

**BlackRock**

# BlackRock World Mining Trust plc

Annual Report and Financial Statements 31 December 2022



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General enquiries about the Company should be directed to the Company Secretary at: [cosec@blackrock.com](mailto:cosec@blackrock.com)



Use this QR code to take you to the Company's website where you can sign up to monthly insights and factsheets.



# Financial highlights

as at 31 December 2022

**688.35p**

NAV per ordinary share

**+10.6%**

**697.00p<sup>1</sup>**

Ordinary share price

**+18.3%**

**£1,299.3m**

Net assets

**+13.7%**

**40.68p**

Revenue return per ordinary share

**-6.7%**

**40.00p**

Total dividends

**5.7%<sup>2,3</sup>**

Yield

**+17.7%<sup>2,4</sup>**

NAV total return

MSCI ACWI Metals and Mining  
30% Buffer 10/40 Index +11.5%<sup>4</sup>  
FTSE All-Share Index +0.3%<sup>4</sup>  
FTSE 100 +4.7%<sup>4</sup>

**+26.0%<sup>2,4</sup>**

Share price total return

MSCI ACWI Metals and Mining  
30% Buffer 10/40 Index +11.5%<sup>4</sup>  
FTSE All-Share Index +0.3%<sup>4</sup>  
FTSE 100 +4.7%<sup>4</sup>

**CPI<sup>5</sup> +9.2%**

The above financial highlights are at 31 December 2022 and percentage comparisons are year-on-year against 31 December 2021.

<sup>1</sup> Mid-market.

<sup>2</sup> Alternative Performance Measures. See Glossary on pages 148 to 151.

<sup>3</sup> Based on dividends paid and declared for the year ended 31 December 2022 and a share price of 697.00p as at 31 December 2022.

<sup>4</sup> Performance figures are calculated in sterling terms with dividends reinvested.

<sup>5</sup> Consumer Price Index.



In early 2022 the Company also made an investment into mining technology company Jetti Resources which has developed a new catalyst that appears to improve copper recovery from primary copper sulphides. If the technology is proven to work at scale, we see material valuation upside with Jetti Resources sharing in the economics of additional copper volumes recovered. Jetti Resources has two commercial contracts at mines operated by Freeport-McMoRan.

PHOTO COURTESY OF JETTI RESOURCES

# Why BlackRock World Mining Trust plc?

## Investment policy

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

## Reasons to invest



### Conviction

A conviction-led approach to adding value by truly understanding and comparing companies in the mining sector, rather than by betting on the short-term direction of commodity prices. Unconstrained by market cap, sub-sector or region, the Investment Manager can invest in a wide range of opportunities.



### Opportunity

There is an increased focus on sustainability and, globally, regulation is stepping up as the world looks to crack down on pollution and carbon emissions. As part of its portfolio, the Company seeks opportunities in mining companies that produce materials required for the technology underpinning the carbon/energy transition.



### Yield

The Company offers an attractive 5.7% yield for the year ended 31 December 2022. Whilst mainly invested in equities, the Company makes use of fixed income and unquoted instruments to enhance income. The Company's global remit means that the majority of its holdings generate earnings from around the world.



### Expertise

The Company is managed by BlackRock's Sectors and Thematics team, one of the largest investors in natural resources. The team has the resources to undertake extensive, proprietary, on-the-ground research and is best placed to assess capability and reliability of management of the companies in which they invest.



### Flexibility

The Company provides a diversified exposure to the mining sector, with a total return approach. The Investment Manager has the ability to use investment tools such as option writing and gearing.



A member of the Association of Investment Companies

Further details about the Company including the latest annual and half-yearly financial reports, fact sheets and stock exchange announcements are available on the website at [www.blackrock.com/uk/brwm](http://www.blackrock.com/uk/brwm)

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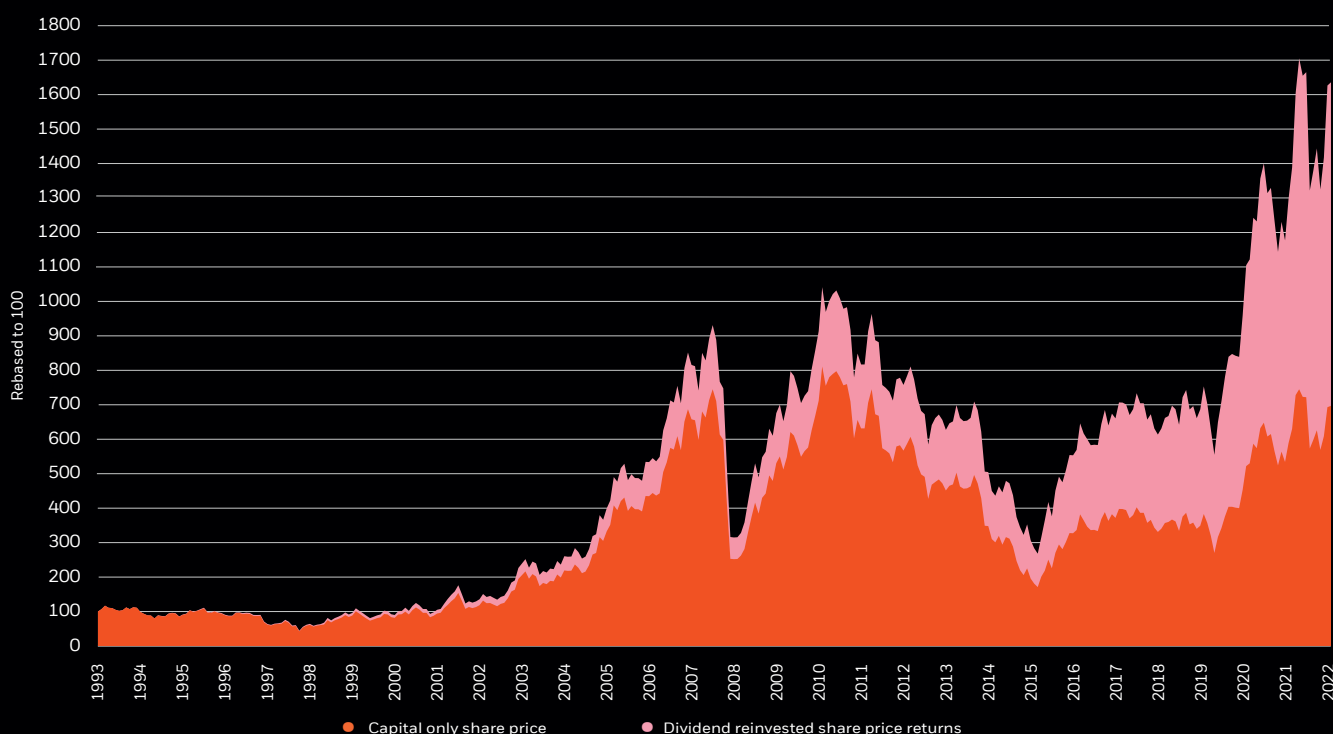
**COVER PHOTO:** Copper is a clear beneficiary of the energy transition with more than 65% of copper used for applications that deliver electricity. Freeport-McMoRan operates 9% of the world's copper production and has been awarded the Copper Mark at all twelve of its eligible copper producing sites globally, as referenced in this year's cover photograph. The independently-verified Copper Mark ensures producers adhere to internationally recognised responsible operating practices.

PHOTO COURTESY OF FREEPORT-MCMORAN

# Performance record

	As at 31 December 2022	As at 31 December 2021	
Net assets (£'000) <sup>1</sup>	1,299,285	1,142,874	
Net asset value per ordinary share (NAV) (pence)	688.35	622.21	
Ordinary share price (mid-market) (pence)	697.00	589.00	
Reference Index <sup>2</sup> – net total return	5,863.32	5,258.16	
Premium/(discount) to net asset value <sup>3</sup>	1.3%	(5.3)%	
<b>Performance (with dividends reinvested)</b>			
Net asset value per share <sup>3</sup>	+17.7%	+20.7%	
Ordinary share price <sup>3</sup>	+26.0%	+17.5%	
Reference Index <sup>2</sup>	+11.5%	+15.1%	
<b>Performance since inception (with dividends reinvested)</b>			
Net asset value per share <sup>3</sup>	+1,413.6%	+1,187.8%	
Ordinary share price <sup>3</sup>	+1,535.8%	+1,198.1%	
Reference Index <sup>2</sup>	+979.6%	+868.2%	
	For the year ended 31 December 2022	For the year ended 31 December 2021	Change %
<b>Revenue</b>			
Net revenue profit after taxation (£'000)	76,013	78,910	-3.7
Revenue return per ordinary share (pence) <sup>4</sup>	40.68	43.59	-6.7
<b>Dividends per ordinary share (pence)</b>			
– 1st interim	5.50	4.50	+22.2
– 2nd interim	5.50	5.50	–
– 3rd interim	5.50	5.50	–
– Final	23.50	27.00	-13.0
<b>Total dividends paid and payable</b>	<b>40.00</b>	<b>42.50</b>	<b>-5.9</b>

## Long-term capital and dividend returns



<sup>1</sup> The change in net assets reflects portfolio movements, share reissues and dividends paid during the year.

<sup>2</sup> MSCI ACWI Metals & Mining 30% Buffer 10/40 Index (net total return). With effect from 31 December 2019, the reference index changed to the MSCI ACWI Metals & Mining 30% Buffer 10/40 Index (net total return). Prior to 31 December 2019, the reference index was the EMIX Global Mining Index (net total return). The performance returns of the reference index since inception have been blended to reflect this change.

<sup>3</sup> Alternative Performance Measures, see Glossary on pages 148 to 151.

<sup>4</sup> Further details are given in the Glossary on page 151.

# Chairman's Statement

# Dear Shareholder

## Highlights

- NAV per share +17.7%<sup>1</sup> (with dividends reinvested)
- Share price +26.0%<sup>1</sup> (with dividends reinvested)
- Total dividends of 40.00p per share



**David Cheyne**  
Chairman

## Performance

I am pleased to report that your Company has reported another year of excellent performance. Over the twelve months to 31 December 2022, the Company's net asset value per share (NAV) returned +17.7%<sup>1</sup> and the share price +26.0%<sup>1</sup>. In comparison, over the same period, the Company's reference index, the MSCI ACWI Metals & Mining 30% Buffer 10/40 Index (net total return), returned +11.5%, the FTSE All-Share Index returned +0.3% and the UK Consumer Price Index (CPI) increased by 9.2%.

## Overview

As the Company's financial year began, the mining sector held up better than broader equity markets, which recorded their worst month since March 2020, when more widespread public health measures were introduced following the outbreak of the COVID-19 pandemic. Supply constraints, coupled with increasing demand as post-COVID-19 economic activity restarted, caused inflation to rise sharply and the geopolitical events of early 2022, with Russia's unprovoked invasion of Ukraine, exacerbated an already challenging market environment. For much of the previous decade, markets have been characterised by low inflation and very

low interest rates, but the resulting rise in energy and food prices pushed inflation in the UK to a 41-year high in October 2022. This, when added to higher interest rates, had a pronounced impact on equity markets and caused a deep fall in households' real disposable incomes.

Given the aforementioned headwinds, it is extremely impressive that the mining sector delivered such strong gains in absolute terms and when compared with the wider market. It is also important to remember that China, the world's largest consumer of mined commodities, remained in varying stages of lockdowns for most of the year. Miners should be applauded for being responsible in capital allocation and balance sheet discipline during the prevailing market environment. Whilst this practice is encouraging, companies will be compelled to invest in growth in the medium to long term. The sector was also aided by supply constraints across a number of commodities which kept prices higher and the continued growth in demand for mined commodities for the transition to net zero carbon emissions. Encouragingly, the Company's mining holdings outperformed during the year, including the contribution from our unquoted investments.

<sup>1</sup> Alternative Performance Measures. All percentages calculated in sterling terms with dividends reinvested. Further details of the calculation of performance with dividends reinvested are given in the Glossary on page 149.

## Revenue return and dividends

This year was the second best year in the Company's history for income and only marginally short of last year's record. Collectively, the balance sheets of mining companies have never been stronger, reflecting tight financial discipline and strength in commodity prices. By prioritising financial stability and investor returns over growth, the mining sector has enabled investors to continue to share in the fundamentals benefiting the underlying companies.

The Company's revenue return per share for the year amounted to 40.68p compared with 43.59p for the previous year, representing a slight decrease of 6.7%. During the year, three quarterly interim dividends of 5.50p per share were paid on 30 June 2022, 30 September 2022 and 22 December 2022. The Board is proposing a final dividend payment of 23.50p per share for the year ended 31 December 2022. This, together with the quarterly interim dividends, makes a total of 40.00p per share (2021: 42.50p per share) representing a small decrease of 5.9% on payments made in the previous financial year. As in past years, all dividends are fully covered by income. In accordance with the Board's stated policy, the total dividends represent substantially all of the year's available income.

Subject to approval at the Annual General Meeting, the final dividend will be paid on 26 April 2023 to shareholders on the Company's register on 10 March 2023, the ex-dividend date being 9 March 2023. It remains the Board's intention to seek to distribute substantially all of the Company's available income along similar lines in the future.

## Gearing

The Company operates a flexible gearing policy which takes into account prevailing market conditions. It is not intended that gearing will exceed 25%

of the net assets of the Group. Gearing at 31 December 2022 was 9.6%. Average gearing over the year to 31 December 2022 was 11.2%.

## Management of share rating

The Board recognises the importance to investors that the market price of the Company's shares should not trade at a significant premium or discount to the underlying NAV. Accordingly, in normal market conditions, the Board may use the Company's share buyback, sale of shares from treasury and share issuance powers to ensure that the share price is broadly in line with the NAV, if it is deemed to be in shareholders' interests.

I am pleased to report that during the year the Company reissued 5,071,920 ordinary shares from treasury for a net consideration of £34,902,000, at an average price of 688.14p per share and an average 1.3% premium to NAV. Since the year end up to 2 March 2023, a further 150,000 shares have been reissued from treasury at an average premium over NAV of 1.5%, at an average price of 717.50p for a total consideration of £1,086,000. As at 28 February 2023 the discount stood at 0.2%.

Resolutions to renew the authorities to issue and buy back shares will be put to shareholders at the forthcoming Annual General Meeting.

## Board composition

Russell Edey has informed the Board of his intention to retire as a Director of the Company following the Annual General Meeting in April 2023 and, accordingly, will not be seeking re-election. Russell joined the Board in May 2014 and has acted as Chairman of the Audit Committee and Management Engagement Committee and Senior Independent Director since May 2020. The Board would like to express its strong appreciation for Russell's wise counsel and invaluable contribution to the Company.

The Board has commenced a search to identify a new Director and a further announcement will be made in due course. Following Mr Edey's retirement, Mr Venkatakrisnan will be appointed as Chairman of the Audit Committee. Ms Lewis will become Chair of the Management Engagement Committee and Ms Mosely will become the Company's Senior Independent Director.

## Annual General Meeting

The Company's Annual General Meeting (AGM) will be held at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL on Tuesday, 18 April 2023 at 11.30 a.m. Details of the business of the meeting are set out in the Notice of Meeting on pages 154 to 157 of this Annual Report.

Shareholders who intend to attend the AGM should ensure that they have read and understood the venue requirements for entry to the AGM. These requirements, along with further arrangements for the AGM, can be found in the Directors' Report on page 62. In the absence of any reimposition of COVID-19 restrictions, the Board very much looks forward to meeting with shareholders at the AGM.

## Outlook

The impact of the COVID-19 pandemic has receded, but the recovery of the global economy has been hindered by geopolitical tensions and rising interest rates. Since recognising the urgent need for policy tightening to combat inflationary pressures on the back of soaring prices, the US Federal Reserve has raised interest rates at the fastest pace in more than three decades, with most other major developed central banks following suit. High inflation has sparked cost-of-living crises and slowing global growth and, although central banks are forecast to slow the rate of interest rate increases, the possibility of recession for developed markets looms.

Whilst the macro environment in developed market economies continues to present near-term headwinds for commodity markets, the structural backdrop with low inventories, limited investment in new production and a more rapid recovery in China than expected, are supportive tailwinds. The energy transition will require enormous scale of investment by mining companies over the coming decades. Mining companies are in an excellent financial position, with high levels of free cash flow and solid balance sheets and these factors combined with the above potential tailwinds could be a major factor in how 2023 shapes up for the sector.

Against this backdrop, our Investment Manager remains cautiously optimistic for the mining sector. The Board is also confident that the Company remains well-placed to benefit from the transition to net zero carbon emissions which will continue to create investment opportunities in those companies that service the associated supply chains.

**David Cheyne**

Chairman

2 March 2023





# Investment Manager's Report



**Evy Hambro**

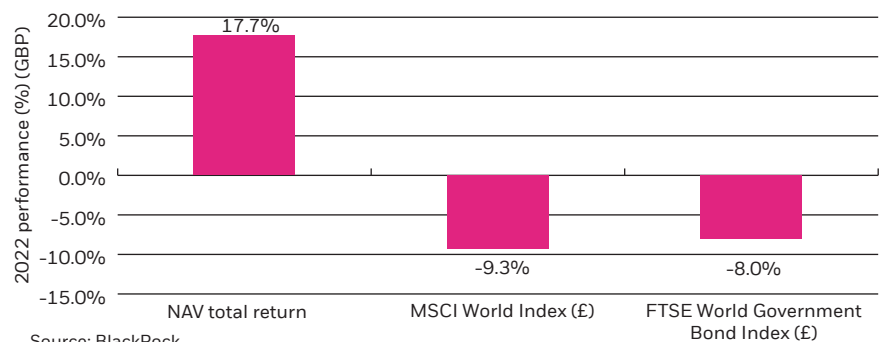


**Olivia Markham**

## Portfolio performance

We are pleased to report another strong year of absolute returns for the Company in 2022. The year also marked a record in terms of another all-time high in NAV and share price total returns as, since the Initial Public Offering (IPO) of the Company in 1993 at 100p per share, the shares have delivered a NAV total return of 1412.5% and a share price total return of 1535.8% against a reference index total return of 979.6%. In addition, the year was also significant for income after the record-breaking numbers in 2021. Despite not quite matching last year's record, the total was well in excess of expectations with all parts of the strategy contributing. Also, like last year, the performance was split into distinct periods with excellent gains made during the first four months, followed by falls during the summer before a decent rally in the final quarter. This volatility allowed us to take advantage of opportunities by adjusting holdings, as well as selling volatility out to the market using options. It is also important to remember that the Company delivered these gains against a broader market backdrop of strongly negative returns across not just equities but also fixed income making the relative return very valuable to investors.

## Performance of the Company versus MSCI World markets and Fixed Income returns during 2022



◀ The standout commodity for the year was lithium, as electric vehicle adoption rates soared across the world. The Company added to its lithium holdings in late 2021, establishing a position in SQM and Sigma Lithium, both of which have performed well in this environment.

PHOTO COURTESY OF SQM

## Commodity price moves

Commodity	31 December 2022	% Change in 2022	% Change average prices 2022 vs 2021
Gold US\$/oz	1,815.6	-0.4%	+0.1%
Silver US\$/oz	23.75	2.1%	-13.3%
Platinum US\$/oz	1,065	11.1%	-11.8%
Palladium US\$/oz	1,788	-9.4%	-12.1%
Copper US\$/lb	3.79	-14.1%	-5.2%
Nickel US\$/lb	13.56	+43.3%	+42.1%
Aluminium US\$/lb	1.07	-16.3%	+9.3%
Zinc US\$/lb	1.36	-16.3%	+16.0%
Lead US\$/lb	1.06	-0.1%	-2.1%
Tin US\$/lb	11.23	-37.1%	-3.3%
Baltic Freight Rate	1,515	-31.7%	-33.7%
West Texas Intermediate Oil (Cushing) US\$/barrel	80.2	+6.7%	+39.5%
Iron Ore fines 62% US\$/t	118	-3.7%	-24.5%
Thermal Coal US\$/t	145.16	+18.5%	+110.6%
Metallurgical Coal US\$/t	279.45	-24.5%	+63.4%
Lithium US\$/lb	191.5	+101.6%	+274.0%

Sources: Datastream and Bloomberg, December 2022.

**For the year as a whole, the NAV of the Company was up by 17.7% with income reinvested and the share price total return was 26.0%**

Looking at the year more broadly, it was driven by a shifting macro backdrop and a sharp uptick in geopolitical tensions. The former saw interest rates rise across the world causing equities to derate on the back of both a higher cost of capital but also fears of recessionary impacts to profit margins. These issues were further compounded by the invasion of Ukraine by Russia which triggered a range of consequences from spikes in oil prices, huge volatility in European power costs and shortages of natural resources from oil/gas/metals/fertilizers etc. China was also impacted by their zero COVID-19 policy which badly damaged their economic growth. Given all of the above it is even more remarkable that the mining sector not only managed to navigate its way through this unscathed, but also posted such a strong year of gains and dividends. Credit must go to the executive teams who have stayed the course of disciplined capital allocation and strong balance sheets, as without this the sector would surely have come unstuck given the huge macro challenges.

It would be remiss not to highlight the contribution from the investments in illiquid assets during 2022. During the year two companies, Ivanhoe Electric and Bravo Mining, completed successful IPOs at big premiums to the entry prices paid by the Company. This happened despite the difficult conditions in financial markets and is testament to the quality of the opportunities each company has exposure to. In addition, Jetti Resources completed a successful capital raise at a substantial premium to their last round and with more trial projects moving into commercial discussion the outlook remains encouraging. There is more detail on the illiquid portfolio later in this report.

For the year as a whole, the NAV of the Company was up by 17.7% with income reinvested and the share price total return was 26.0%. This compares to the FTSE 100 rising 4.7%, the Consumer Price Index up by 9.2% and the reference index (MSCI ACWI Metals & Mining 30% Buffer 10/40 Index net total return) up by 11.5% (all percentages calculated in sterling terms with dividends reinvested).

## Pressure building

2022 was a complicated year for the mining sector in many ways. If one had known beforehand about the big macro headwinds such as slower growth in China, rising rates and recessionary conditions across the developed world, most people would have expected mining shares to have delivered negative returns for the year. Therefore, to see the leading sectoral gains in financial markets for the year coming from natural resources shares, with energy leading the way on the back of supply disruption following Russia's invasion of Ukraine, makes it easy to understand why generalist investors missed the opportunity. It is also easy to understand their reticence to buy after such a long period of outperformance.

It is our belief that the trends of prior years, such as capital discipline and strong balance sheets, have built strong foundations for the sector and it is these factors that drove the outperformance in 2022. For example, if mining companies had gone into the year with large capital spending plans and high levels of debt, share prices would have fallen as sharply as in similar periods from the past. The work that has been done to entrench capital discipline, combined with keeping stronger balance sheets, in our view saved the day in 2022.

