

The maximum remuneration of the Directors is determined within the limits of the Company's Articles of Association and currently amounts in aggregate to £150,000. 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 receive any non cash benefits or pension entitlements. The terms of their appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the registered office of the Company.

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

It is the intention of the Board that the above policy on remuneration will continue to apply for the next three financial years to 30 November 2017.

REMUNERATION POLICY IMPLEMENTATION REPORT

The Directors' Remuneration Policy Implementation Report is subject to an annual advisory vote and an ordinary resolution to approve this report will be put to shareholders at the annual general meeting. Shareholders have the opportunity to express their views and raise any queries in respect of remuneration policy at this meeting. To date, no shareholders have commented in respect of remuneration policy.

At the Company's previous annual general meeting, held on 8 March 2013, 99.48% of votes cast were in favour of the resolution to approve the Directors' remuneration report in respect of the year ended 30 November 2013.

A single figure for the total remuneration of each Director is set out in the table below for the years ended 30 November 2013 and 2012:

	Year ended 30 November 2013			Year ended 30 November 2012		
	Base Salary £	Taxable Benefits £	Total £	Base Salary £	Taxable Benefits £	Total £
Alan Hodson (Chairman)[1]	32,000	–	32,000	30,000	–	30,000
Humphrey van der Klugt[2]	24,000	600	24,600	23,000	690	23,690
Michael Merton[3]	21,000	–	21,000	20,000	–	20,000
Jonathan Ruck Keene[4]	–	–	–	–	–	–
Ed Warner[5]	8,750	–	8,750	–	–	–
David Gibbs[6]	–	–	–	6,000	–	6,000
Total	85,750	600	86,350	79,000	690	79,690

1. Appointed 4 November 2005.
2. Appointed Chairman of the Audit and Management Engagement Committee and as a Director on 4 November 2005.
3. Appointed as a Director on 13 July 2010.
4. Appointed as a Director on 13 March 2009.
5. Appointed as a Director on 1 July 2013.
6. Retired as a Director on 13 March 2012.

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

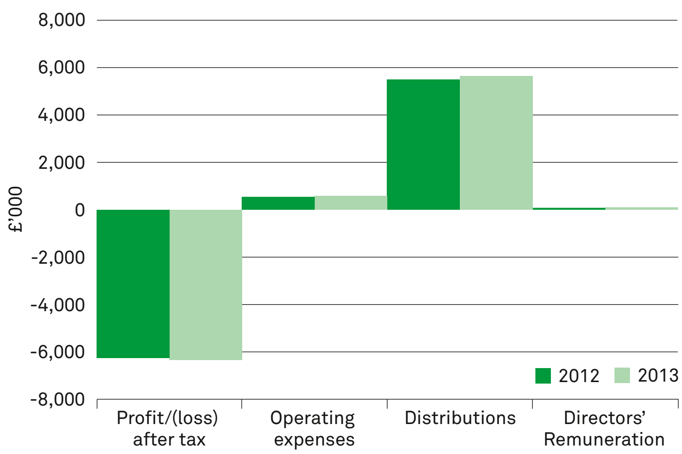
The information in the above table has been audited. The amounts paid by the Company to the Directors were for services as non-executive Directors.

As at 30 November 2013 there were no amounts payable to Directors in respect of their annual fees (2012: Nil).

RELATIVE IMPORTANCE OF SPEND ON REMUNERATION

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

RELATIVE IMPORTANCE OF SPEND



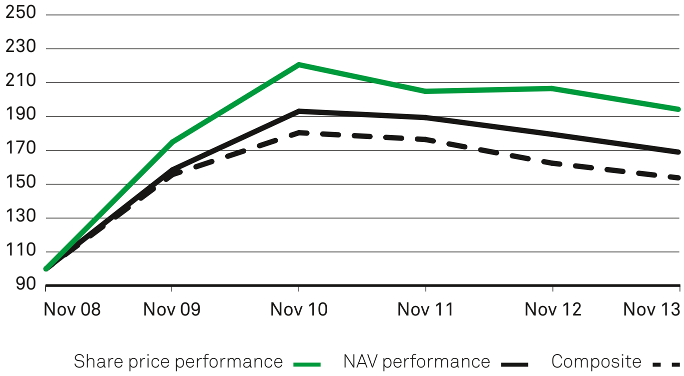
No payments were made in the period to any past Directors (2012: £nil).

PERFORMANCE

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

Directors' remuneration report continued

PERFORMANCE FROM 30 NOVEMBER 2008 TO 30 NOVEMBER 2013



Sources: BlackRock and Datastream.
Total return performance record rebased to 100 at 30 November 2008.

SHAREHOLDINGS

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

	30 November 2013	30 November 2012
	Ordinary shares	Ordinary shares
Alan Hodson	150,000	150,000
Humphrey van der Klugt	35,000	35,000
Michael Merton	17,000	–
Jonathan Ruck Keene	14,000	14,000
Ed Warner*	20,000	n/a

* appointed 1 July 2013.

The information in the table above 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

All of the Company's Directors are subject to retirement by rotation in accordance with the Company's Articles of Association. However, the Board has resolved that all Directors are subject to annual re-election. Directors are appointed for an initial term covering the period from the date of their appointment until the first Annual General Meeting thereafter, at which time they are required to stand for election in accordance with the Articles of Association.

BY ORDER OF THE BOARD

BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Secretary
27 January 2014

Corporate governance statement

CHAIRMAN'S INTRODUCTION

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

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

As a UK listed investment trust company our principal reporting obligation is driven by the UK Corporate Governance Code (the 'UK Code') issued by the Financial Reporting Council in September 2012. However, as listed investment companies differ in many ways from other listed companies, the Association of Investment Companies has drawn up its own set of guidelines, the AIC Code of Corporate Governance ('the AIC Code') issued in February 2013, which addresses the governance issues relevant to investment companies and meets the approval of the Financial Reporting Council.

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

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

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

The Board has made the appropriate disclosures in this report to ensure that the Company meets its continuing obligations. It should be noted that, as an investment trust, most of the Company's day-to-day responsibilities are delegated to third parties, the Company has no employees and the Directors are non-executive. Thus, not all of the provisions of the UK Code are directly applicable to the Company. For example, the requirement under the UK Code to maintain an internal audit function is not relevant to the Company as all day-to-day portfolio management administration is delegated to entities with their own internal audit functions. Consequently the Company does not maintain such a function, although as explained in more detail below, the Board monitors the controls that service providers have in place in this respect.

The UK Code is not relevant to the Company in two other respects. The Board of Directors does not identify a senior independent Director, and the provision of the UK Code which relates to the combination of the roles of chairman and chief executive does not apply as the Company has no executive directors.

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 as summarised above and explained in more detail below. This statement describes how the relevant principles of governance are applied to the Company.

THE BOARD

Board composition

The Board currently consists of five non-executive Directors. With the exception of Mr Ruck Keene, who is an employee of the Investment Manager, all are considered to be independent of the Company's Investment Manager and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

Directors' appointment, retirement and rotation

The Board believes that it has a good balance of investment knowledge, business, financial skills and experience which enable it to provide effective strategic leadership and proper governance of the Company, as demonstrated by the Directors' biographies on page 15.

The Board recognises the value of progressive renewing of, and succession planning for, company boards. The refreshment of the Board will remain as an ongoing process and will factor in the requirements for Board diversity. The Board's policy on diversity, including gender, is to take these into account during the recruitment and appointment process. However, the Board is committed to appointing the most appropriate candidate, regardless of gender or other forms of diversity and therefore no targets have been set against which to report.

In accordance with the Company's Articles of Association, a Director appointed during the year is required to retire and seek election by shareholders at the next annual general meeting. Therefore, having been appointed during the year Mr Warner will be subject to election by shareholders at the 2014 AGM.

The Board has resolved that all of the Directors will now be subject to annual re-election. Accordingly, Mr Hodson, Mr Merton and Mr Ruck Keene will offer themselves for re-election for a further year at the 2014 AGM. Mr Van der Klugt will also retire at the AGM but will not offer himself for re-election.

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

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

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

Directors' training and induction

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

Directors' liability insurance

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

THE BOARD'S RESPONSIBILITIES

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

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

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

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

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

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

EVALUATION OF THE BOARD AND ITS COMMITTEES

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

The annual evaluation for the year ended 30 November 2013 has been carried out. This took the form of questionnaires followed by discussions to identify how the effectiveness of the Board's activities, including its Committees, policies or processes might be enhanced. The results of the evaluation process were presented to and considered by the Board and it was agreed that the current composition of the Board and its Committees reflected a suitable mix of skills and experience, and that the Board as a whole, the individual Directors and its Committees were functioning effectively.