Another output of the improved capital allocation decisions has been a lower level of reinvestment into production. This has allowed free cash flow to grow, but, more importantly, it has meant limited new supply growth across the industry. Given that the world economy now needs commodities to build the projects for the energy transition, the absence of new supply has left commodity markets extremely tight. In fact, at the end of 2022, inventories at London Metal Exchange warehouses were at 25-year lows. Available inventories for aluminium, copper, nickel and zinc decreased by over two-thirds during the year. The low levels of stockpiles reflect a tension that has kept traders and consumers gripped

as demand weakened (due to China economic slowdown and recessionary fears in developed markets), but constrained supplies kept prices at levels higher than expected.

It is our expectation that the supply constraints are unlikely to ease during the next few years due to the scarcity of "shovel ready" projects and high permitting barriers. This has left companies focused on growth needing to revisit mergers and acquisitions (M&A), as producing assets valued in the equity markets often trade below the cost of building new capacity. In Australia, BHP managed to agree terms to buy OZ Minerals after many months of discussions. The deal looks set to complete in 2023 and the Company has benefited materially from this deal due to having a large holding in OZ Minerals. It is hard to see other deals happening due to the small number of listed copper producers and fears of resource nationalism that continue to add risk to moving capital into more remote regions e.g. the threat of closing First Quantum's new Cobre de Panama mine.

Outside of sector specific issues, the geo-political tensions caused by Russia's invasion of Ukraine further tightened markets due to the sanctions imposed by other countries. This disrupted commodity supply chains at a time when markets were already tight, further supporting prices at a time when economic weakness would normally have seen them fall. As the year developed, prices did cool during the summer, only to recover in Q4 2022 as China started to ease COVID-19 restrictions. It will be interesting to see the impact that post COVID-19 Chinese demand has on metals markets.

## ESG issues and the social license to operate

Information on the way in which the Company seeks to manage risks related to ESG (Environmental, Social and Governance) and the social license to operate is covered in further detail on pages 53 to 57 in the Strategic Report. The Investment Manager also

seeks to understand the ESG risks and opportunities facing companies and industries in the portfolio. As an extractive industry, the mining sector naturally faces a number of ESG challenges given its dependence on water, carbon emissions and geographical location of assets. However, we consider that the sector can provide critical infrastructure, taxes and employment to local communities, as well as materials essential to technological development, enabling the carbon transition through the production of the metals required for the technology underpinning that transition.

The Investment Manager considers ESG insights and data, including sustainability risks, within the total set of information in its research process and makes a determination as to the materiality of such information as part of the investment process used to build and manage the portfolio. Further information on the Investment Manager's approach to ESG integration is set out in the AIFMD Fund Disclosures in respect of the Company, available on the Company's website. ESG insights are not the sole consideration when making investment decisions but, in most cases, the Company will not invest in companies which have high ESG risks (risks that affect a company's financial position or operating performance) and which have no plans to address existing deficiencies.

- The Investment Manager is also engaging with the executives of portfolio companies in which the Company invests to understand how their current business plans are compatible with achieving a net zero carbon emissions economy by 2050.
- There will be cases where a serious event has occurred and, in that case, the Investment Manager will assess whether the relevant portfolio company is taking appropriate action to resolve matters before deciding what to do.

- There will be companies which have derated (the downward adjustment of multiples) as a result of an adverse ESG event or due to generally poor ESG practices where there may consequently be opportunities to invest at a discounted price. However, the Company will only invest in these value-based opportunities if the Investment Manager is satisfied that there is real evidence that the relevant company's culture has changed and that better operating practices have been put in place.
- Given the activities that mining companies undertake, negative ESG events can occur. However, there were very few company-specific events in 2022. This meant that ongoing engagement focused mainly on the Company's holdings approach to the energy transition and how they plan to not only benefit from the opportunities but also how they are going to decarbonise their own operations.

During the year the main areas of focus in relation to ESG risks and issues remained on Rio Tinto and Vale. By way of an update, at Rio Tinto work is ongoing with historical owners, including the establishment of the Juukan Gorge Legacy Foundation, which will support major cultural and social projects. At Vale, the company has continued its journey to raise its ESG profile following the tragic tailings related events from the last decade. Further changes have also been made to the Vale board and its operating structure. The company was also upgraded by Fitch on the back of the work they have done to improve their ESG track record.

### Price weakness but strong margins

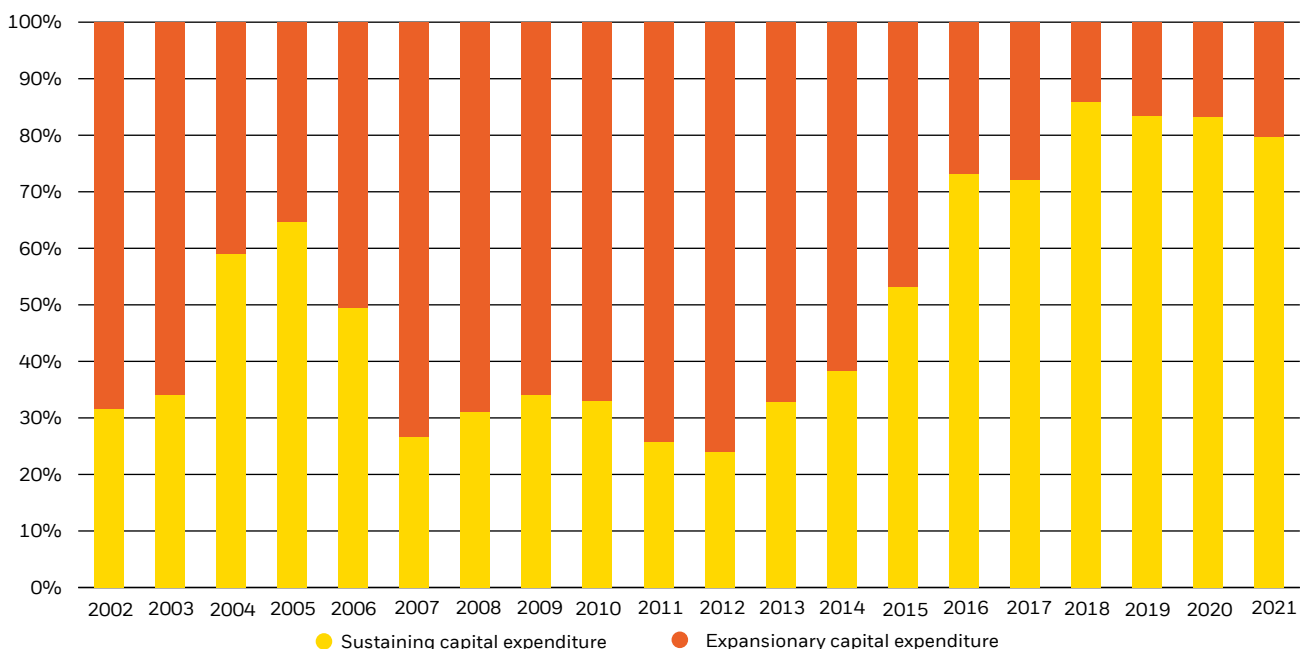
2022 saw prices generally down for the year as a whole, as well as lower average prices versus the prior year. However, it is important not just to look at the moves in isolation. For example, the average price of copper in 2022 was down 5.2% compared with 2021 but the actual level of US\$4.2/lb was

the second highest average price ever, leaving companies enjoying healthy margins. The opposite is true for nickel where the prices were up year-on-year but the average price was not as high as it had been in the past, but still at extremely profitable levels for producers.

In precious metals, gold was the standout as the average price was flat for the year compared to silver, platinum and palladium which were all lower. However, gold companies seem to have suffered more from cost inflation as they did not go into the inflationary environment with levels of profitability as high as their industrial peers.

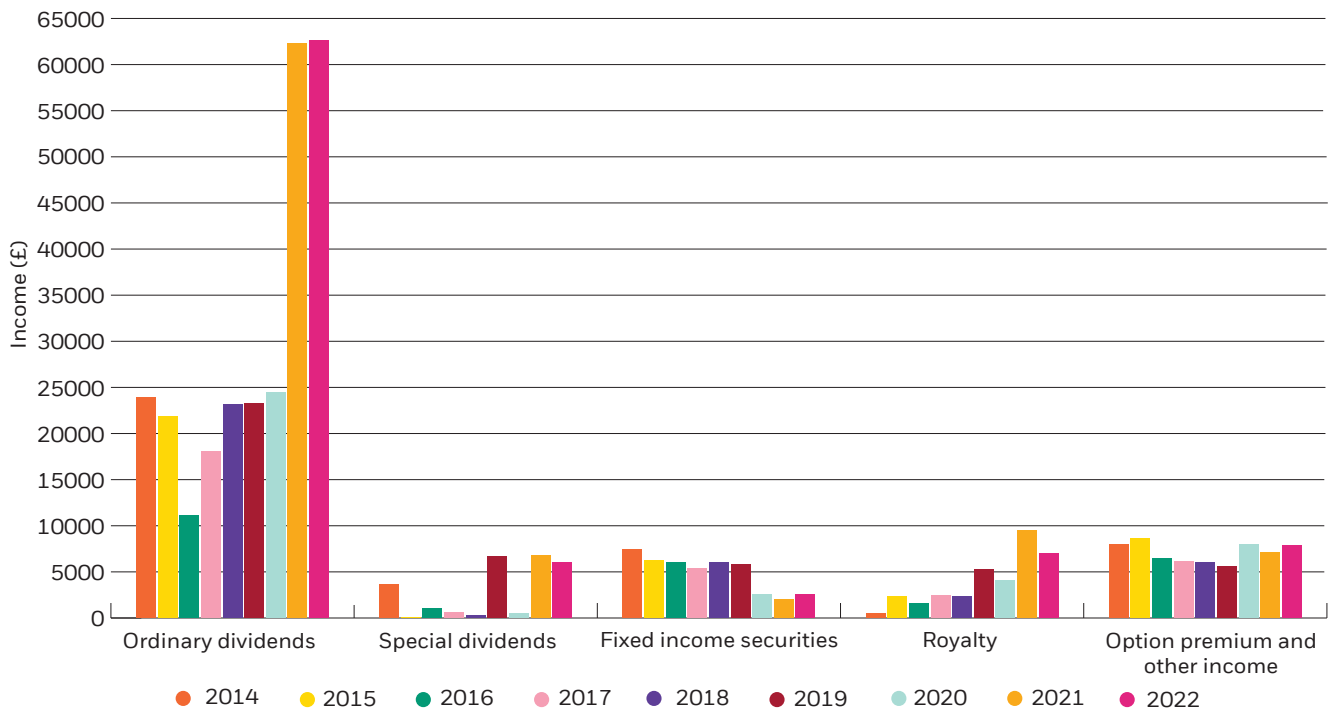
The standout commodity for the year was lithium, as the price soared driven by demand exceeding estimates as electric vehicle (EV) adoption rates increased across the world. In fact, the whole battery material suite looks set to see strong demand as the transition away from the combustion engine gathers pace.

## Sustaining capital expenditure represents 80% of the global mining sector expenditure



Source: RBC Capital Markets.

## Income breakdown



Source: BlackRock.

### Do not forget the income

In 2021 the Company received record levels of income as the underlying investments paid surplus cash back to their investors. Despite fearing that this would be a peak and 2022 might be less favourable for investors, we are delighted to report that once again companies honoured their commitments and continued with a strategy of distributions. The chart above compares the payments received in 2021 and 2022 versus the average payments received by the Company in

prior years. It is clear just how much higher these last two years have been and it is testament to the hard work done during earlier years that has left the companies in a position to deliver this.

It is also important to note how the portfolio investments have generally moved to a more shareholder friendly strategy. In 2021 82% of the Company's assets were exposed to companies paying dividends versus only 68% in 2013. Part of this change

has been due to changes in the portfolio, but by far the majority has come from more and more companies moving to dividend paying mode as project capital expenditure and debt repayment needs declined. In summary, the combination of more companies paying dividends, combined with diversification into royalties, should build in some resilience to general economic risks.

**It is also essential for mining companies to embrace the need to decarbonise their own operations as future demand is likely to seek out supply from companies that do not just meet quality but also have green credentials**

**The energy transition**

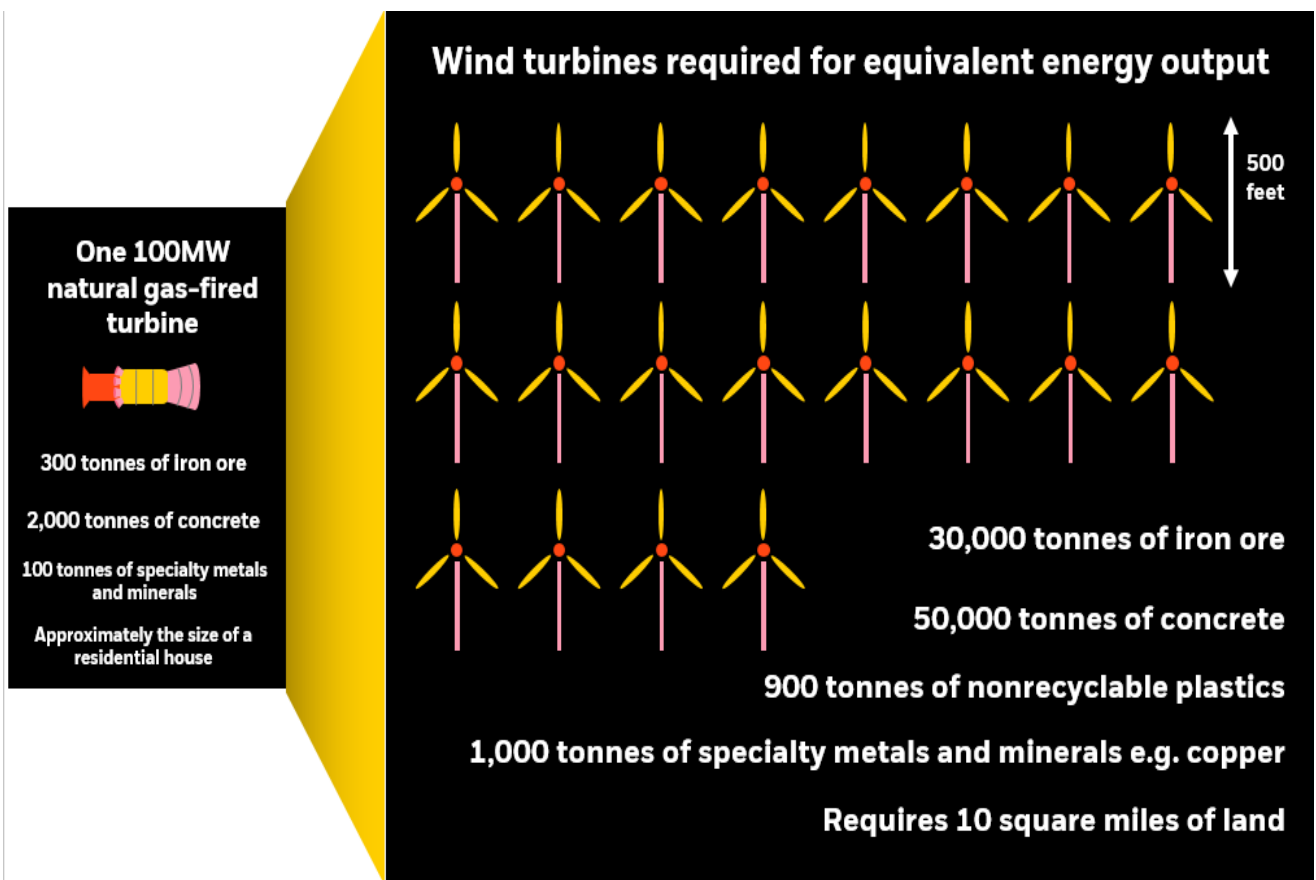
As alluded to earlier, the energy transition continues to gather pace. EVs are taking market share away from combustion engine vehicles at levels well in excess of expectations. The roll out of renewable power projects and related infrastructure is happening far quicker than planned. This has in part been driven by a desire by European countries to diversify away from Russian supplied fossil fuels and the fact that with fossil fuel prices so high renewable power is substantially more cost effective, not to mention helping countries/companies to meet their net zero commitments.

Despite the positive news from 2022, it is clear that we remain very close to the start of the energy transition cycle given the enormous scale of investment that is going to be needed over the coming decades. Looking

at the data for renewable power, it is increasingly obvious how much more resource intensive it is (see charts on page 15). On top of this there will also be commodity demand from battery storage needs and the buildout of the hydrogen economy.

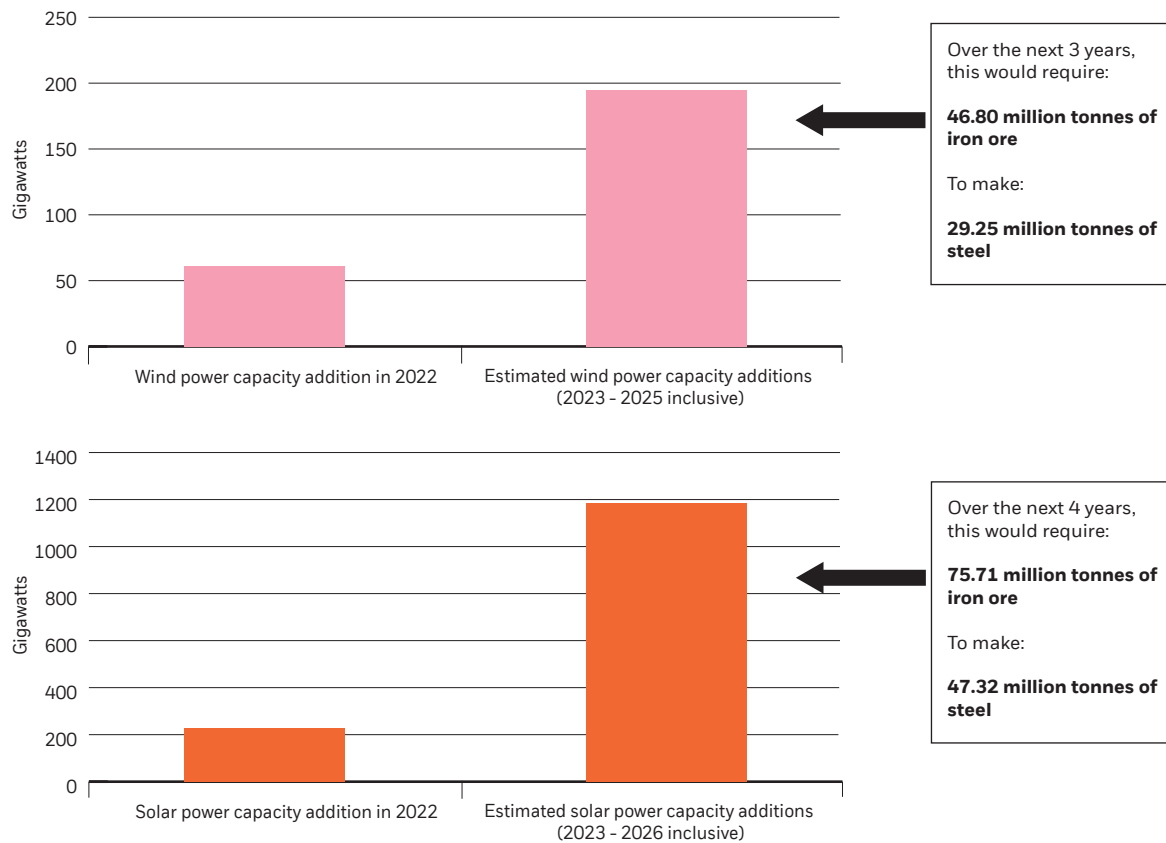
It is also essential for mining companies to embrace the need to decarbonise their own operations as future demand is likely to seek out supply from companies that do not just meet quality but also have green credentials. This move from “Brown to Green” presents a range of investment opportunities for the Company both in trying to reduce the heavy discount rates applied to carbon intensive production techniques, as well as new technologies that could solve some of the more damaging historical processes.

**Impact of switching from natural gas-fired turbines to wind turbines**



Source: Issues in Science and Technology, The Hard Math of Minerals Report, 27/02/22. For illustrative purposes only.

## Renewable energy - resource intensity



Source: IEA Statista, ArcelorMittal, BHP 16/12/2022. There is no guarantee that forecasts made will come to pass.

## Base metals

It was a volatile year for base metals with prices starting the year well on strong western world demand and risks around supply amplified with the invasion of Ukraine. However, as we approached the middle of the year, the macro-outlook began to deteriorate with COVID-19 lockdowns in China, further weakness in the Chinese property market and interest rate increases to tame inflation which led to concerns around global growth, particularly in Europe as energy prices became an increasing toll on consumer and economic activity. This resulted in peak to trough declines of 30% to 40% across the base metal complex, which combined with supply challenges, cost inflation and royalty increases created a difficult environment for the producers. Given this, share prices fared far better than might have been expected, a reflection of the balance sheet strength of the producers and improving outlook for demand.

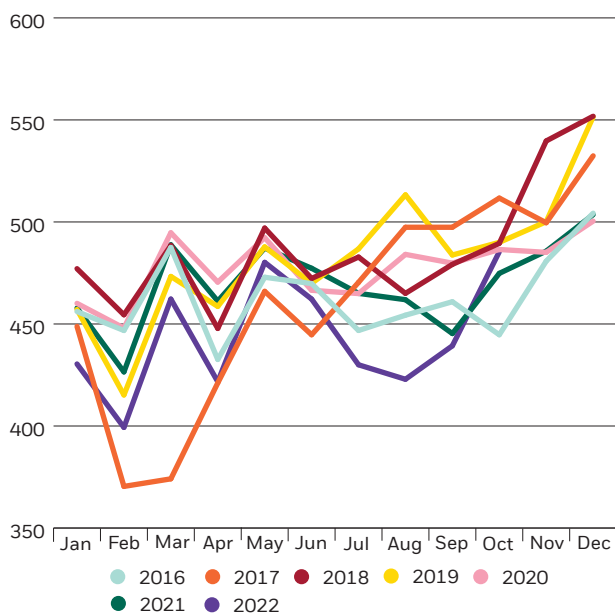
Encouragingly, as we approached the year end, several measures announced by the Chinese government to support the economy, including relaxation of its zero COVID-19 policies, buoyed sentiment with prices rallying from their Q3 lows. Interestingly, when we look at the overall price performance for the year as shown in the table on page 10, while the majority of base metal prices finished the year lower, with the exception of nickel, the average price received in 2022 was higher than the prior year, supporting earnings for the producers. As we look forward into 2023 and the potential impact of China re-opening, not only do we expect to see a year-on-year pick-up in underlying demand, but also a re-stocking of commodities such as copper and aluminium assuming China reverts back to its pre-COVID-19 levels of inventory cover. Given the tightness in physical markets and low level of base metal inventories today, this creates upside risk to commodity

prices over the next two years if Chinese growth stabilises and the slowdown in the US economy is not protracted.

The copper price started the year strongly reaching US\$4.85/lb in early March, to subsequently trade between US\$3.25/lb to US\$3.70/lb for much of the second half before rallying to US\$3.79/lb at the end of the year as China looked to stabilise its economy. Whilst the absolute copper price is high versus history, the cumulative impact of cost inflation over the last five years has seen a step change in the operating cost base of the industry with several mines operating at cash breakeven levels during the low copper prices of Q3.

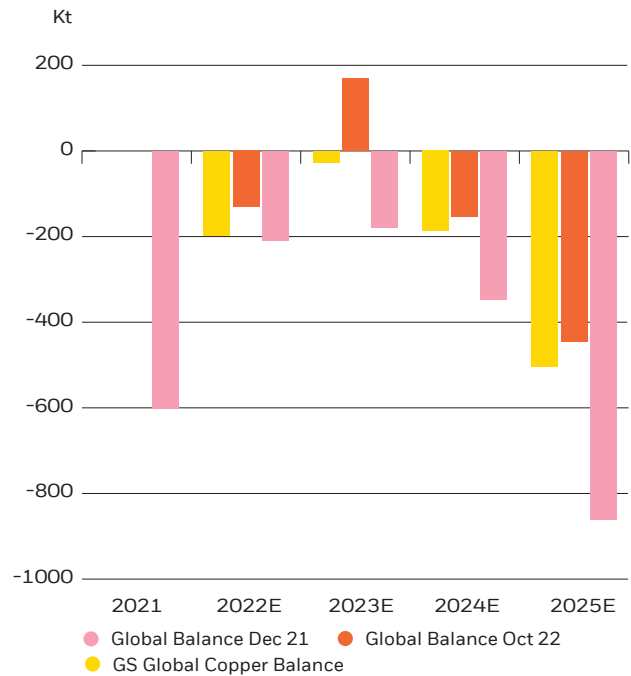
Copper is a clear beneficiary of the energy transition with more than 65% of copper used for applications that deliver electricity, whilst at the same time the industry is facing mine supply

### Chile copper supply (1,000 metric tonnes)



Source: Trading economics, October 2022.

### The copper market is likely to remain in deficit next year



Source: Goldman Sachs, December 2022.

challenges resulting in a material deficit in the market longer term. This is driven by a lack of new greenfield copper projects, as well as deteriorating performance at existing assets, particularly in Chile. The expectation was for 2022 to deliver a step-up in copper supply with new projects such as QB2 (Teck Resources) and Quellaveco (Anglo American) due to come online. However, as we approached the year end, a swathe of production cuts has delayed growth until 2023/2024, leaving the physical market tight with a lack of inventory becoming an increasing issue for industrial users. Given the significant copper supply gap estimated longer term (3.5Mt gap estimated by Macquarie Bank by 2030), we continue to believe that copper prices need to remain above incentive prices to induce new supply into the market which is an attractive position for existing low-cost producers.

As at the end of December 2022, the Company had 22.0% of the portfolio exposed to copper producing companies which modestly detracted from performance for the year. The Company's second largest copper exposure Freeport-McMoRan (4.0%

of the portfolio) continued to deliver operationally at Grasberg, as well as executing on their US\$3 billion buyback which they announced in late 2021. Among our other copper producers, Ivanhoe Mines (1.8% of the portfolio) have continued to surpass the market's expectation on the ramp-up of Kamoakakula, underpinning our confidence in the management team's ability to deliver value from their other assets including the Western Forelands in the future. Among our mid-cap holdings in the portfolio, there was exceptional performance from Ivanhoe Electric which held an IPO during the year delivering close to a 100% return from our pre-IPO investment, as well as Jetty Resources which raised US\$100 million at a substantially higher level than our entry price. Both are discussed in detail in the unquoted section of the report. The portfolio has also benefited from M&A activity during the year following BHP's cash offer for OZ Minerals (1.2% of the portfolio) that was recommended by the OZ Minerals Limited board in December 2022. Strategically the transaction brings significant benefits to BHP given the proximity of OZ Minerals' assets to BHP's Olympic Dam operation in South

Australia and supports the build-out of an Australian based copper basin for BHP in the years ahead. OZ Minerals have been an exceptionally strong performer over a number of years where the Company has benefited from the re-rating of the company as they delivered operationally, and they also became the operator of the OZ Minerals Brazil Royalty when they acquired Avanco Resources in 2018.

The aluminium price finished the year down by 16%, facing similar global growth headwinds as the copper market. In the first half of the year there were fears that Russian exports of primary aluminium might be impacted by sanctions which supported prices. However, whilst certain companies have chosen not to purchase Russian material, there have been no sanctions imposed directly on Russian aluminium exports and these tonnes have still entered the market. With power a major cost component for aluminium smelters, higher energy costs have resulted in 1.2mtpa of capacity curtailed in Europe. At an aluminium price of US\$2,500/tonne, WoodMac estimates that 30% of smelters are loss making on a full cost basis, which

## ROM stockpile at BHP's South Flank iron ore operation



provides a level of downside protection to the price. However, increasing aluminium exports from China this year has largely capped the price. As China's domestic demand improves into 2023, we would expect exports to moderate, which in turn should support prices. The Company has exposure to two aluminium producers Alcoa (1.2% of the portfolio) and Norsk Hydro (2.1% of the portfolio) both of which have access to renewable, low cost energy for the majority of their production, leaving them well positioned in the current environment of high energy costs and longer term as the market places a greater cost on carbon.

Nickel prices have been very volatile this year where a short squeeze temporarily drove prices above US\$100,000 a tonne before the LME suspended the market and cancelled some trades in March. Similar to aluminium, Russia is also a significant producer of nickel, but we are yet to see any supply disruptions. Overall, the nickel price finished the year up by 43% with the market becoming increasingly aware of the longer-term deficit building for high grade

nickel used in batteries. In Q4 2022, the Company made an investment in Lifezone which announced a business combination with a Special Purpose Acquisition Company (SPAC) GoGreen Investments which is listed on the New York Stock Exchange. Lifezone has a controlling shareholding in Kabanga, the largest and highest-grade undeveloped nickel project globally located in Tanzania. The project has significant backing from BHP the world's largest mining company which has invested US\$100 million into the asset at a see-through valuation of US\$627 million to acquire 14.3% of the project, with the option to acquire a 51% interest once the feasibility study is completed by the end of 2023.

### **Bulk commodities and steel**

It was a challenging year for the iron ore market with average prices 24.5% lower year-on-year, with demand undermined by China's zero COVID-19 policy and ongoing weakness in China's key steel intensive property sector. Whilst the market enjoyed a post Beijing Winter Olympics restock in the first quarter, seeing prices hold a healthy range between US\$120-140/

tonne during the first half of the year, they subsequently averaged below US\$100/tonne during the second half of the year bottoming at US\$80/tonne in the third quarter as Chinese steel margins turned negative and uncertainty around China's COVID-19 policy saw further de-stocking by customers.

China's shift in COVID-19 policy and further support announced for the property sector at the end of the year, has seen prices rally back above US\$100/tonne as the market looks to price in the impact of China re-opening. As we look into 2023, we expect to see a recovery in construction activity, which combined with first quarter seasonality in the iron ore market with both Brazilian and Australian tonnes exposed to weather events, it provides a constructive backdrop for the price during the first half of the year. Among the 'big 4' producers there is modest (~1%) growth in supply this year which will be second half weighted and we continue to see the producers being disciplined around volumes which should be supportive of the price over the medium term. During the course



In Australia BHP agreed terms to buy OZ Minerals, an exceptionally strong performer for the portfolio over a number of years. The BHP deal looks set to complete in 2023 and the Company has benefited materially from it.

PHOTO COURTESY OF OZ MINERALS

of the year, we had the opportunity to visit BHP's and Rio Tinto's key iron ore assets in the Pilbara Region of Western Australia which enabled us to learn more about the world class size and grade of these assets, their approach to ESG and the focus on decarbonising their operations.

The Company's exposure to iron ore is in the diversified majors BHP, Vale and Rio Tinto, which have performed well this year returning 30%, 35% and 19% respectively. In addition, the Company has exposure to two pure play high grade iron ore producers Champion Iron and Labrador Royalty Company which have returned 41% and -6% respectively, as well as Mineral Resources which is looking to grow its iron ore business alongside its lithium, mining service and gas business which finished the year up by 45%.

Coal markets have been one of the most interesting commodity markets over the last couple of years with record prices achieved for both metallurgical and thermal coal during 2022. Thermal

coal markets have benefited from tightness in global energy markets particularly in Europe due to the ban of Russian coal imports, limited supply growth due to ESG pressures and higher than normal levels of rainfall in Australia which accounts for 60% of seaborne supply. With levels of gas storage in Europe above average levels at the end of 2022, we have seen European gas prices decline which poses a risk to thermal coal prices. However, given the tightness in the market for high grade Australian thermal coal, prices have held at a record level of ~US\$400/tonne at the end of 2022. As we look into 2023, we continue to see a tight market for thermal coal given much of Europe's coal and inventory build was sourced from Russia, but with supply from Australia expected to recover in 2023 after record rain impacts in 2022, a moderation in thermal coal prices from record levels is likely.

The Company's thermal coal exposure is via our 7.7% position in Glencore, which is using elevated thermal coal prices to

deleverage the business and remains focused on decreasing its coal exposure overtime. Glencore has indicated that they intend to return excess cashflow above their net debt target of US\$10 billion. This implies a 15% capital return yield for 2022 which is industry leading and will result in a circa 10% decline in their share capital outstanding. The Company has no exposure to pure play thermal coal producers.

The seaborne metallurgical coal price reached a new all-time high during the first half of the year at circa US\$500/tonne, supported by Russian supply concerns (5% of global supply), tightness in the thermal coal market, as well as the flooding in Australia which impacted supply. However, as we moved into the second half of the year, prices moderated as weaker steel demand in Europe began to bite with the metallurgical coal price finishing the year at US\$295/tonne (Premium Hard Coking Coal, FOB). During the course of the year, we saw a number of production downgrades announced including Anglo American



As well as the diversified majors, the Company has exposure to two pure play high grade iron ore producers, Champion Iron and Labrador Royalty Company. Champion Iron returned 41% during the year.

PHOTO COURTESY OF CHAMPION IRON

reducing volume guidance for its Grosvenor mine in Queensland and Teck Resources reducing guidance at Elkview due to operational issues. This, combined with limited investment into new supply and seasonal weather events, leaves the coking coal market susceptible to upside spikes in prices which has been a consistent feature of this market in recent years. The Company's exposure to metallurgical coal remains in the two leading producers of BHP and Teck Resources which have been able to generate very strong levels of free cash flow from their coking coal businesses to support returns to shareholders. (All data reported in pounds sterling terms.)

### Precious metals

The last three years have seen a largely rangebound price environment for precious metals, with the average annual gold price between 2020 to 2022 within 1.7% of each other in US dollar terms. This is a remarkable level of stability for a commodity, with the gold price driven by two opposing forces over the last year. On

the positive side we have seen rising inflation, elevated geopolitical and market risk, while on the other hand the impact of interest rate hikes to combat inflation which has seen real rates for Government bonds flip from negative to positive over the course of the year. As we approached the year end, we saw the gold price rally and breakthrough US\$1800/oz on the back of China's reopening news, the knock-on impact from a weaker US dollar and the potential for the Federal Reserve (the Fed) to slow the pace of interest rate hikes as inflation started to moderate.

With positive real interest rates in the US and most global economies, the appeal for non-yielding gold in the short term is limited. The performance of gold over the next 12 months is likely to be driven by the Fed's ability to tame inflation and whether they can effectively bring down inflation to their targeted level, or whether inflation remains at a structurally higher level than in the past which should raise inflation expectations supportive of the gold price.

An encouraging feature of the gold equity market over recent years has been the increased focus on shareholder returns, free cash flow and dividends. However, results in 2022 have shown margin compression due to rising labour, energy and other input costs. Whilst the portfolio has continued to hold a lower allocation (13.0%) to gold companies versus a similar time last year (16.4%) we have maintained our strategy of focusing on high quality producers which have an attractive operating margin and solid production profile and resource base. This includes the Company's exposure to the royalty companies Franco Nevada (2.6% of the portfolio) and Wheaton Precious Metals (2.3% of the portfolio) which outperformed the gold equities during the year given their stronger margins and lack of exposure to cost inflation. In addition, the Company's exposure to Endeavour Mining (0.6% of the portfolio) and Northern Star Resources (1.2% of the portfolio), both mid-cap growth focused gold companies, added to performance as the benefit of volume growth helped offset some of the cost inflation in the sector.

Demand for the Platinum Group Metals (PGMs) continues to be impacted by the weakness in global auto production and the share gains from EVs (over internal combustion engines) which do not use PGMs. While Russia is a major producer of PGMs, accounting for 40% of global palladium production, there has been minimal impact to Russian PGM supply. During 2022 there was mixed performance from the PGMs with the platinum price (+11%) outperforming the palladium price (-9%).

We continue to remain positive on the medium-term outlook for the PGMs and believe the PGM basket will remain high relative to history given limited new supply and increasing PGM loadings for auto catalysts to meet rising emissions standards. The Company has reduced its exposure to pure play PGM producers during the year which represented 2.0% of the portfolio at the year end. In addition, the Company has exposure to PGMs via its holding in Anglo American (5.2% the portfolio) which owns 79% of Anglo American Platinum. The standout performer among our PGM exposure during the year was our investment in Bravo Mining, a PGM exploration company focused on the Luanga project in Brazil which they acquired from Vale. As outlined in the unquoted section of the report, the company's IPO during the year resulted in a 170% uplift from our pre-IPO investment made in early 2022 and finished the year above its IPO price with early results from its drilling campaign confirming and, in a number of instances, exceeding the historical drilling results from Vale showing previously unidentified rhodium and nickel sulphide mineralisation in the assay results.

## Energy transition metals

Growth in battery electric vehicles (BEVs) continued in 2022, creating significant demand for the materials that enable that transition. Demand for pure battery EVs grew 40% in 2022 to 267,000 units (16% of all new car registrations in 2022), with demand for plug-in hybrids also growing. This

growth has been mainly driven by China, with Europe and the US lagging. We expect this structural growth to continue and accelerate particularly in the US, driven by increased model launches, strengthening consumer preference due to technological advantage and government policy. Of particular note in 2022, was the announcement of the US Inflation Reduction Act. As well as other climate change related measures, this policy supports EV demand through significant subsidies of up to US\$7,500 per car. This is expected to support US BEV demand in 2023. The Company has exposure to the raw materials that go into EV batteries and the e-motor.

Lithium is a critical component of an EV battery and demand for lithium has been strong this year with the market firmly in deficit and benchmark Chinese prices reaching all-time highs in November, finishing 2022 up by 101.6%. The Company added to its lithium holdings in late 2021, establishing a position in SQM and Sigma Lithium both of which have performed well in this environment returning 78% and 207% respectively (GBP returns). We also added a new position in relative underperformer Albemarle in June and Mineral Resources in October, as they too stand to benefit from the continued tight demand supply situation in lithium, as well as their own volume growth. The Company has a 2.1% position across its lithium holdings.

A critical component of the electric car is also the e-motor, which most commonly uses a Praseodymium-Neodymium (NdPr) magnet, an alloy of two rare earth elements (REE). REEs are commonly mined and processed in China and have been deemed of strategic importance by both Europe and the US. The Company has exposure to REEs through Lynas, a REE miner and processor crucially based in Malaysia and Australia. In 2022 Lynas equity fell by 19.1%, but the company announced in June that they had won a contract from the US Department of Defence to deliver a US rare earth separation facility, underscoring the strategic growth opportunity.

EV battery raw materials include cobalt, where LME prices fell by 26.3% as supply increased faster than demand; the market is moving to lower cobalt intensity cathode materials with higher nickel or lithium iron phosphate chemistry (LFP). Supply growth is set to continue with cobalt being a by-product of many of the Indonesian nickel projects announced and currently ramping. In addition, 2023 may be impacted by the release of 10,000 tonnes of stockpiled cobalt from the Tenke mine in the Democratic Republic of the Congo (DRC) which has been unable to export in the second half of 2022 due to a government dispute. Glencore's Mutanda mine in the DRC ramped-up production in 2022, supporting circa 50% growth in cobalt production in the first nine months of the year. Glencore, in which the Company has a 7.7% position, saw its share price rise by 47.3% during 2022. Glencore is a globally significant cobalt producer which produced 22% of mine production in 2020 and this is set to increase with Mutanda's ramp-up.

## Royalty and unquoted investments

Over the last year the Company has been busy growing the unquoted part of the portfolio and we are delighted to report that this has delivered great performance through a combination of IPOs, financing valuation uplifts and strong income generation. As mentioned in previous reports, the focus of the unquoted investments is to seek to generate both capital growth and income to deliver the superior total return goal for the portfolio. Ongoing income from the royalty investments has continued with the OZ Minerals Brazil Royalty starting to benefit from the ramp-up of the Pedra Branca mine, whilst the Vale Debentures enjoyed a better period of production despite lower iron ore prices year-on-year.

Key highlights in the unquoted equity sleeve include Ivanhoe Electric which completed its IPO in June despite the difficult market conditions. This resulted in an increase in the value of the holding of over 100% in less

than 10 months since the position was acquired. Elsewhere Bravo Mining completed its IPO in July at a valuation 170% higher than the price paid for the shares in May 2022. Both positions finished the year at a price higher than IPO and will no longer be reported in the unquoted section of the portfolio as they are now fully tradeable securities. Jetty Resources completed its Series D financing, raising US\$100 million at a substantial valuation uplift to our investment made at the beginning of 2022. OZ Minerals received a takeover offer from BHP which has been recommended by the OZ Minerals board and is expected to complete in Q2 of 2023 which will see BHP become the operator of the mines linked to our royalty.

As at the end of 2022, the unquoted and illiquid investments in the portfolio amounted to 6.6% of the portfolio and consist of the OZ Minerals Brazil Royalty, the Vale Debentures, Jetty Resources and MCC Mining. These, and any future investments, will be managed in line with the guidelines

set by the Board as outlined to shareholders in the Strategic Report.

We continue to actively look for opportunities to grow royalty exposure given it is a key differentiator of the Company and an effective mechanism to lock-in long-term income which further diversifies the Company's revenues.

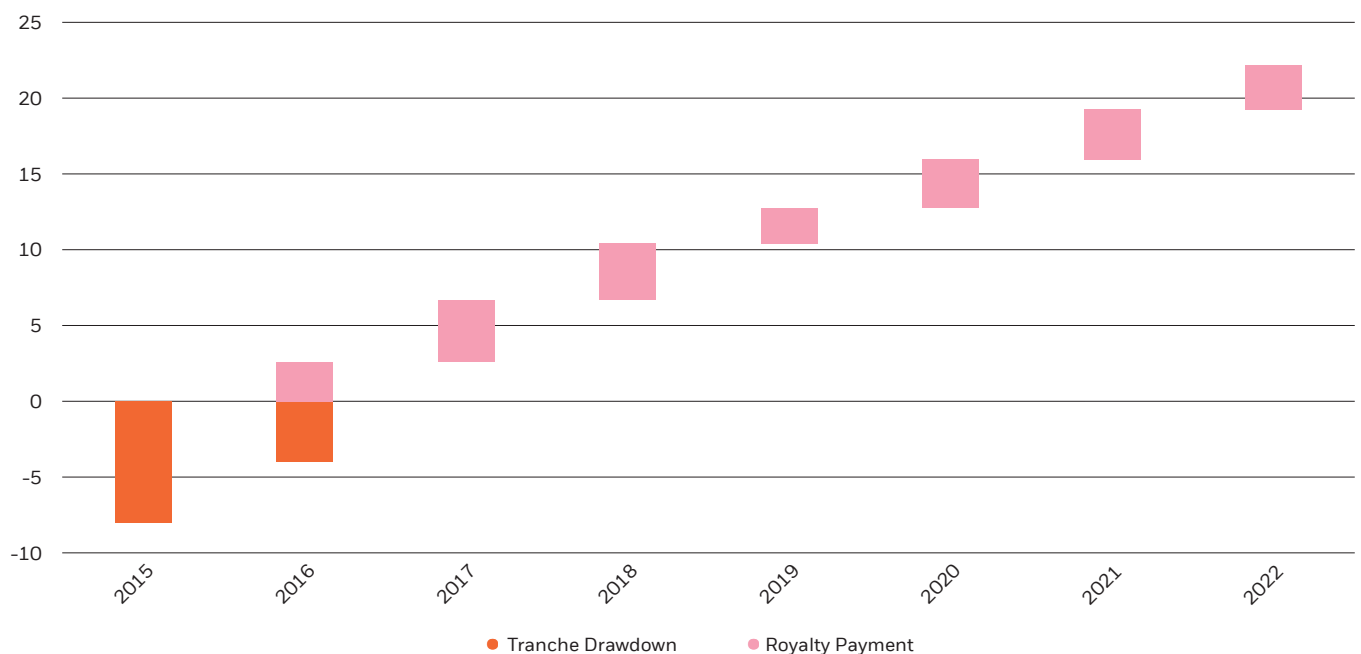
### OZ Minerals Brazil Royalty contract

In July 2014 the Company signed a binding royalty agreement with Avanco Minerals. The Company invested US\$12 million in return for a Net Smelter Return (net revenue after deductions for freight, smelter and refining charges) royalty payments comprising 2% on copper, 25% on gold and 2% on all other metals produced from mines built on Avanco's Antas North and Pedra Branca licences. In addition, there is a flat 2% royalty over all metals produced from any other discoveries within Avanco's licence area as at the time of the agreement.

In 2018 Avanco was successfully acquired by OZ Minerals, an Australian based copper and gold producer for A\$418 million, with the royalty now assumed by OZ Minerals. Since our initial US\$12 million investment was made, we have received US\$22.1 million in royalty payments, with the royalty achieving full payback on the initial investment in 3½ years. As at the end of December 2022, the royalty was valued at £21.2 million (1.5% NAV) which equates to a 297.1% return on the initial US\$12 million invested.