DELEGATION OF RESPONSIBILITIES

The Board has delegated the following areas of responsibility:

Management and administration

The management of the investment portfolio and the administration of the Company have been delegated to the Investment Manager. The Investment Manager, operating under guidelines determined by the Board, has direct responsibility for the decisions relating to the day-to-day running of the Company and is accountable to the Board for the investment, financial and operating performance of the Company.

Custody and settlement services are provided by The Bank of New York Mellon (International) Limited ('BNYM'), a subsidiary of the Bank of New York Mellon.

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

Committees of the Board

Nomination Committee

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

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

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

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

Audit and Management Engagement Committee

The Audit and Management Engagement Committee is currently chaired by Mr van der Klugt and consists of all the Directors of the Company except Mr Ruck Keene. Mr Merton will succeed Mr van der Klugt as the Committee's Chairman following Mr van der Klugt's retirement at the conclusion of the 2014 annual general meeting.

Further details are given in the Report of the Audit and Management Engagement Committee on pages 34 to 36.

ATTENDANCE RECORD

	Board	Audit and Management Engagement Committee	Nomination Committee
Number of Meetings held	6	3	3
Number of Meetings attended:			
Alan Hodson (Chairman)	6	3	3
Michael Merton	6	3	3
Jonathan Ruck Keene	6	(not a member)	(not a member)
Humphrey van der Klugt	6	3	3
Ed Warner*	3	2	1

* Mr Warner was appointed on 1 July 2013.

INTERNAL CONTROLS

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

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

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

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

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

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

FINANCIAL REPORTING

The Statement of Directors' Responsibilities in respect of the Financial Statements is set out on page 33, the Report of the Independent Auditor on pages 37 and 38 and the Statement of Going Concern on page 21.

SOCIALLY RESPONSIBLE INVESTMENT

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

The Investment Manager's policies on Socially Responsible Investment and Corporate Governance are detailed on the website at blackrock.com/corporate/en-gb/aboutus.

The Investment Manager is supportive of the UK Stewardship Code, which sets out the responsibilities of institutional shareholders in respect of investee companies, and is voluntary, operating on a comply or explain basis.

BRIBERY PREVENTION POLICY

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

COMMUNICATION WITH SHAREHOLDERS

All shareholders have the opportunity to attend and vote at the Annual General Meeting. The Notice of Annual General Meeting sets out the business of the Meeting and any item not of an entirely routine nature is explained in the Directors' Report on pages 23 and 24. The Notice of Annual General Meeting is sent to shareholders at least 20 working days before the meeting. Separate resolutions are proposed for substantive issues.

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

The Company's willingness to enter into discussions with shareholders is demonstrated by a programme of presentations made by the Investment Manager. The Board discusses with the Investment Manager at each Board meeting any feedback from meetings with shareholders, and it also receives reports from its corporate broker.

There is a section within this report entitled 'Additional Shareholder Information', on pages 60 to 62, which provides an overview of useful information available to shareholders.

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

DISCLOSURE AND TRANSPARENCY RULES

Other information required to be disclosed pursuant to the Disclosure and Transparency Rules has been placed in the Directors' Report on pages 20 to 24 because it is information which refers to events that have taken place during the course of the year.

The following is a list of that information:

- Substantial share interests;
- Share capital;
- Share issues; and
- Greenhouse gas emissions.

In addition, information on Directors' shareholdings is given on page 28 in the Directors' Remuneration Report.

BY ORDER OF THE BOARD

ALAN HODSON
Chairman
27 January 2014

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors 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 of the profit or loss of the Group for that period.

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

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

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

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

Each of the Directors, whose names are listed on page 15, 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 Company; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

The 2012 UK Corporate Governance Code also requires Directors to ensure that the Annual Report and Accounts are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit and Management Engagement Committee advise on whether it considers that the Annual Report and Accounts fulfils these requirements. The process by which the Committee has reached these conclusions is set out in the Audit and Management Engagement Committee's report on pages 34 to 36. As a result, the Board has concluded that the Annual Report for the year ended 30 November 2013, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

FOR AND ON BEHALF OF THE BOARD
ALAN HODSON
Chairman
27 January 2014

Report of the audit and management engagement committee

As Chairman of the Audit and Management Engagement Committee I am pleased to present the Committee's first formal report to shareholders on the effectiveness of the external audit process and how this has been assessed for the year ended 30 November 2013.

ROLE AND RESPONSIBILITIES

The Company has established a separately chaired Audit and Management Engagement Committee ('The Committee') whose duties include considering and recommending to the Board for approval the contents of the half yearly and annual financial statements, and providing an opinion as to whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The Committee also reviews the external auditor's report thereon and is responsible for reviewing and forming an opinion on the effectiveness of the external audit process and audit quality. Other duties include reviewing the appropriateness of the Company's accounting policies, ensuring the adequacy of the internal control systems and standards and considering the remuneration of the Investment Manager and reviewing the terms of the investment management agreement. These are set out in more detail below. The Terms of Reference of the Committee are available on the Company's website at blackrock.com/brci.

The Committee meets at least three times a year. Two of the three planned meetings are held prior to the Board meetings to approve the half yearly and annual results, including the valuation of any unquoted investments, and the Committee receives information from the Investment Manager's corporate audit and compliance departments. The third meeting is held primarily to review internal controls and the Investment Management Agreement.

COMPOSITION

All of the Directors, except Mr Ruck Keene, are members of the Committee. The Directors' biographies are given on page 15 of the Annual Report, and the Board considers that at least one member of the Committee has sufficient recent and relevant financial experience for the Committee to discharge its function effectively. The Chairman of the Company is a member of the Committee to enable him to be kept fully informed of any issues which may arise.

I will be retiring as a Director of the Company following the conclusion of the Company's 2014 annual general meeting. Mr Merton will succeed me as Chairman of the Committee.

RESPONSIBILITIES AND REVIEW OF THE EXTERNAL AUDIT

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

- considering and recommending to the Board for approval the contents of the half yearly and annual financial statements and reviewing the external auditor's report thereon;
- reviewing the scope, execution, results, cost effectiveness, independence and objectivity of the external auditors;
- reviewing and recommending to the Board for approval 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 to the Board with respect to the reappointment of the auditor;
- reviewing the role of the Board, the Manager and third party service providers in an effective audit process;
- considering the quality of the formal audit report to shareholders;
- reviewing the appropriateness of the Company's accounting policies;
- ensuring the adequacy of the internal control systems and standards; and
- considering the remuneration of the Investment Manager and reviewing the terms of the investment management agreement.

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

SIGNIFICANT ISSUES CONSIDERED REGARDING THE ANNUAL REPORT AND FINANCIAL STATEMENTS

During the year, the Audit and Management Engagement Committee considered a number of significant issues and areas of key audit risk in respect of the Annual Report and Financial Statements. The Committee reviewed the external audit plan at an early stage and concluded that the appropriate areas of audit risk relevant to the Company had been identified and that suitable audit procedures had been put in place to obtain reasonable assurance that the financial statements as a whole would be free of material misstatements. The table on page 35 sets out the key areas of risk identified and also explains how these were addressed.

Significant issue	How the issue was addressed
The accuracy of the valuation of the investment portfolio	The Board review detailed portfolio valuations on a regular basis throughout the year, and receive confirmation from the Investment Manager that the pricing basis is appropriate and in line with relevant accounting standards as adopted by the Company. The audit includes a check of pricing back to source data to confirm that the correct valuation basis has been applied in accordance with the accounting policies adopted, as disclosed in note 2 to the Financial Statements.
The risk of misappropriation of assets and unsecured ownership of investments	The Investment Manager has put in place procedures to ensure that investments can only be made to the extent that the appropriate contractual and legal arrangements are in place to protect the Company's assets. The Board reviews reports from its service providers on key controls over assets of the Company. Any significant issues are reported by the Investment Manager to the Board. The audit includes checks on the existence and ownership of investments.
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 Board reviews income forecasts, including special dividends, and receives explanations from the Investment Manager for any variations or significant movements from previous forecasts and prior year numbers. The audit includes checks on the completeness and accuracy of income, and also checks that this has been recognised in accordance with stated accounting policies.