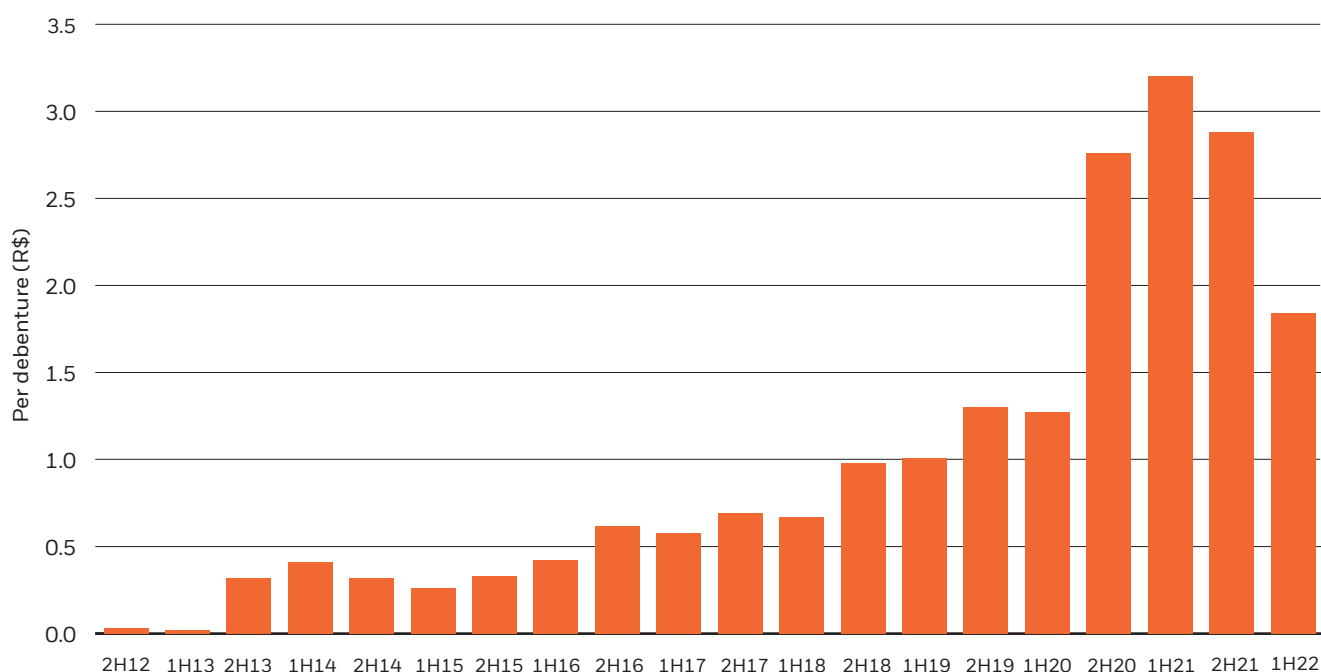
In 2021 OZ Minerals achieved a significant milestone and commenced mining of Pedra Branca ore. This year we have seen the ramp-up progress ahead of plan with Pedra Branca on track to achieve its 2022 guidance of 10-12kt copper and 8-10koz gold, with the company targeting production beyond this level in 2023. We continue to remain optimistic on the longer-term optionality provided by the royalty via the development of Pedra Branca West, as well as greenfield exploration over the licence area.

### OZ Minerals Brazil Royalty payback



Source: BlackRock.

## Distribution on Vale Shareholders' Debentures



Source: Vale, November 2022.

In August 2022, OZ Minerals received an initial indicative proposal from BHP to acquire the company in an all-cash deal at A\$25 per share. This offer was rejected by the OZ Minerals board with BHP submitting a revised offer of A\$28.25 per share which was unanimously recommended in November 2022. The deal remains subject to approval by OZ Minerals shareholders with the deal expected to close in Q2 2023. This will see BHP operate the Brazilian assets and assume the royalty, consistent with the mechanism used when OZ Minerals acquired Avanco in 2018. We believe that BHP's strong operating focus, balance sheet strength and ESG credentials leaves the Brazilian operations in a very strong set of hands.

### Vale Debentures

At the beginning of 2019, the Company completed a significant transaction to increase its holding in Vale Debentures. The Debentures consist of a 1.8% net revenue royalty over Vale's Northern System and Southeastern System iron ore assets in Brazil, as well as a 1.25% royalty over the Sossego copper mine. We consider that the iron ore assets

are world class given their grade, cost position, infrastructure and resource life which is well in excess of 50 years. As at the end of December 2022 the Company's exposure to the Vale Debentures was 2.6%.

Dividend payments are expected to grow once royalty payments commence on the Southeastern System in 2024 and volumes from S11D and Serra Norte improve into 2023 where project ramp-ups have been challenged in 2022 by licencing requirements. In December, Vale reduced its longer-term iron ore production profile in light of licencing challenges and also a greater focus on high grade material. This now sees Vale target modest volume growth from the Northern System out to 2026, but the improvement in grade, to the extent achieved, will aid received pricing that the royalty will benefit from.

Despite the decline in iron ore prices during 2022, the Debentures continue to offer an attractive yield of circa 10% based on the 1H-22 annualised dividend. This is an attractive yield for a royalty investment, with this value opportunity recognised by other listed

royalty producers, Franco Nevada and Sandstorm royalties, which have both acquired stakes in the Debentures since the sell-down occurred in 2021.

Whilst the Vale Debentures are a royalty, they are also a listed security on the Brazilian National Debentures System. As we have highlighted in previous reports, shareholders should be aware that historically there has been a low level of liquidity in the Debentures and price volatility is to be expected. However, we expect this progressively to improve following the sell down in April 2021.

### Ivanhoe Electric

In early August 2021 the Company made a US\$20 million investment (equivalent to 1.3% of NAV) into Ivanhoe Electric, an exploration and mining business focused on identifying and developing "electric metals" (copper, nickel, gold and silver) required for the energy transition. The exploration portfolio is focused in the US where they have developed a proprietary exploration technology that has the ability to identify mineral resources at greater depths than existing methods. The team is



The standout performer among our PGM exposure during the year was our investment in Bravo Mining, a PGM exploration company focused on the Luanga project in Brazil.

PHOTO COURTESY OF BRAVO METALS

led by Robert Friedland who has a successful track-record of identifying and developing world class mineral deposits such as Voisey's Bay, Oyu Tolgoi and Kamo-a-Kukula.

In June 2022 Ivanhoe Electric (2.4% of the portfolio) successfully completed an IPO at US\$11.75 per share. The Company's investment consisted of common shares of Ivanhoe Electric, as well as convertible notes which convert at a discount to the IPO price into Ivanhoe Electric shares with a total return of 91% on our initial investment. During the course of 2022, the company has been focused on exploration drilling at their Santa Cruz asset in Arizona which is the third-largest undeveloped copper deposit in the US. An updated Santa Cruz resource estimate and Preliminary Economic Analysis report is due to be released in the first half of 2023 and we expect to see significant growth in the size of the resource, based on recent drilling success at the existing Santa Cruz deposit, as well as new discoveries at East Ridge and Texaco. 2023 is set to be an exciting year for Ivanhoe

Electric with the company potentially offering significant strategic benefit as a future low carbon producer of copper in the US.

### Jetti Resources

In early 2022 the Company made an investment into mining technology company Jetti Resources which has developed a new catalyst that appears to improve copper recovery from primary copper sulphides (specifically copper contained in chalcopyrite, which is often uneconomic) under conventional leach conditions. Jetti is currently trialling their technology at 35 mines where they will look to integrate their catalyst into existing heap leach SX-EW mines to improve recoveries at a low capital cost. The technology has been demonstrated to work at scale at the Pinto Valley copper mine, with further trials at different copper assets planned for this year. If Jetti's technology is proven to work at scale we see material valuation upside, with Jetti sharing in the economics of additional copper volumes recovered through the application of their catalyst.

During the second half of 2022 we are pleased to report that Jetti completed its Series D financing to raise US\$100 million at a substantially higher valuation than when our investment was made at the beginning of 2022. This sees the company fully financed to execute on their expected growth plans in the years ahead. As at the end of December, Jetti represented 2.1% of the portfolio.

### MCC Mining

MCC Mining (0.4% of the portfolio) operates as a mineral exploration company focused on exploring for copper in Columbia. The company has several large porphyry targets which we believe could have significant potential. Shareholders include other mid to large cap copper miners, which is another indication of the strategic value of the company. The valuation of the company is based on the US\$170.7 million equity value implied by the April 2022 equity raise. The money raised will fund a drilling campaign which commenced in Q4 2022 at their Comita project, a joint venture with Rio Tinto, with drilling on two other projects

(Urrao and Pantanos) expected to commence in mid-2023. Importantly, MCC's three projects are located in the Forestry Reserve in Colombia which allows for exploration drilling in the forestry reserve based on new regulations introduced in Colombia in early 2022.

### **Bravo Mining**

Bravo Mining (0.9% of the portfolio) is a Brazil-based mineral exploration and development company focused on advancing the Luanga platinum group metals/gold/nickel project in the world-class Carajas Mineral Province of Brazil. Due to our belief in the asset's potential, the Company participated in a pre-IPO round in April 2022, at a US\$39 million valuation. The proceeds of the raise were used to fund drilling and survey work. Since the pre-IPO round the company has decided to IPO, which completed in July at C\$1.75/share. This represents a 170% return since the Company's investment.

During the course of 2022, Bravo has been focused on drilling the historical resource at Luanga which has confirmed and, in a number of cases, exceeded the expectations of the original resource. With less than half of the phase 1 drilling analysed and a similar sized drill program scheduled for 2023, we expect to see substantial growth in Luanga's resource where recent results show rhodium and potential for nickel sulphide which was previously unknown. Bravo is still in the early days of its journey and highlights the potential value unlock available by backing quality management in attractive geological areas.

### **Derivatives activity**

The Company from time to time enters into derivatives contracts, mostly involving the sale of "puts" and "calls". These are taken to revenue and are subject to strict Board guidelines which limit their magnitude to an aggregate 10% of the portfolio. In 2022 income generated from options was £7.3 million in line with contributions from prior periods. During the year opportunities presented themselves in the first few months and once again

during the autumn and into winter when volatility was priced at elevated levels. At the end of the year the Company had 2.6% of the net assets exposed to derivatives and the average exposure to derivatives during the year was less than 5%.

### **Gearing**

At 31 December 2022, the Company had £125.0 million of net debt, with a gearing level of 9.6%. The debt is held principally in US dollar rolling short-term loans and managed against the value of the debt securities and the high yielding royalty positions in the Company. During the year the Company sought to maximise the use of gearing against the equity holdings rather than debt securities. This was driven by the risk adjusted relative value available in shares where dividend yields were mostly in excess of the coupons being paid on the bonds. Since the companies in the portfolio also have strong balance sheets, it was opportune to gear up the equity portfolio of the Company since we were not adding debt to holdings that were already heavily leveraged themselves.

Shareholders should note that the total gearing available to the Company has increased during the year due to the rise in assets but remains within the percentage limits set by the Board. On the back of this, facilities were refreshed with our lenders and stand at £200 million for loans and £30 million for the overdraft. The current average cost of debt for the Company remains low at 2.82% and is linked to SONIA following the demise of LIBOR.

### **Outlook**

At the macro level it seems likely that the peak in the pace of interest rate increases is behind us and, if anything, the economic background should become more supportive for economic activity during the year assuming inflation pressures start to fade. On the geo-political front, it is very hard to gauge what will happen, but even if there is an end to conflict it will be many years before sanctions are lifted and commodity trade routes reopen meaning that ongoing disruption to

supply will last longer than the conflict.

With the energy transition well under way and the Chinese economy emerging from its self-imposed COVID-19 related disruption, the outlook for commodities demand is strong. At the same time supply remains constrained by a range of issues from permitting, elevated capital expenditure, delays due to ESG factors and a scarcity of projects. It is these factors that fuel our ongoing positive outlook for commodity prices and the fact that they are not yet priced into valuations means there are plenty of opportunities within the mining equity market.

At the company levels, despite all of the uncertainties at the start of the new year, the mining sector goes forward on a strong footing as corporate balance sheets remain some of the strongest of any equity sector. In addition, profit margins continue at very healthy levels even after adjusting for the cost inflation seen during the last year. However, it is worth pointing out that free cash might easily be impacted by capital expenditure and decarbonisation projects as the sector transitions to producing "greener" commodities needed for the energy transition. The priority to allocate cash flow into these areas means that there could be less available for dividends and as such the Company might see a lower level of distributions. In the results announced to date in 2023, dividends from some of our portfolio companies have decreased.

**Evvy Hambro and Olivia Markham**  
BlackRock Investment Management  
(UK) Limited  
2 March 2023







# Portfolio



During the course of the year, we had the opportunity to visit BHP and Rio Tinto's key iron ore assets in the Pilbara Region of Western Australia. BHP was the portfolio's largest holding at the year end.

PHOTO COURTESY OF BHP



PHOTOS COURTESY OF BHP, VALE, GLENCORE, ANGLO AMERICAN, RIO TINTO, FIRST QUANTUM MINERALS, ARCELORMITTAL, FREEPORT-MCMORAN, TECK RESOURCES AND FRANCO NEVADA.

# Ten largest investments

## **1 ▲ BHP** (2021: 2nd)

### **Diversified mining group**

**Market value: £135,048,000**

**Share of investments: 9.5%** (2021: 7.7%)

The world's largest diversified mining group by market capitalisation. The group is an important global player in a number of commodities including iron ore, copper, thermal and metallurgical coal, manganese, nickel, silver and diamonds.

## **2 ▼ Vale<sup>1,2</sup>** (2021: 1st)

### **Diversified mining group**

**Market value: £130,476,000**

**Share of investments: 9.1%** (2021: 8.5%)

One of the largest mining groups in the world, with operations in 30 countries. Vale is the world's largest producer of iron ore and iron ore pellets and the world's largest producer of nickel. The group also produces manganese ore, ferroalloys, metallurgical and thermal coal, copper, platinum group metals, gold, silver and cobalt.

## **3 ► Glencore** (2021: 3rd)

### **Diversified mining group**

**Market value: £109,508,000**

**Share of investments: 7.7%** (2021: 7.7%)

One of the world's largest globally diversified natural resources groups. The group's operations include approximately 150 mining and metallurgical sites and oil production assets. Glencore's mined commodity exposure includes copper, cobalt, nickel, zinc, lead, ferroalloys, aluminium, thermal coal, iron ore, gold and silver.

# Ten largest investments

continued

## 4 ▶ **Anglo American**<sup>3</sup> (2021: 4th)

### Diversified mining group

**Market value: £73,942,000**

**Share of investments: 5.2%** (2021: 7.5%)

A global mining group. The group's mining portfolio includes bulk commodities including iron ore, manganese, metallurgical coal, base metals including copper and nickel and precious metals and minerals including platinum and diamonds. Anglo American has mining operations globally, with significant assets in Africa and South America.

## 5 ▲ **Rio Tinto** (2021: 7th)

### Diversified mining group

**Market value: £63,652,000**

**Share of investments: 4.5%** (2021: 4.2%)

One of the world's leading mining groups. The group's primary product is iron ore, but it also produces aluminium, copper, diamonds, gold, industrial minerals and energy products.

## 6 ▲ **First Quantum Minerals**<sup>1</sup> (2021: 10th)

### Copper producer

**Market value: £58,504,000**

**Share of investments: 4.1%** (2021: 2.9%)

A Canadian-based mining and metals group with principal activities that include mineral exploration, development and mining. Its main product is copper.

## 7 ▼ **ArcelorMittal**<sup>1</sup> (2021: 6th)

### Steel producer

**Market value: £57,127,000**

**Share of investments: 4.0%** (2021: 5.2%)

A multinational steel manufacturing group, with a focus on producing safe sustainable steel. The group has operations across the globe and is the largest steel manufacturer in North America, South America and Europe.

## 8 ▼ **Freeport-McMoRan**<sup>3</sup> (2021: 5th)

### Copper producer

**Market value: £56,549,000**

**Share of investments: 4.0%** (2021: 6.2%)

A global mining group which operates large, long-lived, geographically diverse assets with significant proven and probable reserves of copper, gold and molybdenum.

## 9 ▼ **Teck Resources** (2021: 8th)

### Diversified mining group

**Market value: £51,395,000**

**Share of investments: 3.6%** (2021: 3.6%)

A diversified mining group headquartered in Canada. The company is engaged in mining and mineral development with operations and projects in Canada, the US, Chile and Peru. The group has exposure to copper, zinc, metallurgical coal and energy.

## 10 ▲ **Franco Nevada** (2021: 14th)

### Gold royalty

**Market value: £37,460,000**

**Share of investments: 2.6%** (2021: 2.2%)

A leading gold-focused royalty and streaming group with the largest and most diversified portfolio of cash-flow producing assets. Its business model provides investors with gold price and exploration optionality while limiting exposure to cost inflation.

<sup>1</sup> Includes fixed income securities.

<sup>2</sup> Includes investments held at Directors' valuation.

<sup>3</sup> Includes options.

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.

Together, the ten largest investments represented 54.3% of total investments of the Company's portfolio as at 31 December 2022 (ten largest investments as at 31 December 2021: 57.0%).

# Investments

as at 31 December 2022

	Main geographical exposure	Market value £'000	% of investments
<b>Diversified</b>			
BHP	Global	135,048	9.5
Vale	Global	93,137	} 9.1
Vale Debentures*#^	Global	37,339	
Glencore	Global	109,508	7.7
Anglo American	Global	74,626	} 5.2
Anglo American Call Option 20/01/23 GBP£31.40	Global	(684)	
Rio Tinto	Global	63,652	4.5
Teck Resources	Global	51,395	3.6
Trident	Global	5,793	0.4
		<b>569,814</b>	<b>40.0</b>
<b>Copper</b>			
First Quantum Minerals*	Global	58,504	4.1
Freeport-McMoRan	Global	56,848	} 4.0
Freeport-McMoRan Put Option 20/01/23 US\$37	Global	(299)	
OZ Minerals Brazil Royalty#~	Latin America	21,199	} 2.7
OZ Minerals	Australasia	17,320	
Ivanhoe Electric	United States	23,753	} 2.4
I-Pulse*	United States	10,727	
Jetti Resources#	Global	29,873	2.1
Ivanhoe Mines	Other Africa	25,364	1.8
Sociedad Minera Cerro Verde	Latin America	17,171	1.2
Develop Global	Australasia	15,316	1.1
Solaris Resources	Latin America	8,889	0.6
Ero Copper	Latin America	6,316	0.4
Antofagasta	Latin America	6,291	0.4
MCC Mining#	Latin America	5,819	0.4
Aurubis	Global	5,139	0.4
Lundin Mining	Global	3,490	0.2
Hudbay	Global	2,371	0.2
SolGold	Latin America	346	-
		<b>314,437</b>	<b>22.0</b>
<b>Gold</b>			
Franco Nevada	Global	37,460	2.6
Barrick Gold	Global	32,994	2.3
Wheaton Precious Metals	Global	32,472	2.3
Newmont Corporation	Global	27,014	1.9
Newcrest Mining	Australasia	19,719	1.4
Northern Star Resources	Australasia	17,160	1.2
Endeavour Mining	Other Africa	9,119	0.6
Agnico Eagle Mines	Canada	6,594	0.5
Polymetal International	United Kingdom	2,306	0.2
Polyus	Russia	-	-
		<b>184,838</b>	<b>13.0</b>

# Investments

continued

	Main geographical exposure	Market value £'000	% of investments
<b>Steel</b>			
ArcelorMittal*	Global	57,127	4.0
Nucor	United States	28,520	} 2.0
Nucor Call Option 20/01/23 US\$136	United States	(244)	
Steel Dynamics	United States	22,285	1.6
Stelco Holdings	Canada	7,457	0.5
		<b>115,145</b>	<b>8.1</b>
<b>Industrial Minerals</b>			
Sigma Lithium	Latin America	15,728	1.1
Albemarle	Global	13,936	1.0
Mineral Resources	Australasia	13,721	1.0
Sociedad Quimica y Minera ADR	Latin America	13,506	1.0
Iluka Resources	Australasia	11,973	0.8
Lynas Rare Earths	Australasia	10,191	0.7
Chalice Mining	Australasia	7,602	0.5
Sheffield Resources	Australasia	5,945	0.4
		<b>92,602</b>	<b>6.5</b>
<b>Aluminium</b>			
Norsk Hydro	Global	30,036	2.1
Alcoa	Global	16,798	1.2
		<b>46,834</b>	<b>3.3</b>
<b>Iron Ore</b>			
Labrador Iron	Canada	24,172	1.7
Champion Iron	Canada	14,546	1.0
Deterra Royalties	Australasia	5,202	0.4
Equatorial Resources	Other Africa	313	-
		<b>44,233</b>	<b>3.1</b>
<b>Platinum Group Metals</b>			
Bravo Mining	Latin America	11,827	0.9
Northam Platinum	Global	6,050	0.4
Impala Platinum	South Africa	6,011	0.4
Sibanye Stillwater	South Africa	3,768	0.3
		<b>27,656</b>	<b>2.0</b>
<b>Nickel</b>			
Nickel Mines	Indonesia	10,806	0.8
Bindura Nickel	Global	60	-
Lifzone SPAC PIPE Commitment #	Global	-	-
		<b>10,866</b>	<b>0.8</b>
<b>Mining Services</b>			
Epiroc	Global	6,184	0.4
		<b>6,184</b>	<b>0.4</b>

	Main geographical exposure	Market value £'000	% of investments
<b>Uranium</b>			
Cameco	Canada	5,363	0.4
		<b>5,363</b>	<b>0.4</b>
<b>Other</b>			
Woodside Energy Group	Australasia	3,638	0.3
		<b>3,638</b>	<b>0.3</b>
<b>Zinc</b>			
Titan Mining	United States	2,007	0.1
		<b>2,007</b>	<b>0.1</b>
<b>Comprising:</b>		<b>1,423,617</b>	<b>100.0</b>
– Investments		1,424,844	100.1
– Options		(1,227)	(0.1)
		<b>1,423,617</b>	<b>100.0</b>

\* Includes fixed income securities.

# Includes investments held at Directors' valuation.

~ Mining royalty contract.

^ The investment in the Vale Debentures is illiquid and has been valued using secondary market pricing information provided by the Brazilian Financial and Capital Markets Association (ANBIMA).

All investments are in equity shares unless otherwise stated.