As the provision of portfolio valuation, fund accounting and administration services is delegated to the Company's Investment Manager, BlackRock, who sub-delegate fund accounting to a third party service provider, and the provision of custody services is contracted to BNYM, the Committee has also reviewed the Service Organisation Control Reports (SOC 01) and Audit and Assurance Faculty (AAF) reports prepared by the Investment Manager, Custodian and Fund Accountants to ensure that the relevant control procedures are in place to cover these areas of risk as identified in the table and are adequate and appropriate and have been designated as operating effectively by the reporting auditor.

AUDITOR AND AUDIT TENURE

The Company's current Auditor, Ernst & Young LLP, has acted in this role since the launch of the Company on 13 December 2005. The Committee, in conjunction with the Board, is committed to reviewing this on a regular basis to ensure that the Company is receiving an optimal level of service. EU Audit Reform proposals are currently under consideration. If these are approved it is expected that the Committee will need to adhere to mandatory rotation of the Auditor. The Committee also considers the risks associated with audit firms withdrawing from the market and the relationship with the Company's Auditor. The appointment of the Auditor is reviewed each year and the audit partner changes at least every five years. There are no contractual obligations that restrict the Company's choice of Auditor. Other audit service fees of £6,000 (excluding VAT) paid to Ernst & Young LLP, relate entirely to their review of the half yearly financial statements.

ASSESSMENT OF THE EFFICACY OF THE EXTERNAL AUDIT PROCESS

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

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

- The quality of the audit engagement partner and the audit team;
- The expertise of the audit firm and the resources available to it;
- Identification of areas of audit risk;
- Planning, scope and execution of the audit;
- Consideration of the appropriateness of the level of audit materiality adopted;
- The role of the Board, the Investment Manager and third party service providers in an effective audit process;
- Communications by the auditor with the Audit & Management Engagement Committee;
- How the auditor supports the work of the Audit & Management Engagement Committee and how the audit contributes added value;
- A review of independence and objectivity of the audit firm; and
- The quality of the formal audit report to shareholders.

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

Report of the audit and management engagement committee

continued

The effectiveness of the Board and the Investment 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 NAVs 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 and the booking of any audit adjustments arising and the timely provision of draft public documents for review by the auditor and the Committee.

To form a conclusion with regard to the independence of the external auditor, the Committee considers whether the skills and experience of the auditor make them a suitable supplier of the non-audit service and whether there are safeguards in place to ensure that there is no threat to their objectivity and independence in the conduct of the audit resulting from the provision of such services. On an annual basis, Ernst & Young LLP review the independence of their relationship with the Company and report to the Committee, providing details of any other relationships with the Investment 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 auditor, 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 Ernst & Young LLP is independent of the Company and the Investment 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. One of the key governance requirements of a Company's financial statements is for the Report and Financial Statements to be fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Committee advise on whether it considers that the Annual Report and Financial Statements fulfils these requirements, and in so doing the Committee has given consideration to the following:

- The comprehensive documentation that is in place setting out the controls over the production of the Annual Report, including the verification processes in place to deal with the factual content;

- The comprehensive reviews that are undertaken at different levels in the production process, by the Manager, the third party service providers responsible for accounting services and the Committee that aim to ensure consistency and overall balance;

- The controls that are in place at the Investment 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;

- The existence of satisfactory control reports that have been reviewed and reported on by external auditors to verify the effectiveness of the internal controls of the Investment Manager and the Company's third party service providers Service Organisation Control (SOC 01) reports and Audit and Assurance Faculty (AAF) reports.

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 30 November 2013, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 33.

HUMPHREY VAN DER KLUGT
Chairman
Audit and Management Engagement Committee
27 January 2014

Independent auditor's report

to the members of BlackRock Commodities Income Investment Trust plc

We have audited the financial statements of BlackRock Commodities Income Investment Trust plc for the year ended 30 November 2013 which comprise the Consolidated Statement of Comprehensive Income, Group and Company Statements of Changes in Equity, Group and Company Statements of Financial Position, Group and Company Cash Flow Statements and the related notes 1 to 21 to the Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards to the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 33, the Directors are responsible for the preparation of the Company 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 Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the Company's financial statements give a true and fair view of the state of the Group's and Company's affairs as at 30 November 2013 and of its loss for the year then ended;
- the Group's financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the Company's financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

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

- Incorrect valuation of the investment portfolio, including incorrect application of exchange rate movements and assessment of stock liquidity;
- Misappropriation of the Company's assets and unsecured ownership of investments;
- Incomplete or inaccurate recording of income from investments in a manner that is inconsistent with IFRS and/or the SORP.

OUR APPLICATION OF MATERIALITY

We determined planning materiality for the Company to be £1.01 million, which is 1% of equity. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company should be 75% of planning materiality, namely £0.76 million. Our objective in adopting this approach was to ensure that total detected and undetected audit differences in all accounts did not exceed our planning materiality level.

We report to the Committee all audit differences in excess of £51,000 (being 5% of planning materiality), as well as differences below that threshold that, in our view warranted reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our response to the risks identified above was as follows:

- We conducted audit procedures in respect of the investment portfolio valuation including agreeing a sample of year end prices to an independent source;
- We obtained independent confirmation from the custodian and bank of the investment portfolio and cash balances, agreeing them to the books and records; and
- We tested on a sample basis the completeness and accuracy of income receipts and confirmed that income was recorded in accordance with the Company's accounting policy for revenue recognition. In addition, we confirmed that the accounting policy is consistent with IFRS and the SORP.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following:

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

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

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

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

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

Under the Listing Rules we are required to review:

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

MATTHEW PRICE (SENIOR STATUTORY AUDITOR)
For and on behalf of Ernst & Young LLP
Statutory Auditor
London
27 January 2014

Consolidated statement of comprehensive income

for the year ended 30 November 2013

	Notes	Revenue 2013	Revenue 2012	Capital 2013	Capital 2012	Total 2013	Total 2012
		£'000	£'000	£'000	£'000	£'000	£'000
Income from investments held at fair value through profit or loss	3	4,534	4,724	–	–	4,534	4,724
Other income	3	2,185	1,910	–	–	2,185	1,910
Losses on investments held at fair value through profit or loss	10	–	–	(10,866)	(10,890)	(10,866)	(10,890)
Total revenue		6,719	6,634	(10,866)	(10,890)	(4,147)	(4,256)
Expenses							
Investment management fee	4	(306)	(307)	(918)	(922)	(1,224)	(1,229)
Other expenses	5	(279)	(235)	–	–	(279)	(235)
Total operating expenses		(585)	(542)	(918)	(922)	(1,503)	(1,464)
Profit/(loss) before finance costs and taxation		6,134	6,092	(11,784)	(11,812)	(5,650)	(5,720)
Finance costs	6	(38)	(8)	(98)	(22)	(136)	(30)
Profit/(loss) before taxation		6,096	6,084	(11,882)	(11,834)	(5,786)	(5,750)
Taxation (charge)/credit	7	(545)	(514)	–	3	(545)	(511)
Net profit/(loss) for the year after taxation		5,551	5,570	(11,882)	(11,831)	(6,331)	(6,261)
Earnings/(loss) per ordinary share	9	5.87p	6.10p	(12.57p)	(12.96p)	(6.70p)	(6.86p)

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

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

The total net loss of the Company and the Group for the year was £6,331,000 (2012: loss of £6,261,000).

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

The notes on pages 43 to 57 form part of these financial statements.

Statements of changes in equity

for the year ended 30 November 2013

Group	Notes	Ordinary share capital	Share premium account	Special reserve	Capital reserves	Revenue reserve	Total
		£'000	£'000	£'000	£'000	£'000	£'000
For the year ended 30 November 2013							
At 30 November 2012		943	25,429	71,223	10,807	3,261	111,663
Total comprehensive income:							
Net (loss)/profit for the year		–	–	–	(11,882)	5,551	(6,331)
Transactions with owners, recorded directly to equity:							
Shares issued	14 & 15	20	2,158	–	–	–	2,178
Share issue costs	15	–	(3)	–	–	–	(3)
Dividends paid	8	–	–	–	–	(5,677)	(5,677)
At 30 November 2013		963	27,584	71,223	(1,075)	3,135	101,830
For the year ended 30 November 2012							
At 30 November 2011		905	20,778	71,223	22,638	3,098	118,642
Total comprehensive income:							
Net (loss)/profit for the year		–	–	–	(11,831)	5,570	(6,261)
Transactions with owners, recorded directly to equity:							
Shares issued	14 & 15	38	4,658	–	–	–	4,696
Share issue costs	15	–	(7)	–	–	–	(7)
Dividends paid	8	–	–	–	–	(5,407)	(5,407)
At 30 November 2012		943	25,429	71,223	10,807	3,261	111,663

Company	Notes	Ordinary share capital	Share premium account	Special reserve	Capital reserves	Revenue reserve	Total
		£'000	£'000	£'000	£'000	£'000	£'000
For the year ended 30 November 2013							
At 30 November 2012		943	25,429	71,223	12,441	1,627	111,663
Total comprehensive income:							
Net (loss)/profit for the year		–	–	–	(12,115)	5,784	(6,331)
Transactions with owners, recorded directly to equity:							
Shares issued	14 & 15	20	2,158	–	–	–	2,178
Share issue costs	15	–	(3)	–	–	–	(3)
Dividends paid	8	–	–	–	–	(5,677)	(5,677)
At 30 November 2013		963	27,584	71,223	326	1,734	101,830
For the year ended 30 November 2012							
At 30 November 2011		905	20,778	71,223	24,196	1,540	118,642
Total comprehensive income:							
Net (loss)/profit for the year		–	–	–	(11,755)	5,494	(6,261)
Transactions with owners, recorded directly to equity:							
Shares issued	14 & 15	38	4,658	–	–	–	4,696
Share issue costs	15	–	(7)	–	–	–	(7)
Dividends paid	8	–	–	–	–	(5,407)	(5,407)
At 30 November 2012		943	25,429	71,223	12,441	1,627	111,663

The notes on pages 43 to 57 form part of these financial statements.

Statements of financial position

as at 30 November 2013

	Notes	2013 Group	2013 Company	2012 Group	2012 Company
		£'000	£'000	£'000	£'000
Non current assets					
Investments held at fair value through profit or loss	10	108,127	109,531	115,515	117,149
Current assets					
Other receivables	12	3,905	3,905	654	654
Cash and cash equivalents		47	47	75	26
		3,952	3,952	729	680
Total assets		112,079	113,480	116,244	117,829
Current liabilities					
Other payables	13	(879)	(715)	(951)	(656)
Derivative financial instruments	10	(704)	(704)	(397)	(397)
Bank overdraft		(8,666)	(10,231)	(3,233)	(5,113)
		(10,249)	(11,650)	(4,581)	(6,166)
Net assets		101,830	101,830	111,663	111,663
Equity attributable to equity holders					
Ordinary share capital	14	963	963	943	943
Share premium account	15	27,584	27,584	25,429	25,429
Special reserve	16	71,223	71,223	71,223	71,223
Capital reserves	16	(1,075)	326	10,807	12,441
Revenue reserve	16	3,135	1,734	3,261	1,627
Total equity		101,830	101,830	111,663	111,663
Net asset value per ordinary share	9	105.79p	105.79p	118.47p	118.47p

The financial statements on pages 39 to 57 were approved and authorised for issue by the Board of Directors on 27 January 2014 and signed on its behalf by Alan Hodson, Chairman.

BlackRock Commodities Income Investment Trust plc.

Registered in England, No. 5612963

The notes on pages 43 to 57 form part of these financial statements.

Cash flow statements

for the year ended 30 November 2013

	Note	2013 Group £'000	2013 Company £'000	2012 Group £'000	2012 Company £'000
Operating activities					
Loss before taxation		(5,786)	(5,950)	(5,750)	(5,919)
Add back interest paid		126	121	37	37
Losses on investments held at fair value through profit or loss including transaction costs		10,866	11,099	10,890	10,814
(Increase)/decrease in other receivables		(11)	(11)	(15)	1,208
Increase in other payables		59	59	252	252
(Increase) in amounts due from brokers		(2,166)	(2,166)	(266)	(266)
Movements in investments held at fair value through profit or loss		(3,164)	(3,164)	(4,972)	(4,972)
Net cash (outflow)/inflow from operating activities before interest and taxation		(76)	(12)	176	1,154
Interest paid		(126)	(121)	(37)	(37)
Taxation (paid)/recovered		(240)	55	(16)	(16)
Taxation on investment income included within gross income		(436)	(436)	(372)	(372)
Net cash (outflow)/inflow from operating activities		(878)	(514)	(249)	729
Financing activities					
Share issue costs paid		(3)	(3)	(7)	(7)
Proceeds from shares issued		1,094	1,094	4,696	4,696
Equity dividends paid	8	(5,677)	(5,677)	(5,407)	(5,407)
Net cash outflow from financing activities		(4,586)	(4,586)	(718)	(718)
(Decrease)/increase in cash and cash equivalents		(5,464)	(5,100)	(967)	11
Cash and cash equivalents at start of the year		(3,158)	(5,087)	(2,116)	(5,023)
Effect of foreign exchange rate changes		3	3	(75)	(75)
Cash and cash equivalents at end of the year		(8,619)	(10,184)	(3,158)	(5,087)
Comprised of:					
Cash and cash equivalents		47	47	75	26
Bank overdraft		(8,666)	(10,231)	(3,233)	(5,113)
		(8,619)	(10,184)	(3,158)	(5,087)

The notes on pages 43 to 57 form part of these financial statements.

Notes to the financial statements

1. PRINCIPAL ACTIVITIES

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

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

2. ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

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

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

The standard has not yet been approved by the EU. Earlier application is permitted. The Company does not plan to adopt this standard early.

IFRS 10 Consolidated Financial Statements (effective 1 January 2014) establishes a single control model that applies to all entities including special purpose entities. IFRS 11 Joint Arrangements (effective 1 January 2014) removes the option to account for jointly controlled entities using proportionate consolidation. IFRS 12 Disclosure of Involvement with Other Entities (effective 1 January 2014) now requires additional disclosures that relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

IFRS 13 Fair Value Measurement (effective 1 January 2013) establishes a single source of guidance under IFRS for all fair value measurements. It does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company has assessed the impact of this standard on the financial position and performance and has concluded it is unlikely to result in changes to the fair value measurement techniques currently in place.

2. ACCOUNTING POLICIES continued

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

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

(d) Segmental reporting
The Directors are of the opinion that the Group is engaged in a single segment of business being investment business.

(e) Income
Dividends receivable on equity shares are treated as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available dividends receivable on or before the year end are treated as revenue for the year. Provision is made for any dividends not expected to be received. Special dividends, if any, are treated as a capital or a revenue receipt depending on the facts or circumstances of each particular case. The return on a debt security is recognised on a time apportionment basis so as to reflect the effective yield on the debt security. Interest income is accounted for on an accruals basis. Premia on written options are recognised as income, when written in the subsidiary. Options are marked to market and the gain or loss is taken to capital of the parent company. Where options are exercised the loss is taken to capital of the parent entity.

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

- expenses which are incidental to the acquisition of an investment are included within the cost of the investment. Details of transaction costs on the purchases and sales of investments are disclosed in note 10 on pages 49 and 50;

- expenses are treated as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated; and

- the investment management fees and finance costs of borrowing borne by the Company have been allocated 75% to the capital column and 25% to the revenue column of the Consolidated Statement of Comprehensive Income in line with the Board's expectations of the long term split of return, in the form of capital gains and income respectively, from the investment portfolio.

(g) Taxation
The Group accounts do not reflect any adjustment for group relief between the Company and the Subsidiary.

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

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

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

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

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

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

(i) Other receivables and other payables

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

(j) Dividends payable

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

(k) Foreign currency translation

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

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

(l) Cash and cash equivalents

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

(m) Bank borrowings

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

3. INCOME

	2013 £'000	2012 £'000
Investment Income:		
Overseas listed dividends	3,652	3,979
Fixed interest	57	152
UK listed dividends	825	593
	4,534	4,724
Other operating income:		
Deposit interest	–	3
Underwriting commission	–	13
Option premium income	2,185	1,894
	2,185	1,910
Total	6,719	6,634

Option premium income is stated after deducting costs incurred on transactions.

Notes to the financial statements continued

4. INVESTMENT MANAGEMENT FEE

	2013			2012		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	306	918	1,224	307	922	1,229

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

5. OTHER EXPENSES

	2013 £'000	2012 £'000
Custody fee	18	18
Auditor's remuneration:		
– audit services	24	24
– other services	6	6
Directors' emoluments	86	79
Registrar's fee	28	25
Other administrative costs	117	83
	279	235
The Company's ongoing charges, calculated as a percentage of average net assets and using expenses, excluding any interest costs and excluding taxation, were:	1.4%	1.3%
The Company's ongoing charges, calculated as a percentage of average net assets and using expenses, excluding any interest costs and including taxation, were:	1.9%	1.7%

Fees paid to the Auditor for other services comprise £6,000 (2012: £6,000) relating to the review of the half yearly financial statements.