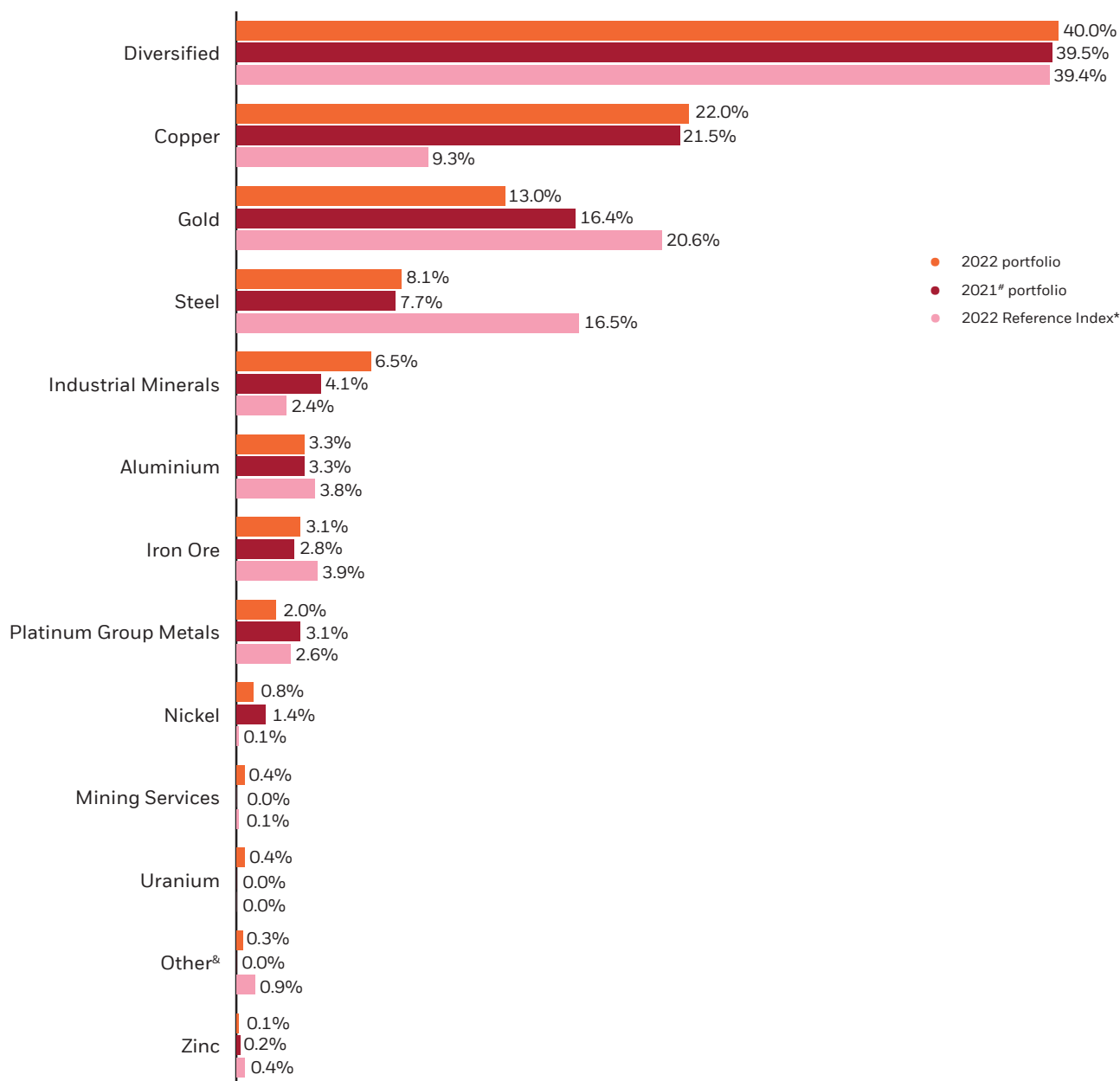
The total number of investments as at 31 December 2022 (including options classified as liabilities on the balance sheet) was 68 (31 December 2021: 56).

As at 31 December 2022 the Company did not hold any equity interests in companies comprising more than 3% of a company's share capital.

# Portfolio analysis

as at 31 December 2022

## Commodity Exposure<sup>1</sup>



<sup>1</sup> Based on index classifications.

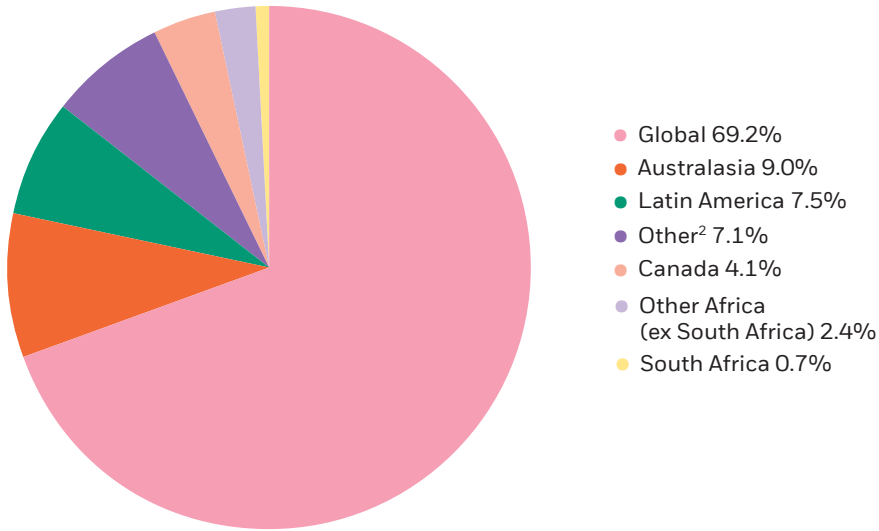
<sup>#</sup> Represents exposure at 31 December 2021.

<sup>\*</sup> MSCI ACWI Metals & Mining 30% Buffer 10/40 Index (net total return).

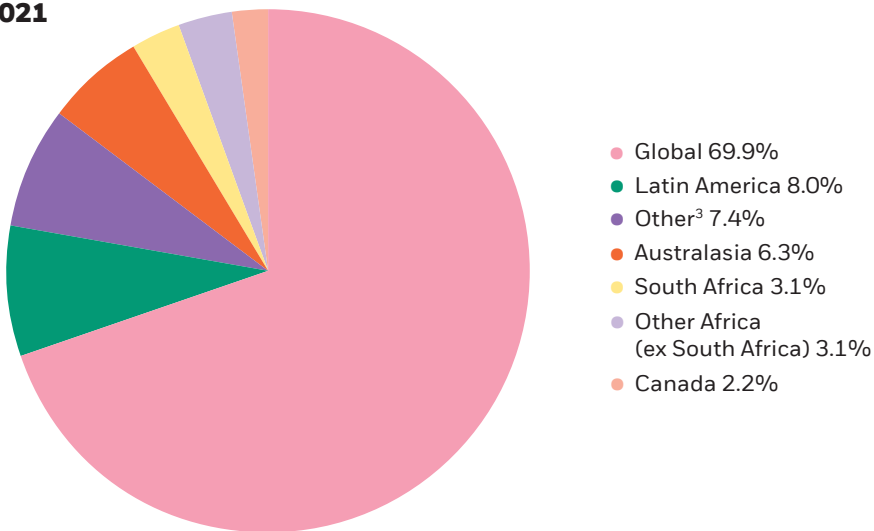
<sup>&</sup> Represents a very small exposure.

## Geographic Exposure<sup>1</sup>

**2022**



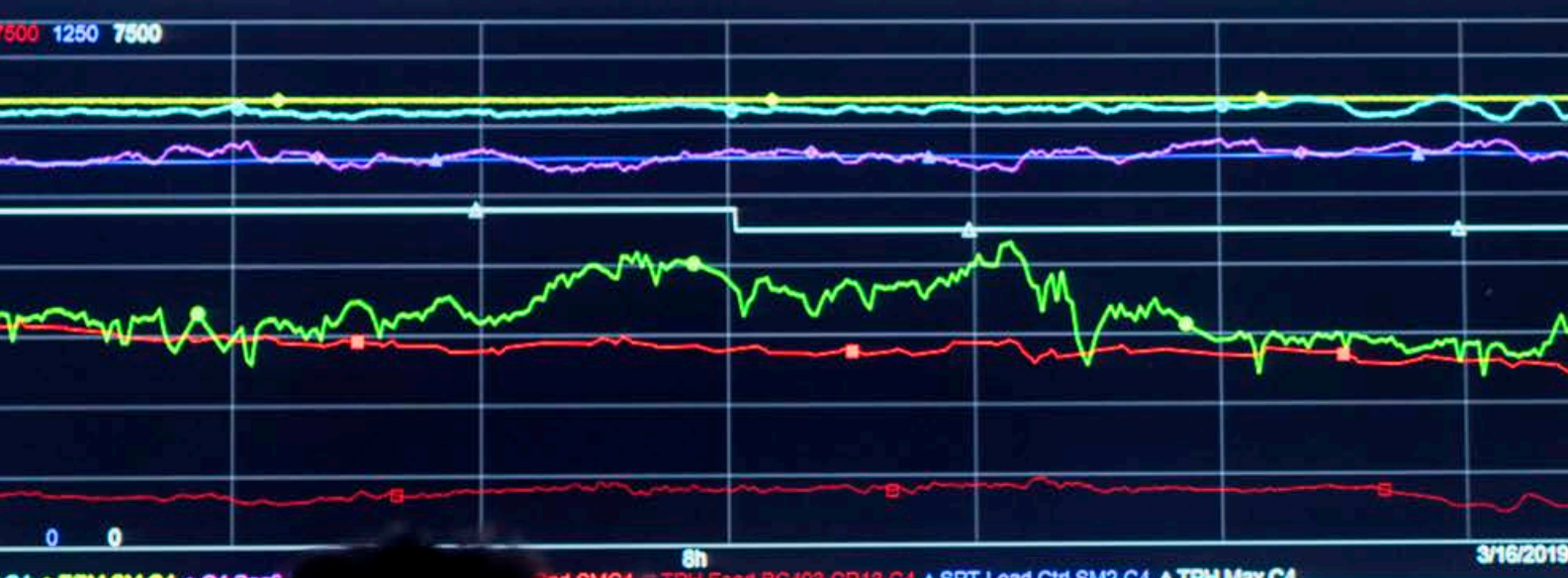
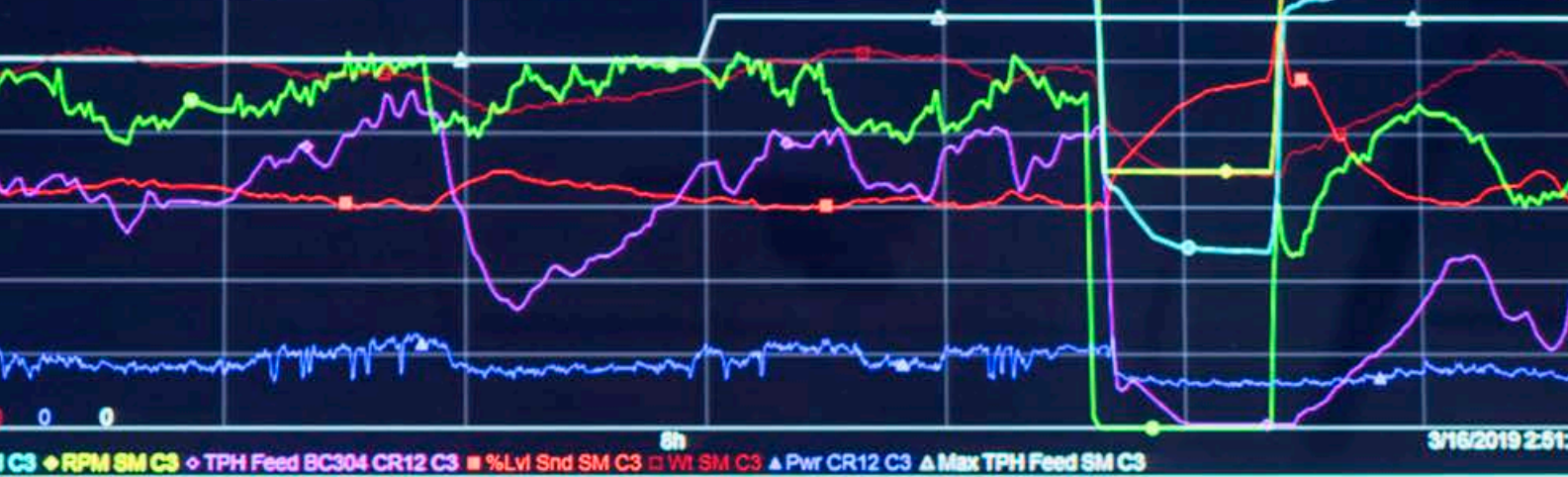
**2021**



<sup>1</sup> Based on the principal commodity exposure and place of operation of each investment.

<sup>2</sup> Consists of Indonesia, Russia, United Kingdom and United States.

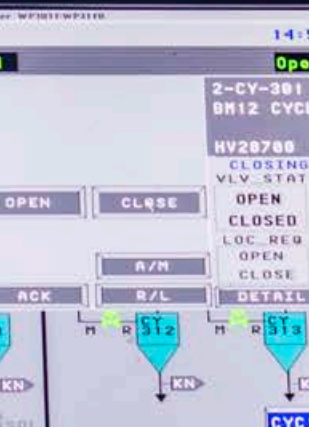
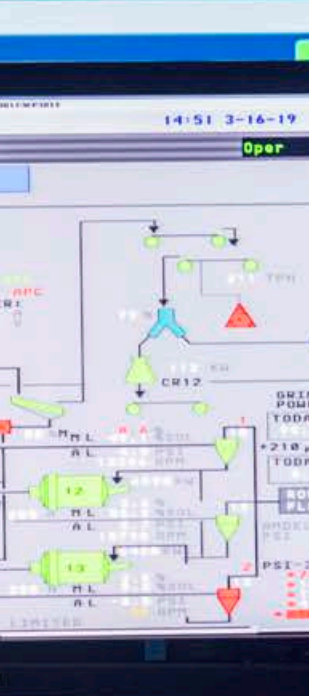
<sup>3</sup> Consists of Indonesia, Russia and United States.



OVH Display  
 KNELSON C  
 PC484  
 PC485  
 PC487  
 PC481

SAG  
 PC344  
 PC348  
 MOTOR RUN TIME  
 UTILITIES  
 PLANT OVERVIEW

BALL MILL #12  
 SY1  
 SY2  
 SY3  
 SY4  
 SY5  
 SY6  
 SY7  
 SY8  
 SY9  
 SY10



# Governance

← Freeport-McMoRan continued to deliver operationally at Grasberg, Indonesia, which contains one of the world's largest recoverable copper reserves and the largest gold reserve. The photograph opposite shows one of the control rooms at Grasberg, where production is expected to continue through to 2041.

PHOTO COURTESY OF FREEPORT-MCMORAN

# Governance structure

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

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

**Chairman:** David Cheyne (since 2 May 2019)

**Objectives:**

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

**Other functions:**

- To carry out the duties of a Nomination Committee, including a regular review of the Board's structure and composition, making recommendations for any new Board appointments.

## The Board

5 scheduled meetings per annum

**Membership:** All NEDs excluding the Chairman of the Board

**Chairman:** Russell Edey (since 1 May 2020)

**Key objectives:**

- To oversee financial reporting;
- To consider the adequacy of the control environment and review the Company's risk registers;
- To review and form an opinion on the effectiveness of the external audit process; and
- To review the provisions relating to whistleblowing and fraud.

## Audit Committee

2 scheduled meetings per annum

**Membership:** All NEDs

**Chairman:** Russell Edey (since 1 May 2020)

**Key objectives:**

- To ensure that the provisions of the investment management agreement follow industry practice, remain competitive and are in the best interests of shareholders;
- To review the performance of the Manager and Investment Manager; and
- To review the performance of other service providers.

## Management Engagement Committee

1 scheduled meeting per annum

# Directors' biographies



## **David Cheyne**

Chairman

Appointed 1 June 2012

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

### **Attendance record:**

Board: 5/5

Management Engagement

Committee: 1/1



## **Russell Edey**

Chairman of the Audit Committee,  
Management Engagement Committee  
and Senior Independent Director

Appointed 8 May 2014

Russell Edey is a non-executive director of Fidelity Emerging Markets Limited and a co-opted committee member of the Essex Community Foundation. He retired as chairman of Avocet Mining PLC in March 2018 having been on the board since 2010, served as a non-executive director of Old Mutual PLC from June 2004 to May 2013 and retired as chairman of AngloGold Ashanti Limited in May 2010 having been a member of that company's board since 1998. In June 2014 he retired as a non-executive director of several companies in the Rothschild Group which he joined in 1977. Prior to that, he worked for Anglo American Corporation of South Africa Limited in South Africa and Australia.

### **Attendance record:**

Board: 5/5

Audit Committee: 2/2

Management Engagement

Committee: 1/1



## **Jane Lewis**

Appointed 28 April 2016

Jane Lewis is an investment trust specialist who, until August 2013, was a director of corporate finance and broking at Winterflood Investment Trusts. Prior to this she worked at Henderson Global Investors and Gartmore Investment Management Limited in investment trust business development and at West LB Panmure as an investment trust broker. She is chairman of Invesco Perpetual UK Smaller Companies Investment Trust plc and a non-executive director of CT UK Capital and Income Investment Trust PLC, JPMorgan Global Growth & Income plc and Majedie Investments PLC.

### **Attendance record:**

Board: 5/5

Audit Committee: 2/2

Management Engagement

Committee: 1/1

# Directors' biographies

continued



**Judith Mosely**

Appointed 19 August 2014

Judith Mosely is a non-executive director of Galiano Gold Inc., Eldorado Gold Corp. and Women in Mining (UK). She is also a trustee of the Camborne School of Mines Trust. She was previously Business Development Director for Rand Merchant Bank and head of the mining finance team at Société Générale in London.

**Attendance record:**

Board: 5/5

Audit Committee: 2/2

Management Engagement

Committee: 1/1



**Srinivasan Venkatakrishnan**

Appointed 1 August 2021

Srinivasan Venkatakrishnan is the Chairman of Endeavour Mining Plc and a non-executive director of the Weir Group PLC. He brings a wealth of mining and financial experience to the Board gained through his vast experience of leading global mining businesses, in a career that spans across six continents and several metals, notably gold. He served as CEO of Vedanta Resources plc from 2018 to 2020 and was CEO of AngloGold Ashanti Limited between 2013 to 2018, having previously been Chief Financial Officer of the business from 2005, and of Ashanti Goldfields Limited from 2000. His earlier career was as an accountant and restructuring specialist with Deloitte & Touche in India and the UK.

**Attendance record:**

Board: 5/5

Audit Committee: 2/2

Management Engagement

Committee: 1/1

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

# Strategic Report

The Directors present the Strategic Report of BlackRock World Mining Trust plc for the year ended 31 December 2022. The aim of the Strategic Report is to provide shareholders with the information to assess how the Directors have performed their duty to promote the success of the Company for the collective benefit of shareholders.

The Chairman's Statement together with the Investment Manager's Report form part of this Strategic Report. The Strategic Report was approved by the Board at its meeting on 2 March 2023.

## Principal activities

The Company carries on business as an investment trust and has a premium listing on the London Stock Exchange. Its principal activity is portfolio investment and that of its subsidiary, BlackRock World Mining Investment Company Limited (together the Group), is investment dealing. The Company was incorporated in England on 28 October 1993 and this is the 29th Annual Report.

Investment trusts are pooled investment vehicles which allow exposure to a diversified range of assets through a single investment, thus spreading investment risk.

## Objective

The Company's objective is to maximise total returns to shareholders through a worldwide portfolio of mining and metal securities.

The Board recognises the importance of dividends to shareholders in achieving that objective, in addition to capital returns.

## Strategy, business model and investment policy

### Strategy

The Company invests in accordance with the objective given above. The Board is collectively responsible to shareholders for the long-term success of the Company and is its governing body. There is a clear division of responsibility between the Board and BlackRock Fund Managers Limited (the Manager). Matters reserved for the Board include setting the Company's strategy, including its investment objective and policy, setting limits on gearing (both bank borrowings and the effect of derivatives), capital structure, governance and appointing and monitoring of the performance of service providers, including the Manager.

### Business model

The Company's business model follows that of an externally managed investment trust. Therefore, the Company does not have any employees and outsources its activities to third party service providers including the Manager who is the principal service provider. In accordance with the Alternative Investment Fund Managers' Directive (AIFMD), as implemented, retained and onshored in the UK, the Company is an Alternative Investment Fund (AIF). BlackRock Fund

Managers Limited is the Company's Alternative Investment Fund Manager.

The management of the investment portfolio and the administration of the Company have been contractually delegated to the Manager who in turn (with the permission of the Company) has delegated certain investment management and other ancillary services to BlackRock Investment Management (UK) Limited (the Investment Manager). The Manager, operating under guidelines determined by the Board, has direct responsibility for the decisions relating to the day-to-day running of the Company and is accountable to the Board for the investment, financial and operating performance of the Company.

The Company delegates fund accounting services to the Manager, which in turn sub-delegates these services to The Bank of New York Mellon (International) Limited (BNYM) (the Fund Accountant) and also sub-delegates registration services to the Registrar, Computershare Investor Services PLC. Other service providers include the Depositary (also BNYM). Details of the contractual terms with these service providers and more details of sub-delegation arrangements in place governing custody services are set out in the Directors' Report.

## Investment policy

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

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

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

As approved by shareholders in August 2013, the Group may invest in any single holding of quoted or unquoted investments that would represent up to 20% of gross assets at the time of acquisition. Although investments are principally in companies listed on recognised stock

# Strategic Report

continued

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

In March 2015 the Board refined the guidelines associated with the Company's royalty strategy and proposed to maintain the 20% maximum exposure to royalties but the royalty/unquoted portfolio should itself deliver diversification across operator, country and commodity. To this end, new investments into individual royalties/unquoted investments should not exceed circa 3% of gross assets at the time of investment. Total exposure to any single operator, including other issued securities such as debt and/or equity, where greater than 30% of that operator's revenues come from the mine over which the royalty lies, must also not be greater than 3% at the time of investment. In addition, the guidelines require that the Investment Manager must, at the time of investment, manage total exposure to a single operator, via reducing exposure to listed securities if they are also held in the portfolio, in a timely manner where royalties/unquoted investments are revalued upwards. In the jurisdictions where statutory royalties are possible (in countries where mineral rights are privately owned) these will be preferred and in respect of contractual royalties (a contractual obligation entered into by the operator and typically unsecured) the valuation must take into account the higher credit risk involved. Board approval will continue to be required for all royalty/unquoted investments.

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

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

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

## Gearing

The Investment Manager believes that tactical use of gearing can add value from time to time. This gearing is typically in the form of an overdraft or short-term loan facility, which can be repaid at any time or matched by cash. The level and

benefit of gearing is discussed and agreed with the Board regularly. The Company may borrow up to 25% of the Group's net assets. The maximum level of gearing used during the year was 14.7% and, at the financial reporting date, net gearing (calculated as borrowings less cash and cash equivalents as a percentage of net assets) stood at 9.6% of shareholders' funds (2021: 9.9%). For further details on borrowings refer to note 14 in the Financial Statements and the Alternative Performance Measure in the Glossary.

## Portfolio analysis

Information regarding the Company's investment exposures is contained within Section 2 (Portfolio), with information on the ten largest investments on pages 29 and 30, the investments listed on pages 31 to 33 and portfolio analysis on pages 34 and 35. Further information regarding investment risk and activity throughout the year can be found in the Investment Manager's Report.

As at 31 December 2022, the Level 3 unquoted investments (see note 18 in the Financial Statements) in the OZ Minerals Brazil Royalty contract and preferred shares and equity shares of Jetti Resources and MCC Mining were held at Directors' valuation, representing a total of £56,891,000 (US\$67,269,000) (2021: £33,412,000 (US\$45,255,000)). Unquoted investments can prove to be more risky than listed investments.

## Continuation vote

As agreed by shareholders in 1998, an ordinary resolution for the continuation of the Company is proposed at each Annual General Meeting. 2022 was another solid year with mining companies continuing down the path of capital discipline, balance sheets in strong shape and earnings and dividends exceeding expectations. The Directors remain confident on the value available in the sector and therefore recommend that shareholders vote in support of the Company's continuation.

## Performance

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

## Results and dividends

The results for the Company are set out in the Consolidated Statement of Comprehensive Income. The total profit for the year, after taxation, was £202,420,000 (2021: £192,470,000) of which £76,013,000 (2021: £78,910,000) is revenue profit.