6. FINANCE COSTS

	2013			2012		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank overdrafts	38	98	136	8	22	30

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

7. TAXATION

a) Analysis of charge for the year

	2013			2012		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current taxation:						
Corporation taxation	163	–	163	169	–	169
Overseas taxation	382	–	382	345	–	345
Total current taxation	545	–	545	514	–	514
Deferred taxation	–	–	–	–	(3)	(3)
Total taxation charge/(credit) (note 7b)	545	–	545	514	(3)	511

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

In accordance with the HMRC taxation structure for the Group, the Company surrenders its excess management expenses to the subsidiary in order to reduce the taxation calculated on a standalone basis for the subsidiary. As Group relief is not charged between the Company and subsidiary, the group accounts do not include any allocation of tax relief between capital and revenue as the substance of any such transfer within the group accounts would be a payment for group relief which is an inter-group transaction that is eliminated on consolidation.

Consequently the consolidated accounts do not reflect the marginal basis of taxation allocation as recommended by the SORP. The Board believe this approach is preferable as it makes it possible to reconcile the valuation of the subsidiary on the parent company's balance sheet to any gains or losses recorded in respect of the parent company's investment in the subsidiary in the year. In addition, any notional adjustment to allocate group relief between income and capital would result in a consolidated earnings per share figure that did not reflect the Company and the subsidiary's distributable earnings for the year. This is because a portion of these would be notionally allocated to capital on consolidation; however this allocation would be a consolidation adjustment which would not impact the revenue reserves available for distribution at either Company level or subsidiary level, and therefore the Board consider that including this adjustment would result in a misleading consolidated earnings per share figure.

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

£1,016,000 management expenses accounted for through the capital column of the income statement has been surrendered to the subsidiary for the year ended 30 November 2013 (2012: £944,000). In accordance with the Company's accounting policy transfer has been made for group tax relief between the Company and its subsidiary.

b) Factors affecting current taxation charge for the year

The taxation assessed for the year is lower than the standard rate of corporation taxation in the UK for a large company of 23.33% (2012: 24.67%). The differences are explained below:

	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Total profit/(loss) on ordinary activities before taxation	6,096	(11,882)	(5,786)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation taxation 23.33%	1,422	(2,772)	(1,350)
Effects of:			
Taxation effect of allowable expenses in capital	(237)	237	–
Non taxable capital loss	–	2,535	2,535
Non taxable UK dividends	(193)	–	(193)
Non taxable overseas dividends	(826)	–	(826)
Expense relief for overseas taxation	(3)	–	(3)
Overseas taxation charge	382	–	382
	(877)	2,772	1,895
Total taxation charge for the year (note 7a)	545	–	545

7. TAXATION continued

b) Factors affecting current taxation charge for the year continued

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

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

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

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

8. DIVIDENDS

The dividends disclosed in the table below have been considered in view of the requirements of section 1158 of the Corporation Tax Act 2010 and section 833 of the Companies Act 2006, and the amounts declared meet the relevant requirements. Amounts recognised as distributions to ordinary shareholders during the year to 30 November 2013 were as follows:

	2013 £'000	2012 £'000
Fourth interim dividend for the year ended 30 November 2012 – 1.5875p (2011: 1.55p)	1,496	1,403
First interim dividend for the year ended 30 November 2013 – 1.4750p (2012: 1.4375p)	1,390	1,316
Second interim dividend for the year ended 30 November 2013 – 1.4750p (2012: 1.4375p)	1,390	1,344
Third interim dividend for the year ended 30 November 2013 – 1.4750p (2012: 1.4375p)	1,401	1,344
	5,677	5,407

For the year ended 30 November 2013, a fourth interim dividend of 1.5250 p (2012: 1.5875p) per ordinary share has been declared and will be paid on 23 January 2014, to shareholders on the Company's register on 27 December 2013.

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

	2013 £'000	2012 £'000
First interim dividend paid on 17 April 2013 of 1.4750p (2012: 1.4375p)	1,390	1,316
Second interim dividend paid on 26 July 2013 of 1.4750p (2012: 1.4375p)	1,390	1,344
Third interim dividend paid on 24 October 2013 of 1.4750p (2012: 1.4375p)	1,401	1,344
Fourth interim dividend paid on 23 January 2014 of 1.5250p (2013: 1.5875p)	1,468	1,496
	5,649	5,500

9. CONSOLIDATED EARNINGS AND NET ASSET VALUE PER ORDINARY SHARE

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

	2013	2012
Net revenue profit attributable to ordinary shareholders (£'000)	5,551	5,570
Net capital loss attributable to ordinary shareholders (£'000)	(11,882)	(11,831)
Total loss attributable to ordinary shareholders (£'000)	(6,331)	(6,261)
Equity shareholders' funds (£'000)	101,830	111,663
The weighted average number of ordinary shares in issue during each period, on which the return per ordinary share was calculated was:	94,551,836	91,308,022
The actual number of ordinary shares in issue at the year end, on which the net asset value was calculated was:	96,258,000	94,258,000
The number of ordinary shares in issue including treasury shares at the year end was:	96,258,000	94,258,000
Revenue return per share	5.87p	6.10p
Capital loss per share	(12.57p)	(12.96p)
Total loss per share	(6.70p)	(6.86p)
Net asset value per share	105.79p	118.47p
Share price (mid-market)	109.50p	122.75p

10. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group 2013 £'000	Company 2013 £'000	Group 2012 £'000	Company 2012 £'000
Quoted investments held at fair value through profit or loss	108,127	108,127	115,515	115,515
Derivative financial instruments – options	(704)	(704)	(397)	(397)
Investment in subsidiary held at fair value through profit or loss[1]	–	1,401	–	1,634
	107,423	108,824	115,118	116,752
Valuation brought forward	115,118	116,752	120,961	122,519
Investment holdings losses/(gains)	4,569	2,935	(8,586)	(10,144)
Opening cost of investments	119,687	119,687	112,375	112,375
Additions at cost	44,291	44,291	32,036	32,036
Disposals	(41,127)	(41,127)	(27,064)	(27,064)
Realised (losses)/gains	(3,504)	(3,504)	2,340	2,340
Cost carried forward	119,347	119,347	119,687	119,687
Investment holdings losses	(11,924)	(10,523)	(4,569)	(2,935)
Closing valuation of investments	107,423	108,824	115,118	116,752

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

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

Transaction costs of £95,000 were incurred on the acquisition of investments (2012: £72,000) in the year. Costs relating to the disposal of investments during the year amounted to £35,000 (2012: £88,000). All transaction costs have been included within capital reserves.

10. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS continued

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

	Group 2013 £'000	Company 2013 £'000	Group 2012 £'000	Company 2012 £'000
Realised (loss)/gain on sales	(3,504)	(3,504)	2,340	2,340
Movement in investment holding losses	(7,355)	(7,588)	(13,155)	(13,079)
Exchange losses on foreign currency transactions	(7)	(7)	(75)	(75)
	(10,866)	(11,099)	(10,890)	(10,814)

11. INVESTMENT IN SUBSIDIARY

At 30 November 2013, the Company had one wholly owned subsidiary which is registered and operating in England and Wales. BlackRock Commodities Securities Income Company Limited was incorporated on 9 November 2005.

	Description of ordinary shares	Authorised and issued share capital	
		2013	2012
BlackRock Commodities Securities Income Company Limited	Ordinary shares of £1	£1	£1

Under IFRS, the investment in the subsidiary is carried at fair value which is deemed to be the total equity of the subsidiary which amounts to £1,401,000 (2012: £1,634,000).

12. OTHER RECEIVABLES

	Group 2013 £'000	Company 2013 £'000	Group 2012 £'000	Company 2012 £'000
Amounts due from brokers	2,432	2,432	266	266
Amounts from shares issued	1,084	1,084	–	–
Taxation recoverable	100	100	110	110
Prepayments and accrued income	289	289	278	278
	3,905	3,905	654	654

13. OTHER PAYABLES

	Group 2013 £'000	Company 2013 £'000	Group 2012 £'000	Company 2012 £'000
Corporation tax payable	164	–	295	–
Accrued expenditure	715	715	656	656
	879	715	951	656

14. SHARE CAPITAL

	Ordinary shares number	Total shares number	Nominal value £'000
Allotted, called up and fully paid share capital comprised: Ordinary shares of 1p each			
Shares in issue at 30 November 2012	94,258,000	94,258,000	943
Shares issued	2,000,000	2,000,000	20
At 30 November 2013	96,258,000	96,258,000	963

The number of ordinary shares in issue at the year end was 96,258,000 of which none were held in treasury (2012: nil).

During the year 2,000,000 (2012: 3,750,000) shares were issued for a total consideration of £2,178,000 (2012: £4,696,000) before the deduction of issue costs. Since 30 November 2013, a further 1,100,000 shares have been issued for a total consideration of £1,177,000 before the deduction of issue costs.

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

15. SHARE PREMIUM ACCOUNT

	2013 £'000	2012 £'000
At start of the year	25,429	20,778
Premium on shares issued	2,158	4,658
Issue costs	(3)	(7)
At 30 November	27,584	25,429

16. RESERVES

Group	Special reserve £'000	Capital reserve – arising on investments sold £'000	Capital reserve – arising on investments held £'000	Revenue reserve £'000
At 1 December 2012	71,223	15,376	(4,569)	3,261
Movement during the year:				
Net (loss)/profit for the year	–	(4,527)	(7,355)	5,551
Dividends paid	–	–	–	(5,677)
At 30 November 2013	71,223	10,849	(11,924)	3,135

Company	Special reserve £'000	Capital reserve – arising on investments sold £'000	Capital reserve – arising on investments held £'000	Revenue reserve £'000
At 1 December 2012	71,223	15,376	(2,935)	1,627
Movement during the year:				
Net (loss)/profit for the year	–	(4,527)	(7,588)	5,784
Dividends paid	–	–	–	(5,677)
At 30 November 2013	71,223	10,849	(10,523)	1,734

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

17. TRANSACTIONS WITH THE INVESTMENT MANAGER

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

BlackRock Investment Management (UK) Limited ('BlackRock') provides management and administration services to the Company under a contract which is terminable on six months' notice. Details of the fees receivable by BlackRock in relation to these services are set out in note 4 on page 46.

The fees due to BlackRock for the year ended 30 November 2013 amounted to £1,224,000 (2012: £1,229,000). At the year end £495,000 was outstanding in respect of these fees (2012: £519,000).

The Company's participation in the sales and marketing programme run by BlackRock commenced on 1 November 2013. As at 30 November 2013 £2,600 (including VAT) remained outstanding in respect of the Company's contribution to the programme.

18. RELATED PARTY DISCLOSURE

The related party transactions with the Directors are set out in the Directors' Report on page 20 and in the Directors' Remuneration Report on pages 25 to 28.

19. RISK MANAGEMENT POLICIES AND PROCEDURES

As an investment trust, the Company invests in equities and other investments for the long term so as to secure its investment objectives as stated on page 16. In pursuing its investment objectives, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction in the revenue available for distribution by way of potential dividends.

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

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

(i) Market risk

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

(ii) Currency risk

A large proportion of the Company's assets, liabilities and income are denominated in currencies other than Sterling (the Company's functional currency, in which it reports its results). As a result, movements in exchange rates will affect the Sterling value of those items. As at 30 November 2013, the value of non-Sterling denominated investments amounted to £81,407,000 (2012: £93,507,000).

Management of the risk

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

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

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

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

Foreign currency exposure

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

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

2012	Canadian Dollar £'000	US Dollar £'000	Euro £'000	Other £'000
Debtors (due from brokers, dividends and other income receivable)	266	–	54	56
Cash at bank and on deposit	68	4	–	3
Total foreign currency exposure on net monetary items	334	4	54	59
Investments at fair value through profit or loss that are equities	16,604	56,684	8,248	11,971
Total net foreign currency exposure	16,938	56,688	8,302	12,030

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

Foreign currency sensitivity

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

It assumes the following changes in exchange rates:

Sterling/Canadian Dollar +/- 5% (2012: 5%)
Sterling/US Dollar +/- 5% (2012: 5%)
Sterling/Euro +/- 5% (2012: 5%)

For the year ended 30 November 2013, a 5% sensitivity has been determined for all significant currency exposures in order to demonstrate clearly the impact on net assets of a fixed percentage movement in any of the material currencies.

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

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

19. RISK MANAGEMENT POLICIES AND PROCEDURES continued

(ii) Currency risk continued

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

	2013			2012		
	Canadian Dollar £'000	US Dollar £'000	Euro £'000	Canadian Dollar £'000	US Dollar £'000	Euro £'000
Projected change	5%	5%	5%	5%	5%	5%
Impact on revenue return	(41)	(188)	(26)	(31)	(172)	(23)
Impact on capital return	(831)	(2,256)	(300)	(784)	(2,677)	(390)
Total return after taxation for the year/effect on shareholders' funds	(872)	(2,444)	(326)	(815)	(2,849)	(413)

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

	2013			2012		
	Canadian Dollar £'000	US Dollar £'000	Euro £'000	Canadian Dollar £'000	US Dollar £'000	Euro £'000
Projected change	5%	5%	5%	5%	5%	5%
Impact on revenue return	46	208	28	34	190	26
Impact on capital return	919	2,493	331	867	2,959	431
Total return after taxation for the year/effect on shareholders' funds	965	2,701	359	901	3,149	457

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

(iii) Interest rate risk

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

Management of the risk

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

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

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

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

Interest rate exposure

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

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

	2013			2012		
	Within one year £'000	More than one year £'000	Total £'000	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates:						
Bank overdraft	(8,666)	–	(8,666)	(3,233)	–	(3,233)
Cash at bank	47	–	47	75	–	75
Exposure to fixed interest rates:						
Fixed interest investments	631	–	631	695	–	695
Total exposure to interest rates	(7,988)	–	(7,988)	(2,463)	–	(2,463)

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

Interest receivable, and finance costs are at the following rates:

Interest received on cash balances, or paid on bank overdrafts respectively for the year to 30 November 2013 was approximately 0.15% and 1.63% per annum (2012: 0.15% and 1.65% per annum).

(iv) Market price risk and fair value hierarchy disclosures

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

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

Financial assets at fair value through profit or loss at 30 November 2012	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	115,515	–	–	115,515
Derivative financial instruments – options	(397)	–	–	(397)
	115,118	–	–	115,118

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

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

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

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

Reconciliation of level 3 financial assets	2013 £'000	2012 £'000
Opening balance	–	413
High River Gold redeemed at par	–	(413)
Total gains included in the Consolidated Statement of Comprehensive Income	–	–
Closing balance	–	–

Use of derivatives

According to the investment strategy, the Company may utilise derivatives, including options and futures, as part of its investment policy for efficient portfolio management and to enhance portfolio returns.

The Company's current investment strategy specifically utilises both call and put options. The Company limits the exposure to derivatives; the aggregate exposure to all derivatives may not exceed 30% of the Group's assets. Put and call options may only be written on shares and securities which meet the Company's investment objectives. Derivatives are not used for gearing purposes.

Management of the risk

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

The Company's exposure to other changes in market prices at 30 November 2013 on its quoted investments (including derivatives) is illustrated in the 'Market price risk sensitivity' paragraph below.

19. RISK MANAGEMENT POLICIES AND PROCEDURES continued

(iv) Market price risk and fair value hierarchy disclosures continued

Concentration of exposure to market price risks

An analysis of the Company's investment portfolio is shown on pages 12 to 14. At 30 November 2013, this shows the majority of the investments' value is in Global and US companies, with significant amounts also in European and Canadian companies. Accordingly, there is a concentration of exposure to those countries, though it is recognised that an investment's country of domicile or of listing does not necessarily equate to the economic conditions in that country.

Market price risk sensitivity

The following illustrates the sensitivity of the revenue after taxation for the year and the net assets to an increase or decrease of 20% in the fair values of the Company's equities (2012: 20%). This level of change is considered to be reasonably possible based on observation of current market conditions in 2013. The sensitivity analysis is based on the Company's equity exposure at each financial reporting date, with all other variables held constant.

The impact of a 20% (2012: 20%) increase in the value of investments on the revenue return as at 30 November 2013 is a decrease of £45,000 (2012: £48,000) and on the capital return is an increase of £21,294,000 (2012: £22,818,000).