It is the Board's intention to distribute substantially all of the Company's available income. The Directors recommend the payment of a final dividend as set out in the Chairman's Statement. Dividend payments/payable for the year ended 31 December 2022 amounted to £75,405,000 (2021: £78,331,000).

## Future prospects

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

## Employees, social, community and human rights issues

As an investment trust, the Company has no direct social or community responsibilities or impact on the environment and the Company has not adopted an ESG investment strategy or exclusionary screens. However, the Directors believe that it is important and in shareholders' interests to consider human rights issues and environmental, social and governance factors when selecting and retaining investments. Details of the Company's approach to ESG integration are set out on page 53 and details of the Manager's approach to ESG integration are set out on pages 54 to 57.

## Modern Slavery Act

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

## Directors, gender representation and employees

The Directors of the Company are set out in the Directors' Biographies on pages 39 and 40. The Board consists of three male Directors and two female Directors. The Company's policy on diversity is set out on page 71. The Company does not have any executive employees.

## Key performance indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The key performance indicators (KPIs) used to measure the progress and performance of the Company over time and which are comparable to other investment trusts are set out below. As indicated in the footnote to the table, some of these KPIs fall within the definition of 'Alternative Performance Measures' under guidance issued by the European Securities and Markets Authority (ESMA) and additional information explaining how these are calculated is set out in the Glossary on pages 148 to 151. Additionally, the Board regularly reviews the performance of the portfolio, as well as the net asset value and share price of the Company and compares this against various companies and indices. Information on the Company's performance is given in the Chairman's Statement.

	Year ended 31 December 2022	Year ended 31 December 2021
Net asset value total return <sup>1,2</sup>	17.7%	20.7%
Share price total return <sup>1,2</sup>	26.0%	17.5%
Premium/(discount) to net asset value <sup>2</sup>	1.3%	(5.3)%
Revenue earnings per share	40.68p	43.59p
Total dividends per share	40.00p	42.50p
Ongoing charges <sup>2,3</sup>	0.95%	0.95%
Ongoing charges on gross assets <sup>2,4</sup>	0.84%	0.84%

<sup>1</sup> This measures the Company's NAV and share price total return, which assumes dividends paid by the Company have been reinvested.

<sup>2</sup> Alternative Performance Measures, see Glossary on pages 148 to 151.

<sup>3</sup> Ongoing charges represent the management fee and all other operating expenses, excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items, as a % of average daily net assets.

<sup>4</sup> Ongoing charges based on gross assets represent the management fee and all other operating expenses, excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items, as a % of average daily gross assets. Gross assets are calculated based on net assets during the year before the deduction of the bank overdraft and loans. Ongoing charges based on gross assets are considered to be an appropriate performance measure as management fees are payable on gross assets (subject to certain adjustments and deductions).

## Principal risks

The Company is exposed to a variety of risks and uncertainties. As required by the 2018 UK Corporate Governance Code (the UK Code), the Board has put in place a robust ongoing process to identify, assess and monitor the principal risks and emerging risks facing the Company including those that would threaten its business model. A core element of this process is the Company's risk register which identifies the risks facing the Company and assesses

the likelihood and potential impact of each risk and the quality of controls operating to mitigate it. A residual risk rating is then calculated for each risk based on the outcome of the assessment.

The risk register, its method of preparation and the operation of key controls in BlackRock's and third-party service providers' systems of internal control, are reviewed on a regular basis by the Audit Committee. In order to gain a more

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comprehensive understanding of BlackRock's and other third party service providers' risk management processes and how these apply to the Company's business, BlackRock's internal audit department provides an annual presentation to the Audit Committee chairs of the BlackRock investment trusts setting out the results of testing performed in relation to BlackRock's internal control processes. The Audit Committee also periodically receives and reviews internal control reports from BlackRock and the Company's service providers.

The Board has undertaken a robust assessment of both the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. Over the course of 2020 and through to the present time, the COVID-19 pandemic has given rise to unprecedented challenges for businesses across the globe. Additionally, the risk that unforeseen or unprecedented events including (but not limited to) heightened geo-political tensions such as the war in Ukraine, high inflation and the current cost of living crisis has had a significant impact on global markets. The Board has taken into consideration the risks posed to the Company by these

events and incorporated these into the Company's risk register. The threat of climate change has also reinforced the importance of more sustainable practices and environmental responsibility for investee companies.

Emerging risks are considered by the Board as they come into view and are incorporated into the existing review of the Company's risk register. They were also considered as part of the annual evaluation process. Additionally, the Manager considers emerging risks in numerous forums and the BlackRock Risk and Quantitative Analysis team produces an annual risk survey. Any material risks of relevance to the Company through the annual risk survey will be communicated to the Board.

The Board will continue to assess these risks on an ongoing basis. In relation to the UK Code, the Board is confident that the procedures that the Company has put in place are sufficient to ensure that the necessary monitoring of risks and controls has been carried out throughout the reporting period.

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

Principal Risk	Mitigation/Control
<p><b>Counterparty</b></p> <p>The potential loss that the Company could incur if a counterparty is unable (or unwilling) to perform on its commitments.</p>	<p>Due diligence is undertaken before contracts are entered into and exposures are diversified across a number of counterparties.</p> <p>The Depository is liable for restitution for the loss of financial instruments held in custody unless able to demonstrate the loss was a result of an event beyond its reasonable control.</p>
<p><b>Investment performance</b></p> <p>The returns achieved are reliant primarily upon the performance of the portfolio.</p> <p>The Board is responsible for:</p> <ul style="list-style-type: none"> <li>deciding the investment strategy to fulfil the Company's objective; and</li> <li>monitoring the performance of the Investment Manager and the implementation of the investment strategy.</li> </ul> <p>An inappropriate investment policy may lead to:</p> <ul style="list-style-type: none"> <li>underperformance compared to the reference index;</li> <li>a reduction or permanent loss of capital; and</li> <li>dissatisfied shareholders and reputational damage.</li> </ul> <p>The Board is also cognisant of the long-term risk to performance from inadequate attention to ESG issues and in particular the impact of climate change.</p>	<p>To manage this risk the Board:</p> <ul style="list-style-type: none"> <li>regularly reviews the Company's investment mandate and long-term strategy;</li> <li>has set investment restrictions and guidelines which the Investment Manager monitors and regularly reports on;</li> <li>receives from the Investment Manager a regular explanation of stock selection decisions, portfolio exposure, gearing and any changes in gearing, and the rationale for the composition of the investment portfolio;</li> <li>oversees 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 investment policy; and</li> <li>receives and reviews regular reports showing an analysis of the Company's performance against other indices, including the performance of major companies in the sector.</li> </ul> <p>ESG analysis is integrated into the Manager's investment process as set out on pages 54 to 57. This is overseen by the Board.</p>

Principal Risk	Mitigation/Control
<p><b>Legal and regulatory compliance</b></p> <p>The Company has been approved by HM Revenue &amp; Customs as an investment trust, subject to continuing to meet the relevant eligibility conditions, and operates as an investment trust in accordance with Chapter 4 of Part 24 of the Corporation Tax Act 2010. As such, the Company is exempt from corporation tax on capital gains tax on the profits realised from the sale of its investments.</p> <p>Any breach of the relevant eligibility conditions could lead to the Company losing investment trust status and being subject to corporation tax on capital gains realised within the Company's portfolio. In such event, the investment returns of the Company may be adversely affected.</p> <p>A serious breach could result in the Company and/or the Directors being fined or the subject of criminal proceedings or the suspension of the Company's shares which would in turn lead to a breach of the Corporation Tax Act 2010.</p> <p>Amongst other relevant laws, the Company is required to comply with the provisions of the Companies Act 2006, the Alternative Investment Fund Managers' Directive as implemented, retained and onshored in the UK (AIFMD), the UK Listing Rules, Disclosure Guidance and Transparency Rules and the Market Abuse Regulation (as retained and onshored in the UK).</p>	<p>The Investment Manager monitors investment movements, the level and type of forecast income and expenditure and the amount of proposed dividends to ensure that the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 are not breached. The results are reported to the Board at each meeting.</p> <p>Compliance with the accounting rules affecting investment trusts is also carefully and regularly monitored.</p> <p>The Company Secretary, Manager and the Company's professional advisers provide regular reports to the Board in respect of compliance with all applicable rules and regulations. The Board and the Manager also monitor changes in government policy and legislation which may have an impact on the Company.</p> <p>The Company's Investment Manager, BlackRock, at all times complies with the sanctions administered by the UK Office of Financial Sanctions Implementation, the United States Treasury's Office of Foreign Assets Control, the United Nations, European Union member states and any other applicable regimes.</p>
<p><b>Market</b></p> <p>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.</p> <p>Changes in general economic and market conditions, such as currency exchange rates, interest rates, rates of inflation, industry conditions, tax laws, political events and trends, can also substantially and adversely affect the securities and, as a consequence, the Company's prospects and share price.</p> <p>Market risk includes the potential impact of events which are outside the Company's control, including (but not limited to) heightened geo-political tensions and military conflict, a global pandemic and high inflation.</p> <p>Companies operating in the sectors in which the Company invests may be impacted by new legislation governing climate change and environmental issues, which may have a negative impact on their valuation and share price.</p>	<p>The Board considers the diversification of the portfolio, asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager.</p> <p>The Board monitors the implementation and results of the investment process with the Investment Manager.</p> <p>The Board also recognises the benefits of a closed-end fund structure in extremely volatile markets such as those experienced as a consequence of the COVID-19 pandemic and the Russia/Ukraine conflict. Unlike open-ended counterparts, closed-end funds are not obliged to sell-down portfolio holdings at low valuations to meet liquidity requirements for redemptions. During times of elevated volatility and market stress, the ability of a closed-end fund structure to remain invested for the long term enables the Investment Manager to adhere to disciplined fundamental analysis from a bottom-up perspective and be ready to respond to dislocations in the market as opportunities present themselves.</p> <p>The Investment Manager seeks to understand the Environmental, Social and Governance (ESG) risks and opportunities facing companies and industries in the portfolio. The Company has not adopted an ESG investment strategy and does not exclude investment in stocks based on ESG criteria, but the Investment Manager considers ESG information when conducting research and due diligence on new investments and again when monitoring investments in the portfolio. Further information on BlackRock's approach to ESG integration can be found on pages 54 to 57.</p>

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Principal Risk	Mitigation/Control
<p><b>Operational</b></p> <p>In common with most other investment trust companies, the Company has no employees. The Company therefore relies on the services provided by third parties and is dependent on the control systems of the Manager, the Depositary and Fund Accountant which maintain the Company's assets, dealing procedures and accounting records.</p> <p>The security of the Company's assets, dealing procedures, accounting records and adherence to regulatory and legal requirements depend on the effective operation of the systems of these third party service providers. There is a risk that a major disaster, such as floods, fire, a global pandemic, or terrorist activity, renders the Company's service providers unable to conduct business at normal operating effectiveness.</p> <p>Failure by any service provider to carry out its obligations to the Company could have a material adverse effect on the Company's performance. Disruption to the accounting, payment systems or custody records (including cyber security risk) could prevent the accurate reporting and monitoring of the Company's financial position.</p>	<p>Due diligence is undertaken before contracts are entered into with third-party service providers. Thereafter, the performance of the provider is subject to regular review and reported to the Board.</p> <p>The Board reviews on a regular basis an assessment of the fraud risks that the Company could potentially be exposed to and also a summary of the controls put in place by the Manager, Depositary, Custodian, Fund Accountant and Registrar specifically to mitigate these risks.</p> <p>Most third-party service providers produce Service Organisation Control (SOC 1) reports to provide assurance regarding the effective operation of internal controls as reported on by their reporting accountants. These reports are provided to the Audit Committee for review. The Committee would seek further representations from service providers if not satisfied with the effectiveness of their control environment.</p> <p>The Company's financial instruments held in custody are subject to a strict liability regime and, in the event of a loss of such financial instruments, the Depositary must return financial assets of an identical type or the corresponding amount, unless able to demonstrate the loss was a result of an event beyond its reasonable control.</p> <p>The Board reviews the overall performance of the Manager, Investment Manager and all other third-party service providers on a regular basis and compliance with the Investment Management Agreement annually.</p> <p>The Board also considers the business continuity arrangements of the Company's key service providers on an ongoing basis and reviews these as part of its review of the Company's risk register. In respect of the risks which were posed by the COVID-19 pandemic in terms of the ability of service providers to function effectively, the Board received reports from key service providers setting out the measures that they had put in place to address the crisis, in addition to their existing business continuity framework. Having considered these arrangements and reviewed service levels, the Board is confident that a good level of service has been and will be maintained.</p>
<p><b>Financial</b></p> <p>The Company's investment activities expose it to a variety of financial risks which include market risk, counterparty credit risk, liquidity risk and the valuation of financial instruments.</p>	<p>Details of these risks are disclosed in note 18 to the Financial Statements, together with a summary of the policies for managing these risks.</p>

In the view of the Board, there have not been any changes to the fundamental nature of these risks and these principal risks and uncertainties are equally applicable for the current financial year.

## Viability statement

In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the twelve months referred to by the 'Going Concern' guidelines. The Company is an investment trust with the objective of providing an attractive level of income return together with capital appreciation over the long term.

The Directors expect the Company to continue for the foreseeable future and have therefore conducted this review for a period up to the Annual General Meeting in 2026. The Directors assess viability over a rolling three-year period as they believe it best balances the Company's long-term objective, its financial flexibility and scope, with the difficulty in forecasting economic conditions which could affect both the Company and its shareholders. The Company also undertakes a continuation vote every year with the next one taking place at the forthcoming Annual General Meeting.

In making an assessment on the viability of the Company, the Board has considered the following:

- the impact of a significant fall in commodity markets on the value of the Company's investment portfolio;
- the ongoing relevance of the Company's investment objective, business model and investment policy in the prevailing market;
- the principal and emerging risks and uncertainties, as set out above, and their potential impact;
- the level of ongoing demand for the Company's shares;
- the Company's share price discount/premium to NAV;
- the liquidity of the Company's portfolio; and
- the level of income generated by the Company and future income and expenditure forecasts.

The Directors have concluded that there is a reasonable expectation that the Company will continue in operation and meet its liabilities as they fall due over the period of their assessment based on the following considerations:

- the Investment Manager's compliance with the investment objective and policy, its investment strategy and asset allocation;
- the portfolio is liquid and mainly comprises readily realisable assets which continue to offer a range of investment opportunities for shareholders as part of a balanced investment portfolio;
- the operational resilience of the Company and its key service providers and their ability to continue to provide a good level of service for the foreseeable future;
- the effectiveness of business continuity plans in place for the Company and its key service providers;
- the ongoing processes for monitoring operating costs and income which are considered to be reasonable in comparison to the Company's total assets;
- the Board's discount management policy; and
- the Company is a closed-end investment company and therefore does not suffer from the liquidity issues arising from unexpected redemptions.

In addition, the Board's assessment of the Company's ability to operate in the foreseeable future is included in the Going Concern Statement which can be found on page 60 in the Directors' Report.

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## Section 172 statement: Promoting the success of the Company

The Companies (Miscellaneous Reporting) Regulations 2018 require directors of large companies to explain more fully how they have discharged their duties under Section 172(1) of the Companies Act 2006 in promoting the success of their companies for the benefit of members as a whole. This includes the likely consequences of their decisions in the longer term and how they have taken wider stakeholders' needs into account.

The disclosure that follows covers how the Board has engaged with and understands the views of stakeholders and how stakeholders' needs have been taken into account, the outcome of this engagement and the impact that it has had on the Board's decisions. The Board considers the main stakeholders in the Company to be the Manager, Investment Manager and the shareholders. In addition to this, the Board considers investee companies and key service providers of the Company to be stakeholders; the latter comprise the Company's Depository, Registrar, Fund Accountants and Brokers.

### Stakeholders

Shareholders	Manager and Investment Manager	Other key service providers	Investee companies
Continued shareholder support and engagement are critical to the continued existence of the Company and the successful delivery of its long-term strategy. The Board is focused on fostering good working relationships with shareholders and on understanding the views of shareholders in order to incorporate them into the Board's strategy and objective in maximising total returns to shareholders through a worldwide portfolio of mining and metal securities.	The Board's main working relationship is with the Manager, who is responsible for the Company's portfolio management (including asset allocation, stock and sector selection) and risk management, as well as ancillary functions such as administration, secretarial, accounting and marketing services. The Manager has sub-delegated portfolio management to the Investment Manager. Successful management of shareholders' assets by the Investment Manager is critical for the Company to successfully deliver its investment strategy and meet its objective. The Company is also reliant on the Manager as AIFM to provide support in meeting relevant regulatory obligations under the AIFMD and other relevant legislation.	In order for the Company to function as an investment trust with a listing on the premium segment of the official list of the Financial Conduct Authority (FCA) and trade on the London Stock Exchange's (LSE) main market for listed securities, the Board relies on a diverse range of advisors for support in meeting relevant obligations and safeguarding the Company's assets. For this reason, the Board considers the Company's Depository, Registrar, Fund Accountants and Brokers to be stakeholders. The Board maintains regular contact with its key external service providers and receives regular reporting from them through the Board and Committee meetings, as well as outside of the regular meeting cycle.	Portfolio holdings are ultimately shareholders' assets and the Board recognises the importance of good stewardship and communication with investee companies in meeting the Company's investment objective and strategy. The Board monitors the Manager's stewardship arrangements and receives regular feedback from the Manager in respect of meetings with the management of investee companies.

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

Area of Engagement	Issue	Engagement	Impact
<b>Investment mandate and objective</b>	<p>The Board is committed to promoting the role and success of the Company in delivering on its investment mandate to shareholders over the long term.</p> <p>The Board also has responsibility to shareholders to ensure that the Company's portfolio of assets is invested in line with the stated investment objective and in a way that ensures an appropriate balance between spread of risk and portfolio returns.</p>	The Board worked closely with the Investment Manager throughout the year in further developing investment strategy and underlying policies, not simply for the purpose of achieving the Company's investment objective but in the interests of shareholders and future investors. In addition the Company continues to seek out new unquoted investments which could add long-term value.	<p>The portfolio activities undertaken by the Investment Manager can be found in their Report. The Investment Manager continues to actively look for opportunities to grow royalty exposure given it is a key differentiator of the Company and an effective mechanism to lock-in long-term income which further diversifies the Company's revenues.</p> <p>Details regarding the Company's NAV and share price performance can be found in the Chairman's Statement and in this Strategic Report.</p>

Area of Engagement	Issue	Engagement	Impact
<b>Responsible investing</b>	<p>More than ever, the importance of good governance and sustainability practices are key factors in making investment decisions. Climate change is becoming a defining factor in companies' long-term prospects across the investment spectrum with significant and lasting implications for economic growth and prosperity. The mining industries in which the Company's investment universe operate are facing ethical and sustainability issues that cannot be ignored by asset managers and investment companies alike.</p>	<p>The Board works closely with the Investment Manager to regularly review the Company's performance, investment policy and strategy to seek to ensure that the Company's investment objective continues to be met in an effective and responsible way in the interests of shareholders and future investors. The Company has not adopted an ESG investment strategy and does not exclude investment in stocks based on ESG criteria, but the Board believes that responsible investment and sustainability are integral to the longer-term delivery of the Company's success.</p> <p>The Investment Manager's approach to the consideration of ESG factors in respect of the Company's portfolio, as well as the Investment Manager's engagement with investee companies to encourage sound corporate governance practices, are kept under review by the Board. The Board also expects to be informed by the Investment Manager of any sensitive voting issues involving the Company's investments.</p> <p>The Investment Manager reports to the Board in respect of its approach to ESG integration; a summary of BlackRock's approach to ESG integration is set out on pages 54 to 57. The Investment Manager's approach to engagement with investee companies and voting guidelines is summarised on page 60 and further detail is available on the BlackRock website.</p>	<p>The Board and the Investment Manager believe there is likely to be a positive correlation between strong ESG practices and investment performance over time. This is especially important in mining given the long investment cycle and the impact of ESG practices on the ability of a mining company to maintain its social licence to operate. ESG is one of the many factors that we look at and site visits to companies' operations (when circumstances permit) provide valuable insights into their ESG practices. The Investment Manager has continued to engage with investee companies virtually and has, where necessary, conducted virtual site visits.</p> <p>In 2020, BlackRock exited its active public debt and equity investment in businesses generating greater than 25% of their revenue from thermal coal production due to the heightened risks associated with their economic activity. During the year under review, the Company has had no exposure to companies whose principal activity is the extraction of thermal coal.</p> <p>Within the parameters of the Company's existing investment policy, the Investment Manager is continuing to look for opportunities to deploy capital in growth investments that should benefit from the energy transition. It is likely that this area will become a more significant part of the portfolio.</p>

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Area of Engagement	Issue	Engagement	Impact
Shareholders	Continued shareholder support and engagement are critical to the continued existence of the Company and the successful delivery of its long-term strategy.	<p>The Board is committed to maintaining open channels of communication and to engage with shareholders. The Company welcomes and encourages attendance and participation from shareholders at its Annual General Meetings. Shareholders will have the opportunity to meet the Directors and Investment Manager and to address questions to them directly. The Investment Manager will also provide a presentation on the Company's performance and the outlook for the mining sector.</p> <p>The Annual Report and Half Yearly Financial Report are available on the BlackRock website and are also circulated to shareholders either in printed copy or via electronic communications. In addition, regular updates on performance, monthly factsheets, the daily NAV and other information are also published on the website at <a href="http://www.blackrock.com/uk/brwm">www.blackrock.com/uk/brwm</a>.</p> <p>The Board also works closely with the Manager to develop the Company's marketing strategy with the aim of ensuring effective communication with shareholders.</p> <p>Unlike trading companies, one-to-one shareholder meetings normally take the form of a meeting with the Investment Manager as opposed to members of the Board. The Company's willingness to enter into discussions with institutional shareholders is also demonstrated by the programmes of institutional presentations by the Investment Manager.</p> <p>If shareholders wish to raise issues or concerns with the Board, they are welcome to do so at any time. The Chairman is available to meet directly with shareholders periodically to understand their views on governance and the Company's performance where they wish to do so. He may be contacted via the Company Secretary whose details are given on page 141.</p>	<p>The Board values any feedback and questions from shareholders ahead of and during Annual General Meetings in order to gain an understanding of their views and will take action when and as appropriate. Feedback and questions will also help the Company evolve its reporting, aiming to make reports more transparent and understandable.</p> <p>Feedback from all substantive meetings between the Investment Manager and shareholders will be shared with the Board. The Directors will also receive updates from the Company's broker and Kepler, marketing consultants, on any feedback from shareholders, as well as share trading activity, share price performance and an update from the Investment Manager.</p> <p>The portfolio management team attended a number of professional investor meetings (many by video conference) and held discussions with a number of wealth management desks and offices in respect of the Company during the year under review.</p> <p>Portfolio holdings are ultimately shareholders' assets and the Board recognises the importance of good stewardship and communication with investee companies in meeting the Company's investment objective and strategy. The Board monitors the Manager's stewardship arrangements and receives regular feedback from the Investment Manager in respect of meetings with the management of portfolio companies.</p>