The impact of a 20% (2012: 20%) decrease in the value of investments on the revenue return as at 30 November 2013 is an increase of £45,000 (2012: £48,000) and on the capital return is a decrease of £21,294,000 (2012: £22,818,000).

(v) Liquidity risk

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

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

The Board gives guidance to the Investment Manager as to the maximum amounts of the Company's resources that should be invested in any one company. The Company may from time to time use borrowings to gear its investment portfolio. The Investment Manager may also hold a net cash position when they consider it advantageous to do so. The Company has an overdraft facility of £20 million (2012: £20 million).

Liquidity risk exposure

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

2013	3 months or less £'000	Not more than one year £'000	More than one year £'000	Total £'000
Current liabilities				
Bank overdraft	8,666	–	–	8,666
Amounts due to brokers and accruals	715	164	–	879
	9,381	164	–	9,545

2012	3 months or less £'000	Not more than one year £'000	More than one year £'000	Total £'000
Current liabilities				
Bank overdraft	3,233	–	–	3,233
Amounts due to brokers and accruals	656	169	126	951
	3,889	169	126	4,184

(vi) Credit risk

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

Management of the risk

The risk is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit standard is reviewed periodically by the Investment Manager, and limits are set on the amount that may be due from any one broker;
- the Company's listed investments are held on its behalf by The Bank of New York Mellon as the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Board monitors the Company's risk by reviewing the custodian's internal control reports;
- the credit worthiness of counterparties to stock lending is assessed by the Investment Manager prior to trading and on a regular ongoing basis. All transactions are secured with collateral to 105% of the value of the stock on loan;
- the creditworthiness of financial institutions with whom cash is held is assessed regularly by the Investment Manager; and
- all the transactions in quoted securities are settled on a payment against delivery basis using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

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

	2013 £'000	2012 £'000
Fixed interest security	631	695
Amounts due from brokers	2,432	266
Accrued income	272	272
Taxation recoverable	100	110
Cash at bank	47	75
	3,482	1,418

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

(vii) Fair values of financial assets and financial liabilities

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

(viii) Capital management policies and procedures

The Company's capital management objectives are:

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

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

Total capital as 30 November 2013 was £110,496,000 (2012: £114,896,000) comprising £8,666,000 (2012: £3,233,000) of bank overdraft and £101,830,000 (2012: £111,663,000) of equity shares, capital and reserves.

20. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 November 2013 (2012: £780,000 in respect of underwriting contracts).

21. EVENTS AFTER THE BALANCE SHEET DATE

Since 30 November 2013, a further 1,100,000 shares have been issued for consideration of £1,177,000 before the deduction of issue costs. The shares were issued in a single transaction at a premium of 2.1% to the cum income NAV at the close of business on the previous business day.

Analysis of ordinary shareholders

30 November 2013

BY TYPE OF HOLDER

	Number of shares	% of total 2013	% of total 2012	Number of holders	% of total 2013	% of total 2012
Direct private investors	2,127,470	2.2	2.0	312	17.8	17.8
Banks and nominee companies	91,523,102	95.1	95.3	1,411	80.4	79.7
Others	2,607,428	2.7	2.7	32	1.8	2.5
	96,258,000	100.0	100.0	1,755	100.0	100.0

BY SIZE OF HOLDING

Range	Number of shares	% of total 2013	% of total 2012	Number of holders	% of total 2013	% of total 2012
1-10,000	5,995,887	6.2	6.0	1,308	74.5	73.6
10,001-100,000	8,926,113	9.3	10.0	339	19.3	20.6
100,001-1,000,000	28,463,115	29.6	28.5	83	4.7	4.5
1,000,001-5,000,000	47,742,570	49.6	43.0	24	1.4	1.2
Over 5,000,001	5,130,315	5.3	12.5	1	0.1	0.1
	96,258,000	100.0	100.0	1,755	100.0	100.0

HISTORICAL ANALYSIS

	Net assets attributable to ordinary shareholders £'000	Net asset value per ordinary share p	Ordinary share price (mid-market) p	Revenue return per ordinary share p	Dividend per ordinary share p	Total expenses as a percentage of average net assets (including operating expenses and excluding taxation)**
At launch, 13 December 2005	73,500	98.00	100.00	–	–	–
Period ended 30 November 2006	79,784	105.53	101.25	5.28	4.50	1.5
Year ended 30 November 2007	110,018	158.05	149.75	6.31	5.25	1.3
Year ended 30 November 2008	57,625	80.25	72.50	6.96	5.40	1.4
Year ended 30 November 2009	90,260	120.63	119.75	5.74	5.50	1.5
Year ended 30 November 2010	125,848	139.05	143.00	5.85	5.60*	1.4
Year ended 30 November 2011	118,642	131.08	127.75	5.88	5.75	1.3
Year ended 30 November 2012	111,663	118.47	122.75	6.10	5.90	1.3
Year ended 30 November 2013	**101,830**	**105.79**	**109.50**	**5.87**	**5.95**	**1.4**

* In addition, two special dividends were also paid during the year, totalling 1.52 pence per share.
** Revised to conform to AIC best practice guidance.

Management & administration

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BlackRock Investment Management (UK) Limited*
PO Box 9036
Chelmsford CM99 2XD
Telephone: 0800 445522

*Authorised and regulated by the Financial Conduct Authority.

Additional shareholder information

FINANCIAL CALENDAR

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

January/February

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

March

Annual General Meeting.

July

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

QUARTERLY DIVIDENDS

Dividends are paid quarterly as follows:

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

PAYMENT OF DIVIDENDS

Cash dividends will be sent by cheque to the first-named shareholder at their registered address. Dividends may also be paid directly into a shareholder's bank account. This may be arranged by contacting the Company's registrar, Computershare Investor Services PLC ('Computershare'), on 0870 707 1476, through their secure website investorcentre.co.uk, or by completing the Mandate Instructions section on the reverse of your dividend counterfoil and sending it to Computershare.

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

DIVIDEND REINVESTMENT SCHEME ('DRIP')

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

SHARE PRICE

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

ISIN/SEDOL NUMBERS

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

ISIN	GB00B0N8MF98
SEDOL	B0N8MF9
Reuters Code	BRCI.L
Bloomberg Code	BRCI: LN

SHARE DEALING

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

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

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

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

CREST

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

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

ELECTRONIC COMMUNICATIONS

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

ELECTRONIC PROXY VOTING

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

NOMINEE CODE

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

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

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

PUBLICATION OF NAV/PORTFOLIO ANALYSIS

The NAV per share of the Company is calculated and published daily. Details of the Company's investments and performance are published monthly.

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

ONLINE ACCESS

Other details about the Company are also available on the BlackRock website at blackrock.co.uk/brci.

The financial statements and other literature are published on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

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

To register on Computershare's website you will need your shareholder reference number. Listed below are the most frequently used features of the website.

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

SAVINGS PLAN

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

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

STOCKS AND SHARES INDIVIDUAL SAVINGS ACCOUNTS ('ISA')

ISAs are a tax-efficient method of investment and the Company's shares are eligible investments within the BlackRock Investment Trust stocks and shares Individual Savings Account which facilitates both regular monthly investment and occasional lump sum investment in the Company's shares. Investors currently have an annual ISA allowance of £11,520. Details are available from BlackRock by calling free on 0800 44 55 22.

Additional shareholder information continued

SHAREHOLDER ENQUIRIES

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

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

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

GENERAL ENQUIRIES

Enquiries about the Company should be directed to:

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

Enquiries about the Savings Plan and ISA should be directed to:

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

Warning to Shareholders

SHARE FRAUD WARNING

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

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

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

PROTECT YOURSELF

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

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

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

REPORT A SCAM

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

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

0300 123 2040

Notice of annual general meeting

Notice is hereby given that the eighth Annual General Meeting of BlackRock Commodities Income Investment Trust plc will be held at the offices of BlackRock Investment Management (UK) Limited, 12 Throgmorton Avenue, London EC2N 2DL on Friday, 28 March 2014 at 10.30 a.m. for the purpose of considering and, if thought fit, pasting the following resolutions (which will be proposed in the case of resolutions 1 to 10, as ordinary resolutions and, in the case of resolutions 11 to 15, 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 26. Resolution 3 is a new resolution subject to a binding vote, required for the first time this year as a result of new remuneration disclosure regulations published by the Department for Business, Innovation and Skills (BIS) which are effective from 1 October 2013. As required under the regulations, the Company is seeking approval in this resolution for its remuneration policy for the year ended 31 October 2014, as set out in the policy table on page 26 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 financial years unless amended by the Company in general meeting at an earlier date.

ORDINARY BUSINESS

1. To receive the report of the Directors of the Company and the Financial Statements for the year ended 30 November 2013, together with the report of the Auditor thereon.

2. To approve the Directors' Remuneration Report for the year ended 30 November 2013, excluding the Remuneration Policy of the Company (as set out in the future policy table on page 26).

3. To approve the Remuneration Policy of the Company for the year ended 30 November 2014 as set out in the future policy table on page 26 of the Directors' Remuneration Report.

4. To re-elect Mr Hodson as a Director.

5. To re-elect Mr Merton as a Director.

6. To re-elect Mr Ruck Keene as a Director.

7. To elect Mr Warner as a Director.

8. To re-appoint Ernst & Young LLP as Auditor to the Company.

9. To authorise the Directors to determine the Auditor's remuneration.

SPECIAL BUSINESS

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

10. That, in substitution for all existing authorities, the Directors of the Company be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the 'Act'), to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ('Securities'), up to an aggregate nominal amount of £96,258 (being 10% of the aggregate nominal amount of the issued ordinary share capital of the Company at the date of this notice) provided this authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2015 but so that the Company may, before such expiry, make any offer or agreement which would or might require relevant Securities to be allotted pursuant to any such offer or agreement as if the authority hereby conferred had not expired.

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

11. That, in substitution for all existing authorities and subject to the passing of resolution 10 above, the Directors of the Company be and are hereby empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act') to allot and make offers or agreements to allot equity securities (as defined in section 560 of the Act), including the grant of rights to subscribe for or to convert securities into ordinary shares of the Company, and to sell equity securities held by the Company as treasury shares (as defined in section 724 of the Act) for cash pursuant to the authority granted by resolution 10 above, as if section 561(1) of the Act did not apply to any such allotment and sales of equity securities, provided that this authority:

    (a) shall expire at the conclusion of the next Annual General Meeting to be held in 2015, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or sold after such expiry and notwithstanding such expiry the Directors may allot or sell equity securities in pursuance of such offers or agreements;

    (b) shall be limited to allotment of equity securities and/or sale of equity securities held in treasury for cash up to an aggregate nominal amount of £96,258, (representing 10% of the aggregate nominal amount of the issued share capital of the Company at the date of this notice); and

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

12. That, in substitution for the Company's existing authority to make market purchases of ordinary shares of 1p in the Company ('Shares'), the Company be and it is hereby authorised in accordance with section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of section 693 of the Act) of ordinary shares of £0.01 each in the capital of the Company ('Shares') provided that:

(a) the maximum number of Shares hereby authorised to be purchased is 14,429,074 (being the equivalent of 14.99% of the Company's issued share capital at the date of this notice);

(b) the minimum price (exclusive of expenses) which may be paid for a Share shall be 1 pence, being the nominal value per share;

(c) the maximum price (exclusive of expenses) which may be paid for a Share shall be the higher of (i) 5% above the average of the market values of a Share for the five business days immediately preceding the date of purchase, as derived from the Daily Official List of the London Stock Exchange and (ii) the higher of the price quoted for (a) the last independent trade of, and (b) the highest current independent bid for, any number of Shares on the trading venue where the purchase is carried out; and

(d) unless renewed, the authority hereby conferred shall expire at the conclusion of the annual general meeting of the Company in 2015 save that the Company may, prior to such expiry, enter into a contract to purchase Shares which will or may be completed or executed wholly or partly after such expiry.

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

(a) cancelled immediately on completion of the purchase; or

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

13. That, in addition to the authority given to the Company to purchase its own Shares pursuant to the resolution numbered 12 above, and in accordance with the standard terms and conditions of the regular tender offers, (the 'Terms and Conditions'), the Company be and is hereby authorised in accordance with section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of section 693 of the Act) of its Shares of 1 pence each ('Shares'), provided that:

(a) the maximum number of Shares hereby authorised to be purchased shall not exceed 20% of the Shares in issue as at 31 August 2014 (excluding any Shares held in Treasury);

(b) the price which may be paid for a Share shall be the Tender Price (as defined in the Terms and Conditions); and

(c) the authority hereby conferred shall expire on 31 October 2014 (unless such authority is renewed prior to such time) save that the Company may, prior to such expiry, enter into a contract to purchase Shares which will or may be completed or executed wholly or partly after such expiry.

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

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

(a) the maximum number of Shares hereby authorised to be purchased shall not exceed 20% of the Shares in issue as at 28 February 2015 (excluding any Shares held in Treasury);

(b) the price which may be paid for a Share shall be the Tender Price (as defined in the Terms and Conditions); and

(c) the authority hereby conferred shall expire on 30 April 2015 (unless such authority is renewed prior to such time) save that the Company may, prior to such expiry, enter into a contract to purchase Shares which will or may be completed or executed wholly or partly after such expiry.

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

15. That the regulations contained in the printed document produced to the meeting and marked 'A' (and for the purposes of identification initialled by the Chairman of the meeting) be hereby approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, all existing Articles of Association.

BY ORDER OF THE BOARD
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
27 January 2014

Registered Office:
12 Throgmorton Avenue
London EC2N 2DL

Notes:

1. A member entitled to attend and vote at the meeting convened by the above Notice is also entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend, speak and vote in his place. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member.
2. To appoint a proxy you may use the form of proxy enclosed with this annual report. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or notarially certified or office copy of the same, must be completed and returned to the office of the Company's registrar in accordance with the instructions thereon as soon as possible and in any event by not later than 10.30 a.m. on 26 March 2014. Amended instructions must also be received by the Company's registrar by the deadline for receipt of forms of proxy. Alternatively you can vote or appoint a proxy electronically by visiting eproxyappointment.com. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the form of proxy. The latest time for the submission of proxy votes electronically is 10.30 a.m. on 26 March 2014.
3. Completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person.
4. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a 'Nominated Person') should note that the provisions in Notes 1 to 2 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only ordinary shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such agreement to give instructions to the member as to the exercise of voting rights at the meeting.
5. Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy the information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from the Nominated Person.
6. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only ordinary shareholders registered in the register of members of the Company by not later than 6.00 p.m. two days prior to the time fixed for the meeting shall be entitled to attend and vote at the meeting in respect of the number of the ordinary shares registered in their name at such time. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.00 p.m. two days prior to the time of adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
8. Holders of ordinary shares through the Savings Schemes are entitled to attend and vote at the meeting if the voting instruction form, which is enclosed with this document, is correctly completed and returned in accordance with the instructions printed thereon.
9. Shareholders who hold their ordinary shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's registrar not later than 48 hours before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: euroclear.com/CREST. Shareholders are advised that CREST and the internet are the only methods by which completed proxies can be submitted electronically.
10. If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare (ID number 3RA50) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Computershare is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interest in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any member holding 3% or more of the voting rights in the Company, who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.
12. Any questions relevant to the business of the meeting may be asked at the meeting by anyone permitted to speak at the meeting. A shareholder may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office. Under Section 319A of the Companies Act 2006, the Company must answer any question a shareholder asks relating to the business being dealt with at the meeting, unless (i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

14. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
    (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are laid before the meeting; or
    (ii) any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006.
    The Company may not require the members requesting such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
15. Under sections 338 and 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company:
    (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting, and/or
    (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business.
    A resolution may properly be moved or a matter may properly be included in the business unless:
    (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise),
    (b) it is defamatory of any person or
    (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 14 February 2014, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
16. As at the date of this report, the Company's issue share capital consisted of 96,258,000 ordinary shares. Each ordinary share carries the right to one vote and therefore the total voting rights in the Company as at the date of this report are 96,258,000.
17. Further information regarding the meeting which the Company is required by section 311A of the Companies Act 2006 to publish on a website in advance of the meeting (including this Notice), can be accessed at blackrock.co.uk/brci.
18. No service contracts exist between the Company and any of the Directors, who hold office in accordance with letters of appointment and the Articles of Association.

Glossary

NET ASSET VALUE PER SHARE ('NAV')

This is the value of the Company's assets attributable to one ordinary share. It is calculated by dividing 'total equity' by the total number of ordinary shares in issue (excluding treasury shares). For example, as at 30 November 2013, total equity was £101,830,000 and there were 96,258,000 ordinary shares in issue; the NAV was therefore 105.79 pence per ordinary share.

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

DISCOUNT

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

PREMIUM

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

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

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