Area of Engagement	Issue	Engagement	Impact
<b>Management of share rating</b>	The Board recognises the importance to shareholders that the market price of the Company's shares should not trade at either a significant discount or premium to their prevailing NAV. The Board believes this may be achieved by the use of share buyback powers and the issue of shares.	<p>The Board monitors the Company's discount on an ongoing basis and receives regular updates from the Manager and the Company's Brokers regarding the level of discount. The Board believes that the best way of maintaining the share rating at an optimal level over the long term is to create demand for the shares in the secondary market. To this end, the Investment Manager is devoting considerable effort to broadening the awareness of the Company, particularly to wealth managers and to the wider retail market.</p> <p>In addition, the Board has worked closely with the Manager to develop the Company's marketing strategy, with the aim of ensuring effective communication with existing shareholders and to attract new shareholders to the Company in order to improve liquidity in the Company's shares and to sustain the share rating of the Company.</p>	<p>The Board continues to monitor the Company's premium/discount to NAV and will look to issue or buy back shares if it is deemed to be in the interests of shareholders as a whole. The Company participates in a focused investment trust sales and marketing initiative operated by the Manager on behalf of the investment trusts under its management. Further details are set out on page 59.</p> <p>During the financial year the Company reissued 5,071,920 shares from treasury. A further 150,000 shares have been reissued from treasury since the year end. As at 28 February 2023 the Company's shares were trading at a discount of 0.2% to the cum income NAV.</p>
<b>Service levels of third party providers</b>	The Board acknowledges the importance of ensuring that the Company's principal suppliers are providing a suitable level of service, including the Investment Manager in respect of investment performance and delivering on the Company's investment mandate; the Custodian and Depository in respect of their duties towards safeguarding the Company's assets; the Registrar in its maintenance of the Company's share register and dealing with investor queries; and the Company's Brokers in respect of the provision of advice and acting as a market maker for the Company's shares.	<p>The Manager reports to the Board on the Company's performance on a regular basis. The Board carries out a robust annual evaluation of the Manager's performance, their commitment and available resources.</p> <p>The Board performs an annual review of the service levels of all third-party service providers and concludes on their suitability to continue in their role. The Board receives regular updates from the AIFM, Depository, Registrar and Brokers on an ongoing basis.</p> <p>The Board has also worked closely with the Manager to gain comfort that relevant business continuity plans are operating effectively for all of the Company's key service providers.</p>	<p>All performance evaluations were performed on a timely basis and the Board concluded that all third-party service providers, including the Manager and Investment Manager, were operating effectively and providing a good level of service.</p> <p>The Board has received updates in respect of business continuity planning from the Company's Manager, Custodian, Depository, Fund Accountant, Registrar and Printer and is confident that arrangements are in place to ensure a good level of service will continue to be provided and that measures are in place so that working remotely, which occurred during the COVID-19 pandemic, can be reinstated.</p>

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continued

Area of Engagement	Issue	Engagement	Impact
<b>Board composition</b>	<p>The Board is committed to ensuring that its own composition brings an appropriate balance of knowledge, experience and skills, and that it is compliant with best corporate governance practice under the UK Code, including guidance on tenure and the composition of the Board's committees.</p>	<p>All Directors are subject to a formal evaluation process on an annual basis (more details and the conclusions of the 2022 evaluation process are given on page 72). All Directors stand for re-election by shareholders annually.</p> <p>Shareholders may attend the Annual General Meeting and raise any queries in respect of Board composition or individual Directors in person or may contact the Company Secretary or the Chairman using the details provided on page 141 with any issues.</p>	<p>As at the date of this report, the Board was comprised of three men and two women. Under the AIC Code the tenure of a director who is elevated to Chairman may be extended by three years. The Board has decided that this extension should apply to Mr Cheyne's tenure which will therefore be extended until the Annual General Meeting in the Spring of 2024. Mr Edey, who will be reaching his nine year tenure in May, will not be seeking re-election at the forthcoming Annual General Meeting. The Board is currently undertaking a review of succession planning arrangements having identified the need for a new Director when Mr Edey retires. Details of each Director's contribution to the success and promotion of the Company are set out in the Directors' Report on page 63 and details of the Directors' biographies can be found on pages 39 and 40.</p> <p>The Directors are not aware of any issues that have been raised directly by shareholders in respect of Board composition in the year under review. Details for the proxy voting results in favour and against individual Directors' re-election at the 2022 Annual General Meeting are given on the Manager's website at <a href="http://www.blackrock.com/uk/brwm">www.blackrock.com/uk/brwm</a>.</p>

## Environmental, Social and Governance issues and approach

### The Board's approach

Environmental, Social and Governance (ESG) issues can present both opportunities and threats to long-term investment performance. The Company's investment universe comprises sectors that are undergoing significant structural change and are likely to be highly impacted by increasing regulation as a result of climate change and other social and governance factors. Your Board is committed to ensuring that we have appointed a Manager that integrates ESG considerations into its investment process and has the skill to navigate the structural transition that the Company's investment universe is undergoing. The Board believes effective engagement with company management is, in most cases, the most effective way of driving meaningful change in the behaviour of investee company management. While the Company does not have an ESG or impact focused investment strategy or apply exclusionary screens, as in most cases the Company will not invest in companies which have high ESG risks and no plans to address existing deficiencies. Where the Board is not satisfied that an investee company is taking steps to address matters of an ESG nature, it may discuss with the Manager how this situation might be resolved, including potentially by a full disposal of shares.

ESG integration does not change the Company's investment objective or constrain the Investment Manager's investable universe, and does not mean that an ESG or impact focused investment strategy or any exclusionary screens have been or will be adopted by the Company. Similarly, ESG integration does not determine the extent to which the Company may be impacted by sustainability risks. More information on BlackRock's global approach to ESG integration, as well as activity specific to the BlackRock World Mining Trust plc portfolio is set out below.

The Company does not meet the criteria for Article 8 or 9 products under the EU Sustainable Finance Disclosure Regulation (SFDR) and the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities. The Investment Manager has access to a range of data sources, including principal adverse indicator (PAI) data, when making decisions on the selection of investments. However, whilst BlackRock considers ESG risks for all portfolios and these risks may coincide with environmental or social themes associated with the PAIs, the Company does not commit to considering PAIs in driving the selection of its investments. Additional information on ESG integration, sustainability risk and SFDR is set out in the AIFMD Fund Disclosures available on the Company's website.

### BlackRock World Mining Trust plc – BlackRock Investment Stewardship engagement with portfolio companies in 2022

Given the Board's belief in the importance of engagement and communication with portfolio companies, they receive regular updates from the Investment Manager in respect of activity undertaken for the year under review. The Investment Manager engages with company management teams and undertakes company meetings to identify the best management teams with the ability to create value for shareholders over the long term. In addition, BlackRock also has a separate BlackRock Investment Stewardship (BIS) team. Consistent with BlackRock's fiduciary duty as an asset manager, BIS seeks to support investee companies in their efforts to deliver long-term durable financial performance on behalf of BlackRock's clients. BIS engages with investee companies to build its understanding of these companies' approach to addressing material risks and opportunities. The Board notes that over the year to 31 December 2022, 58 total company engagements were held with the management teams of 37 portfolio companies representing 55% of the portfolio by value at 31 December 2022. To put this into context, there were 69 companies in the BlackRock World Mining Trust plc portfolio at 31 December 2022. Additional information is set out in the table and charts below and overleaf, as well as the key engagement themes for the meetings held in respect of the Company's portfolio holdings.

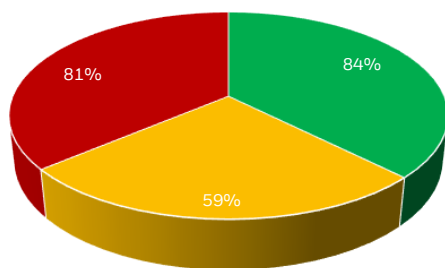
	Year ended 31 December 2022
Number of engagements held	58
Number of companies met	37
% of equity investments covered	55
Shareholder meetings voted at	61
Number of proposals voted on	648
Number of votes against management	36
% of total votes represented by votes against management	5.2

Source: Institutional Shareholder Services as at 31 December 2022.

# Strategic Report

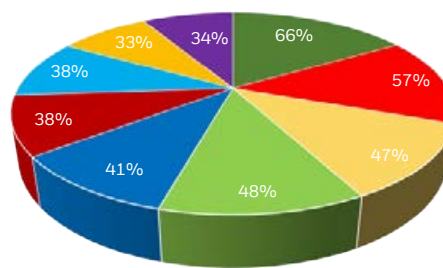
continued

**Engagement themes<sup>1</sup>**



- Governance
- Social
- Environmental

**Environmental engagement topics<sup>1</sup>**



- Climate Risk Management
- Board Composition and Effectiveness
- Social Risks and Opportunities
- Corporate Strategy
- Remuneration
- Human Capital Management
- Business Oversight/Risk Management
- Executive Management
- Governance Structure

<sup>1</sup> Engagements include multiple company meetings during the year with the same company. Most engagement conversations cover multiple topics and are based on BlackRock vote guidelines and BlackRock's engagement priorities can be found at: [www.blackrock.com/corporate/about-us/investment-stewardship#engagement-priorities](http://www.blackrock.com/corporate/about-us/investment-stewardship#engagement-priorities).

Percentages reflect the number of meetings held in respect of the Company's portfolio holdings at which a particular topic is discussed as a percentage of the total meetings held; as more than one topic is discussed at each meeting the total will not add up to 100%.

## The importance and challenges of considering ESG when investing in the Natural Resources Sector and BlackRock's approach to ESG Integration

	<b>Environmental</b>	<b>Social</b>	<b>Corporate Governance</b>
<b>Impact</b>	<p>As well as the longer-term contribution to carbon emissions and the impact on the environment, the activities undertaken by many companies in the portfolio such as digging mines will inevitably have an impact on local surroundings. It is important how companies manage this process and ensure that an appropriate risk oversight framework is in place, with consideration given to all stakeholders. The significant fall in the market cap of companies like Vale, after the Brumadinho dam collapse, highlights the key role that ESG has on share price performance.</p> <p>BlackRock's approach to climate risk and opportunities and the global energy transition is based on our role as a fiduciary to our clients. As the world works toward a transition to a low-carbon economy, we are interested in hearing from companies about their strategies and plans for responding to the challenges and capturing the opportunities that this transition creates. When companies consider climate-related risks, it is likely that they will also assess their impact and dependence on natural capital.</p>	<p>BlackRock believes it is vital that natural resources companies maintain their social licence to operate. BIS' Global Principles underscore our belief that companies are best placed to deliver value for long-term shareholders like BlackRock's clients when they also consider the interests of their other key stakeholders, which generally will include workers, business partners (such as suppliers and distributors), clients and consumers, government and the communities in which they operate.</p> <p>In our experience, companies that build strong relationships with their stakeholders are more likely to meet their own strategic objectives, while poor relationships may create adverse impacts that expose a company to legal, regulatory, operational and reputational risks and jeopardise their ability to deliver sustainable, long-term financial performance.</p>	<p>As with all companies, good corporate governance is especially critical for natural resources companies. The performance and effectiveness of the board is critical to the success of a company, the protection of shareholders' interests, and long-term shareholder value creation. Governance issues, including the management of material sustainability issues that have a significant impact for natural resources companies, all require effective leadership and oversight from a company's board.</p> <p>We believe companies with experienced, engaged and diverse directors, who are effective in actively advising and overseeing management as a board, are well-positioned to deliver long-term value creation.</p>

BIS held 3,693 engagements with 2,464 unique companies globally between 1 July 2021 and 30 June 2022. Globally, BIS voted on behalf of those clients who authorised us to do so, at more than 18,000 shareholder meetings on more than 173,000 proposals. Similar to previous years, shareholder proposals represented less than 1% of the total proposals BIS voted on during in the year to 30 June 2022. More detail can be found at: [www.blackrock.com/corporate/literature/publication/2022-investment-stewardship-voting-spotlight.pdf](http://www.blackrock.com/corporate/literature/publication/2022-investment-stewardship-voting-spotlight.pdf)

Environmental	Social	Corporate Governance
<p>BIS held 2,058 engagements on climate and natural capital topics.</p> <p>BIS voted to signal concerns about climate action or disclosure at 234 companies (321 last year). BIS did not support the election of 176 directors for climate-related concerns (254 last year).</p> <p>In the year to 30 June 2022, BIS continued to focus its stewardship efforts where the energy transition is likely to materially impact a company's performance. To that end, the BIS Climate Focus Universe, which includes over 1,000 carbon-intensive public companies, represents nearly 90% of the global scope 1 and 2 GHG emissions of the companies in which BlackRock invests on behalf of our clients. More detail can be found at <a href="http://www.blackrock.com/corporate/literature/publication/blk-climate-focus-universe.pdf">www.blackrock.com/corporate/literature/publication/blk-climate-focus-universe.pdf</a>.</p>	<p>BIS held 1,283 engagements related to company impacts on people.</p> <p>In the year to 30 June 2022, BIS voted on 200 shareholder proposals related to social issues. BIS supported 38 shareholder proposals relating to company impacts on people (social-related proposals) out of 200, i.e., approximately 19%.</p>	<p>BIS centers our stewardship work in corporate governance. That is why board quality and effectiveness remain a top engagement priority and a key factor in the majority of votes cast on behalf of clients.</p> <p>BIS held 2,326 engagements on board quality and effectiveness; 2,115 focused on strategy, purpose and financial resilience; and 1,352 on incentives aligned with value creation.</p> <p>Like last year, the leading reasons for BIS not supporting director elections in the year to 30 June 2022 – and management proposals more broadly – were governance-related: 1) lack of board independence, 2) lack of board diversity, 3) directors having too many board commitments and 4) executive compensation that was not aligned with company strategy or long-term performance.</p> <p>BIS did not support 1,521 companies globally over concerns about board independence.</p> <p>BIS did not support 936 companies globally for concerns related to board diversity.</p> <p>BIS did not support 661 companies globally for concerns related to overcommitment.</p> <p>BIS did not support 576 companies due to concerns over compensation.</p>

BIS – Examples of approach to voting and engagement across ESG categories (year ended 30 June 2022)<sup>1</sup>

<sup>1</sup> The data in this table applies to BIS' engagements globally. Most engagement conversations cover multiple topics. BIS' engagement statistics reflect the primary topics discussed during the meeting. More detail can be found at: [www.blackrock.com/corporate-literature/publication/2022-investment-stewardship-voting-spotlight.pdf](http://www.blackrock.com/corporate-literature/publication/2022-investment-stewardship-voting-spotlight.pdf)

# Strategic Report

continued

## BlackRock's approach to ESG integration

BlackRock believes that sustainability risk – and climate risk in particular – now equates to investment risk, and this will drive a profound reassessment of risk and asset values as investors seek to react to the impact of climate policy changes. This in turn (in BlackRock's view) is likely to drive a significant reallocation of capital away from traditional carbon intensive industries over the next decade. BlackRock believes that carbon-intensive companies will play an integral role in unlocking the full potential of the energy transition, and to do this, they must be prepared to adapt, innovate and pivot their strategies towards a low carbon economy.

As part of BlackRock's structured investment process, ESG risks and opportunities (including sustainability/climate risk) are considered within the portfolio management team's fundamental analysis of companies and industries. ESG factors are an important consideration of the BlackRock Sectors and Thematics team's investment process and the Company's portfolio managers work closely with BIS to assess the governance quality of companies and understand any potential issues, risks or opportunities.

As part of their approach to ESG integration, the portfolio managers use ESG information when conducting research and due diligence on new investments and again when monitoring investments in the portfolio. In particular, portfolio managers now have access to 1,200 key ESG performance indicators in Aladdin (BlackRock's proprietary trading system) from third-party data providers. BlackRock's internal sustainability research framework scoring is also available alongside third-party ESG scores in core portfolio management tools. BlackRock's analysts' sector expertise and local market knowledge allows it to engage with companies through direct interaction with management teams and conducting site visits. In conjunction with the portfolio management team, BIS meets with boards of companies frequently to evaluate how they are strategically managing their longer-term issues, including those surrounding ESG and the potential impact these may have on company financials. BIS's and the portfolio management team's understanding of ESG issues is further supported by BlackRock's Sustainable and Transition Solutions (STS) function. STS looks to advance ESG research and integration, active engagement and the development of sustainable investment solutions across the firm.

## Investment stewardship

Consistent with BlackRock's fiduciary duty as an asset manager, BIS seeks to support investee companies in their efforts to deliver long-term durable financial performance on behalf of our clients. These clients include public and private pension plans, governments, insurance companies, endowments, universities, charities and, ultimately, individual investors, among others. BIS serves as an important link between BlackRock's clients and the companies they invest in. Clients depend on BlackRock to help them meet

their investment goals; the business and governance decisions that companies make will have a direct impact on BlackRock's clients' long-term investment outcomes and financial well-being.

## Global principles

BlackRock's approach to corporate governance and stewardship is comprised in BIS' Global Principles and market-specific voting guidelines. BIS' policies set out the core elements of corporate governance that guide its investment stewardship activities globally and within each regional market, including when voting at shareholder meetings for those clients who have authorised BIS to vote on their behalf. Each year, BIS reviews its policies and updates them as necessary to reflect changes in market standards and regulations, insights gained over the year through third-party and its own research, and feedback from clients and companies. BIS' Global Principles are available on its website at [www.blackrock.com/corporate/literature/factsheet/blk-responsible-investment-engprinciples-global.pdf](http://www.blackrock.com/corporate/literature/factsheet/blk-responsible-investment-engprinciples-global.pdf)

## Market-specific proxy voting guidelines

BIS' voting guidelines are intended to help clients and companies understand its thinking on key governance matters. They are the benchmark against which it assesses a company's approach to corporate governance and the items on the agenda to be voted on at a shareholder meeting. BIS applies its guidelines pragmatically, taking into account a company's unique circumstances where relevant. BlackRock informs voting decisions through research and engages as necessary. BIS reviews its voting guidelines annually and updates them as necessary to reflect changes in market standards, evolving governance practice and insights gained from engagement over the prior year.

BIS' market-specific voting guidelines are available on its website at [www.blackrock.com/corporate/about-us/investment-stewardship#stewardship-policies](http://www.blackrock.com/corporate/about-us/investment-stewardship#stewardship-policies)

BlackRock is committed to transparency in terms of disclosure on its stewardship activities on behalf of clients. BIS publishes its stewardship policies – such as the Global Principles, engagement priorities, and voting guidelines – to help BlackRock's clients understand its work to advance their interests as long-term investors in public companies. Additionally, BIS published both annual and quarterly reports detailing its stewardship activities, as well as vote bulletins that describe its rationale for certain votes at high profile shareholder meetings.

More detail in respect of BIS reporting can be found at [www.blackrock.com/corporate/about-us/investment-stewardship](http://www.blackrock.com/corporate/about-us/investment-stewardship)

## **BlackRock's reporting and disclosures**

In terms of its own reporting, BlackRock believes that the Sustainability Accounting Standards Board provides a clear set of standards for reporting sustainability information across a wide range of issues, from labour practices to data privacy to business ethics. For evaluating and reporting climate-related risks, as well as the related governance issues that are essential to managing them, the Task Force on Climate-related Financial Disclosures (TCFD) provides a valuable framework. BlackRock recognises that reporting to these standards requires significant time, analysis, and effort. BlackRock's 2021 TCFD report can be found at [www.blackrock.com/corporate/literature/continuous-disclosure-and-important-information/tcf-d-report-2021-blkinc.pdf](http://www.blackrock.com/corporate/literature/continuous-disclosure-and-important-information/tcf-d-report-2021-blkinc.pdf)

By order of the Board

### **CAROLINE DRISCOLL**

For and on behalf of  
BlackRock Investment Management (UK) Limited  
Company Secretary  
2 March 2023

# Directors' Report

The Directors present the audited Annual Report and Financial Statements of the Company and its subsidiary (together the Group) prepared in accordance with section 415 (2) of the Companies Act 2006 for the year ended 31 December 2022.

## Status of the Company

The Company is domiciled in the United Kingdom. The Company is a public company limited by shares and is also an investment company under section 833 of the Companies Act 2006 and operates as such. It is not a close company and has no employees.

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

As an investment company that is managed and marketed in the United Kingdom, the Company is an Alternative Investment Fund (AIF) falling within the scope of, and subject to the requirements of, the Alternative Investment Fund Managers' Directive (AIFMD), as implemented, retained and onshored in the UK. The Company is governed by the provisions of The Alternative Investment Fund Managers Regulations 2013 (the Regulations). It must comply with a number of obligations, including the appointment of an Alternative Investment Fund Manager (AIFM) and a depositary to carry out certain functions. The Company must also comply with the Regulations in respect of leverage, outsourcing, conflicts of interest, risk management, valuation, remuneration and capital requirements and must also make additional disclosures to both shareholders and the FCA. Further details are set out in the AIFMD disclosures section and in the notes to the Financial Statements.

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

## Information to be disclosed in accordance with Listing Rule 9.8.4 (information to be included in annual report and financial statements)

Disclosures in respect of how the Company has complied with Listing Rule 9.8.4 are set out on page 147.

## Facilitating retail investments

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

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

## The Common Reporting Standard

Tax legislation under the Organisation for Economic Cooperation and Development (OECD) Common Reporting Standard for Automatic Exchange of Financial Account Information (the Common Reporting Standard) was introduced on 1 January 2016. The legislation requires investment trust companies to provide personal information to HMRC about investors who purchase shares in investment trusts. As an affected company, BlackRock World Mining Trust plc has to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certification shareholders and corporate entities. The local tax authority to which the information is initially passed may in turn exchange the information with the tax authorities of another country or countries in which the shareholder may be tax resident, where those countries (or tax authorities in those countries) have entered into agreements to exchange financial account information.

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

## GDPR

Data protection rights were harmonised across the European Union following the implementation of the General Data Protection Regulation (GDPR) on 25 May 2018, since retained in the UK by the European Union (Withdrawal) Act 2018. The Board has sought and received assurances from its third-party service providers that they have taken appropriate steps to ensure compliance with the regulation.

## Shareholder Rights Directive II

The Shareholder Rights Directive II took effect from 10 June 2019 with some transitional provisions. It encourages long-term shareholder engagement and transparency between companies and shareholders. In substantive terms the changes were small for investment companies and the majority of requirements apply to the Company's

remuneration policy and disclosure of processes, as well as related party transactions. There are also additional rules for AIFMs and proxy advisers.

## Dividends

Details of the dividends paid and payable in respect of the year are set out in the Chairman's Statement and in note 8 on page 106.

## Investment management and administration

BlackRock Fund Managers Limited (BFM), AIFM or the Manager was appointed as the Company's AIFM with effect from 2 July 2014, having been authorised as an AIFM by the FCA on 1 May 2014. The management contract is terminable by either party on six months' notice. Under the agreement, the Board continues to be independent from the AIFM. The agreement provides the appropriate balance between the Board's control over the Company, its investment policies and compliance with regulatory obligations.

BlackRock Investment Management (UK) Limited (BIM (UK)) continues to act as the Company's Investment Manager under a delegation agreement with BFM. BIM (UK) also acted as the Secretary of the Company throughout the year. The Manager receives an annual management fee equivalent to 0.80% of the Company's gross assets (subject to certain adjustments and deductions), which includes all services provided by BlackRock.

Included within this management fee is a contribution of £132,000 (excluding VAT) to a consortium element of a focused investment trust sales and marketing initiative, which enables the BlackRock investment trusts to achieve efficiencies by combining certain sales and marketing activities and is matched by BlackRock. This contribution will be deducted from the fee payable to BlackRock. The purpose of the programme is to ensure effective communication with existing shareholders and to attract new shareholders to the Company. This has the benefit of improving liquidity in the Company's shares and helps sustain the stock market rating of the Company.

BFM and BIM (UK) are subsidiaries of BlackRock, Inc. which is a publicly traded corporation on the New York Stock Exchange operating as an independent firm.

## Appointment of the Manager

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

The Board believes that the continuing appointment of BFM (the Manager) as AIFM, and the delegation of investment management services to BIM (UK) (the Investment Manager) on the terms disclosed above is in shareholders' interests as a whole. The specialist nature of the Company's investment remit is, in the Board's view, best served by the Sectors and Thematics team at BlackRock, which has a proven track record in successfully investing in the mining sector.

## Depositary and Custodian

The Company is required under the AIFMD to appoint an AIFMD compliant depositary. The Company has appointed The Bank of New York Mellon (International) Limited (BNYM or the Depositary) to perform this role.

The Depositary's duties and responsibilities are outlined in the investment fund legislation (as defined in the FCA AIF Rulebook). The main role of the Depositary under AIFMD is to act as a central custodian with additional duties to monitor the operations of the Company, including monitoring cash flows and ensuring the Company's assets are valued appropriately in accordance with the relevant regulations and guidance. The Depositary is also responsible for enquiring into the conduct of the AIFM in each annual accounting period. The Depositary receives a fee payable at 0.0095% per annum of net assets. The Company has appointed the Depositary in a tripartite agreement, to which BFM as AIFM is also a signatory. The Depositary is liable for the loss of the financial instruments held in custody.

Under the depositary agreement, custody services in respect of the Company's assets have been delegated to The Bank of New York Mellon (International) Limited (BNYM). BNYM receives a custody fee payable by the Company at rates depending on the number of trades effected and the location of securities held. The depositary agreement is subject to 90 days' notice of termination by any party.

## Registrar

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

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

## Change of control

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

# Directors' Report

continued

## Exercise of voting rights in investee companies

The exercise of voting rights attached to the Company's portfolio has been delegated by the Company to the Investment Manager, whose policy is set out below. 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 and sustainable business models contribute to companies' long-term financial performance and thus to better risk adjusted returns. BlackRock's proxy voting process is led by the BlackRock Investment Stewardship (BIS) team, located in ten offices around the world. Collectively within BIS, 18 languages are spoken and 31 academic disciplines are represented. The team's globally-coordinated, local presence and breadth of experience enables more frequent and better-informed dialogue with companies. The BIS team draws upon its own expertise, as well as other internal and external resources globally, to represent the long-term economic interests of clients. Close collaboration takes place between BIS and active portfolio managers. Active portfolio managers with positions in a company can vote their shares independently of BIS based on their views of what is best for their specific fund and client base.

BIS' Global Principles and market-specific proxy voting guidelines, updated every year, form the foundation of the team's engagement with companies and voting decisions at shareholder meetings on behalf of clients. 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 believes is in the best economic interests of clients. BlackRock's global corporate governance and engagement principles are published on its website at:

<https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf>

During the year under review, the Investment Manager voted on 648 proposals at 61 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 18 (2.6%) resolutions, abstained from voting on 21 (3.0%) resolutions and withheld 17 votes (2.5%). The votes against were in respect of proposals which contained insufficient disclosure for the Investment Manager to make an informed decision, the re-election of directors, or in respect of executive remuneration packages which were considered to be poorly structured.

## Continuation vote

As agreed by shareholders, an ordinary resolution for the continuation of the Company as an investment trust is proposed annually at the Annual General Meeting. If any

such resolution is not passed, the Board shall put proposals to shareholders within 42 days of the Annual General Meeting with a view to enabling shareholders to realise their holding of shares for cash or, if appropriate, a non-cash consideration with a cash alternative.

## Principal risks

The key risks faced by the Company are set out in the Strategic Report.

## Going concern

The Directors, having considered the nature and liquidity of the portfolio, the Company's investment objective and the Company's projected income and expenditure, are satisfied that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements and is financially sound. The Board is mindful of the longer-term effects on the global economy and recovery of economies from the COVID-19 pandemic, and the current environment of heightened geo-political risk given the war in Ukraine. The Board believes that the Company and its key third-party service providers have in place appropriate business continuity plans and these services have continued to be supplied without interruption throughout the COVID-19 pandemic.

The Company has a portfolio of investments which are predominantly readily realisable and is able to meet all of its liabilities from its assets and income generated from these assets. The portfolio mainly comprises readily realisable assets which can be sold to meet funding requirements if necessary. As at 28 February 2023, 87% of the portfolio was estimated as being capable of being liquidated within three days. Accounting revenue and expense forecasts are maintained and reported to the Board regularly and it is expected that the Company will be able to meet all its obligations. Borrowings under the overdraft and loan facilities shall at no time exceed £230 million or 25% of the Group's net assets at the time of drawdown of the relevant borrowings (whichever is lower) and this covenant was complied with during the year. Based on the above, the Board is satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial statements and that the Company has adequate resources to continue in operational existence for the period to 31 March 2024, being a period of at least 12 months from the date of approval of these financial statements. Ongoing charges for the year ended 31 December 2022 were approximately 0.95% of net assets.

The Company has an annual continuation vote with the next vote due to be held at the Annual General Meeting in April 2023. The Board has no reason to believe that this resolution will not be passed. The Company's longer-term viability is considered in the viability statement on page 47.

## Directors

The Directors of the Company as at 31 December 2022 and their biographies are set out on pages 39 and 40. Details of their interests in the shares of the Company are set out in the Directors' Remuneration Report on page 67. All of the Directors held office throughout the year under review and up to the date of signing the financial statements.

Although the Company's Articles of Association require that one-third of Directors retire and seek re-election at intervals of no more than three years, the Board has resolved that all Directors should be subject to re-election on an annual basis. Accordingly, all of the Directors (other than Mr Edey who will be retiring following the Annual General Meeting) will offer themselves for re-election at the Annual General Meeting. The Board has considered the positions of the retiring Directors as part of the evaluation process and believes that it would be in the Company's best interests for each of the Directors to be proposed for re-election at the forthcoming Annual General Meeting, given their material level of contribution and commitment to the role.

Having considered the Directors' performance within the annual Board performance evaluation process, further details of which are provided on page 72, the Board believes that it continues to be effective, and the Directors bring extensive knowledge and commercial experience and demonstrate a range of valuable business, financial and asset management skills. The Board therefore recommends that shareholders vote in favour of each Director's proposed re-election. More details in respect of the skills and experience each Director brings to the Board are set out on page 63.

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

## Directors' liability insurance and Directors' indemnity

The Company has maintained appropriate Directors' and Officers' liability insurance throughout the year. In addition to Directors' and Officers' liability insurance cover, the Company's Articles of Association provide, subject to the provisions of applicable UK legislation, a qualifying third-party indemnity for Directors in respect of costs incurred in the defence of any proceedings brought against them by third parties arising out of their positions as Directors, in which they are acquitted, or judgement is given in their favour. The Company has entered into Deeds of Indemnity with Directors individually which are available for inspection at the Company's registered office and will also be available at the Annual General Meeting. The indemnity has been in force during the financial year and up to the date of approval of the financial statements.

## Conflicts of interest

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

## Directors' Remuneration Report and Policy

The Directors' Remuneration Report is set out on pages 65 to 67. An advisory ordinary resolution to approve this report will be put to shareholders at the Company's forthcoming Annual General Meeting. The Company is also required to put the Directors' Remuneration Policy on pages 68 and 69 to a binding shareholder vote every three years. The Company's Remuneration Policy was last put to shareholders at the Annual General Meeting in 2020, therefore an ordinary resolution to approve the policy will next be put to shareholders at the forthcoming Annual General Meeting.

## Notifiable interests in the Company's voting rights

As at 31 December 2022 the Company had not received any notifications in accordance with the FCA's Disclosure Guidance and Transparency Rule 5.1.2R.

## Foreign exchange

At the financial year end, approximately 81.6% of the Company's portfolio was invested in non-sterling assets, with 34.3% invested in US dollar denominated assets. The Investment Manager does not actively hedge currency exposure.

## Derivative transactions

During the year, the Group entered into a number of derivative put and call option contracts generating option premium income of £7,297,000 (2021: £7,065,000). Three option contracts remained open at 31 December 2022 (2021: two option contracts), details of which are given in the investment listing on pages 31 to 33. All open options were fully covered.

## Share capital

Details of the Company's issued share capital are given in note 16 to the Financial Statements. Details of the voting rights in the Company's ordinary shares as at the date of this report are given in note 17 to the Notice of Annual General Meeting. The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. There

# Directors' Report

continued

are no restrictions on the voting rights of the ordinary shares or on the transfer of ordinary shares, and there are no shares that carry specific rights with regard to the control of the Company.

## Share repurchases

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

During the year and up to the date of this report no shares have been bought back.

The latest authority to purchase ordinary shares for cancellation or to be held in treasury was granted to the Directors on 6 May 2022 and expires on 18 April 2023. The Directors are proposing that their authority to buy back shares be renewed at the forthcoming Annual General Meeting. Purchases of ordinary shares pursuant to this authority will only be made in the market for cash at prices below the prevailing NAV per share.

## Treasury shares

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

The Company holds 4,108,806 ordinary shares in treasury (2.3% of the Company's issued share capital excluding treasury shares).

## Share issues

The Company has the authority to issue new shares or sell shares from treasury for cash. During the year, the Company has reissued 5,071,920 ordinary shares from treasury for a total consideration after costs of £34,902,000 at an average price of 688.14p per share and an average 1.3% premium to NAV. Since the year end and up to 2 March 2023, the Company has reissued a further 150,000 ordinary shares from treasury net of costs for a total consideration of £1,084,000. The current authority to issue new ordinary shares or sell shares from treasury for cash was granted to

the Directors on 6 May 2022 and expires on 18 April 2023. 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.

## Streamlined Energy and Carbon Reporting (SECR) statement: Greenhouse gas (GHG) emissions and energy Consumption disclosure

As an externally managed investment company, the Company has no greenhouse gas emissions to report from its operations, nor does it have any responsibility for any other emissions producing sources under the Companies Act (Strategic Report and Directors' Reports) Regulations 2013. For the same reason, the Company considers itself to be a low energy user under the SECR regulations and therefore is not required to disclose energy and carbon information.

## Articles of Association

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

## Business of the Annual General Meeting (AGM)

UK government restrictions on public gatherings are no longer in force in connection with COVID-19 and we therefore intend to hold the AGM in the normal way with physical attendance by shareholders. However, shareholders should be aware that it is possible that restrictions could be reimposed prior to the date of the AGM.

BlackRock requests that shareholders intending to attend should comply with their COVID-19 safety protocols before entering the venue. At the time of writing, visitors are not permitted in BlackRock's offices if they have tested positive for COVID-19 in the past 10 days, are experiencing COVID-19 related symptoms, or are subject to government requirements for self-isolation or quarantine.

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

The business of this year's Annual General Meeting consists of 14 resolutions. Resolutions 1 to 12 are proposed as ordinary resolutions and 13 and 14 are being proposed as special resolutions.

### **Resolution 1 – Approval of the annual report and financial statements**

This resolution seeks shareholder approval of the Annual Report and Financial Statements for the year ended 31 December 2022 and the auditors' report thereon.

### **Resolution 2 – Approval of the Directors' remuneration report**

This resolution is an advisory vote on the Directors' Remuneration Report, excluding any content relating to the remuneration policy, as set out on pages 68 and 69.

### **Resolution 3 – Approval of the Directors' Remuneration Policy**

This resolution is to approve the Directors' Remuneration Policy as set out on pages 68 and 69.

### **Resolution 4 – Approval of the dividend**

Resolution 4 seeks shareholder approval of a final dividend of 23.50p per share for the year ended 31 December 2022.

### **Resolutions 5 to 8 – Re-election of Directors**

Resolutions 5 to 8 relate to the re-election and election of the Directors. The Board has undertaken a formal performance evaluation during the year and confirms that the performance of the Directors standing for re-election continues to be effective and that each Director demonstrates commitment to their role. The biographies of the Directors are set out on pages 39 and 40. The Directors have been appointed in order to bring a range of experience appropriate to managing a business which invests in mining companies and mining related businesses. Their experiences range from holding senior positions in mining companies, to advising mining companies on investments in other mining companies and mines, to arranging finance for mines and mining companies and to working in the investment business. Individually their competences and experiences mean that the Board is able to develop appropriate strategies to manage the risk of investing in this sector and also to deal with ESG issues, such as businesses that invest in pure-play thermal coal. The skills and experience each Director brings to the Board for the long-term sustainable success of the Company are set out below.

Resolution 5 relates to the re-election of David Cheyne who was appointed as a Director in 2012 and as Chairman in 2019. Mr Cheyne was a legal adviser to a large number of mining companies both on corporate matters and on acquisitions and financing for over 30 years. As a result, he has a great deal of experience on the issues that affect the sector, including those relating to ESG. His experience as a corporate lawyer, advising boards and as chairman of a large international law firm, gives him considerable governance experience, as well as a knowledge of the sector.

Resolution 6 relates to the re-election of Jane Lewis who has served on the Board for nearly six years. She has extensive sector experience through her career in investment company corporate broking at Winterflood and business development at leading investment trust management houses. She holds a number of investment trust directorships, including as chairman.

Resolution 7 relates to the re-election of Judith Mosely who was appointed as a Director in 2014. Ms Mosely has over twenty years' experience in the City focusing on the mining sector. She was employed until the end of December 2019 by Rand Merchant Bank as Business Development Director for mining where she was responsible for identifying opportunities in the sector in raising bank finance, mergers and acquisitions, commodity hedging and debt capital markets. Prior to this she headed the mining finance team of Société Générale in London. She therefore has a strong appreciation of risk, as well as a current appreciation of the opportunities and challenges in the sector including ESG. She regularly attends key industry conferences and her involvement in industry groups such as Women in Mining ensures that she is kept abreast of key industry matters.

Resolution 8 relates to the re-election of Srinivasan Venkatakrisnan who was appointed as a Director on 1 August 2021. He has a proven track record of leading multinational organisations, including major publicly-listed companies, through periods of challenging and transformative change. His career spans across six continents and 15 countries; covers gold, silver and base metals, oil and gas and power generation. The scope of his work over the past 30+ years at the board and executive level has spanned the full suite of leadership accountabilities, including strategy development and execution, all aspects of ESG, project development, organisational restructuring and business planning, turnaround and productivity improvement, in addition to complex corporate financing activities spanning mergers & acquisitions, due diligence studies and capital markets work. These efforts have involved intricate, multi-jurisdictional financing and large complex cross-border restructuring. Leading major businesses in the extractive sector has moreover required fostering and maintaining relationships with investors, financiers, governments, regulators, organised labour, host communities, media, and local and international civil society groups. Mr Venkatakrisnan is a chartered accountant and will bring this skill set to his new role as Chairman of the Company's Audit Committee.

### **Resolutions 9 and 10 – Re-appointment of the external auditors and auditors' remuneration**

These resolutions relate to the re-appointment and remuneration of the Company's auditors. The Company, through its Audit Committee, has considered the independence and objectivity of the external auditors and is satisfied that the auditors remain independent. Further information in relation to the assessment of the auditors' independence can be found on page 79.

# Directors' Report

continued

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

## **Resolution 11 – Continuation of the Company as an investment trust**

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

## **Resolution 12 – Authority to allot shares**

The Directors may only allot shares for cash if authorised to do so by shareholders in general meeting. This resolution seeks authority for the Directors to allot shares for cash up to an aggregate nominal amount of £944,515 which is equivalent to 18,890,303 ordinary shares of 5p each and represents 10% of the current issued share capital, excluding treasury shares, as at the date of the Notice of Annual General Meeting. This authority will expire at the conclusion of next year's Annual General Meeting in 2024, unless renewed prior to that date at an earlier general meeting.

## **Resolution 13 – Authority to disapply pre-emption rights**

By law, Directors require specific authority from shareholders before allotting new shares or selling shares out of treasury for cash without first offering them to existing shareholders in proportion to their holdings. Resolution 13 empowers the Directors to allot new shares for cash or to sell shares which are held by the Company in treasury, otherwise than to existing shareholders on a pro rata basis, up to an aggregate nominal amount of £944,515 which is equivalent to 18,890,303 ordinary shares of 5p each and 10% of the Company's issued ordinary share capital, excluding treasury shares, as at the date of the Notice of Annual General Meeting. Unless renewed at a general meeting prior to such time, this authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2024.

## **Resolution 14 – Authority to buy back shares**

The resolution to be proposed will seek to renew the authority granted to Directors enabling the Company to purchase its own shares. The Directors will only consider repurchasing shares in the market if they believe it to be in shareholders' interests and as a means of correcting any imbalance between supply and demand for the Company's shares.

The Directors are seeking authority to purchase up to 28,316,565 ordinary shares (being 14.99% of the issued share capital, excluding treasury shares, as at the date of this report) or, if less, 14.99% of the ordinary shares in issue at 18 April 2023. This authority, unless renewed at an earlier general meeting, will expire at the conclusion of next year's Annual General Meeting.

## **Recommendation**

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

## **Corporate governance**

Full details are given in the Corporate Governance Statement. The Corporate Governance Statement forms part of this Directors' Report.

## **Audit information**

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

## **Independent auditors**

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

The Directors' Report was approved by the Board at its meeting on 2 March 2023.

By order of the Board

## **CAROLINE DRISCOLL**

For and on behalf of  
BlackRock Investment Management (UK) Limited  
Company Secretary  
2 March 2023

# Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 31 December 2022 which has been prepared in accordance with sections 420-422 of the Companies Act 2006.

The Remuneration Report comprises a remuneration policy report and a remuneration policy implementation report. The remuneration policy report is subject to a triennial binding shareholder vote and will be put to shareholders for approval at the forthcoming Annual General Meeting. The remuneration implementation report is subject to an annual advisory vote.

The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on pages 84 to 91.

## Statement by the Chairman

The Board's policy on remuneration is set out on pages 68 and 69. A key element of the remuneration policy is that fees payable to Directors should be sufficient to attract and retain individuals with suitable knowledge and experience to promote the long-term success of the Company, whilst also reflecting the time commitment and responsibilities of the role. The basis for determining the level of any increase in the Directors' remuneration and the Board's policy on remuneration is set out in the Directors' Remuneration Policy.

The Board's remuneration is considered annually and was last reviewed in August 2022. Following a review, with effect from 1 October the Board agreed that the Chairman's fees increase from £47,000 to £49,350, the Chairman of the Audit Committee and Senior Independent Director receive a fee increase from £39,500 to £41,475 and Directors' fees increase from £32,000 to £33,600. Prior to this, Directors' fees were last increased on 1 September 2021. Following the retirement of Mr Edey, Mr Venkatakrishnan will be appointed as Chairman of the Audit Committee. Ms Lewis will become Chair of the Management Engagement Committee and Ms Mosely will replace Mr Edey as Senior Independent Director.

No discretionary fees have been paid to the Directors during the year or previous year and the payment of such fees is expected to be a rare occurrence, only necessary in exceptional circumstances. Any discretionary fees paid to the Directors will be clearly disclosed in the Directors' Remuneration Report accompanied by an explanation of the work undertaken and why it was deemed necessary to pay such additional remuneration.

## Remuneration Committee

The Board as a whole fulfils the function of the Remuneration Committee and considers any change in the Directors' remuneration policy. It is not considered necessary to have a separate Remuneration Committee as the Company's Directors are all non-executive and independent of the Manager. No advice or services were provided by any external agencies or third parties in respect of remuneration levels.

## Remuneration implementation report

A single figure for the total remuneration of each Director is set out in the table below for the year ended 31 December 2022.

Directors	Year ended 31 December 2022			Year ended 31 December 2021		
	Fees	Taxable expenses <sup>1</sup>	Total	Fees	Taxable expenses <sup>1</sup>	Total
	£	£	£	£	£	£
David Cheyne <sup>2</sup>	47,588	–	47,588	45,667	–	45,667
Russell Edey <sup>3</sup>	39,994	629	40,623	38,167	–	38,167
Judith Mosely	32,400	–	32,400	30,667	–	30,667
Jane Lewis	32,400	1,792	34,192	30,667	–	30,667
Ollie Oliveira <sup>4</sup>	–	–	–	17,500	–	17,500
Srinivasan Venkatakrishnan <sup>5</sup>	32,400	9,549	41,949	13,167	–	13,167
<b>Total</b>	<b>184,782</b>	<b>11,970</b>	<b>196,752</b>	<b>175,835</b>	<b>–</b>	<b>175,835</b>

<sup>1</sup> Taxable expenses relate to travel and subsistence costs incurred in carrying out business for the Company and which have been grossed up to include PAYE and NI contributions.

<sup>2</sup> Chairman.

<sup>3</sup> Chairman of the Audit Committee, Management Engagement Committee and Senior Independent Director.

<sup>4</sup> Retired on 31 July 2021.

<sup>5</sup> Appointed as a Director on 1 August 2021.

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 31 December 2022 fees of £16,000 (2021: £14,375) were outstanding to Directors. No discretionary payments were made in the year to 31 December 2022 (2021: nil).

# Directors' Remuneration Report

continued

## Relative importance of spend on remuneration

To enable shareholders to assess the relative importance of spend on pay, this has been shown in the table below compared with the Group's dividend distributions, total revenue, net profit on ordinary activities and buy back/issue of ordinary shares.

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

	2022 £'000	2021 £'000	Change £'000
Directors' total remuneration	197	176	+21
Total dividends paid and payable	75,405	78,331	-2,926
Total revenue	85,996	87,676	-1,680
Net profit on ordinary activities after taxation	202,420	192,470	9,950
Buy back of ordinary shares	–	393	-393
Issue of ordinary shares	34,902	63,187	-28,285

No payments were made in the year to any past Directors (2021: nil).

## Annual percentage change in Directors' fees

The following table set outs the annual percentage change in Directors' fees for the past five years.

	31 December 2018	31 December 2019	31 December 2020	31 December 2021	31 December 2022
David Cheyne <sup>1</sup>	+0.0%	+0.0%	+0.0%	+4.4%	+5.0%
Russell Edey <sup>2</sup>	+0.0%	+0.0%	+0.0%	+5.3%	+5.0%
Jane Lewis	+0.0%	+0.0%	+0.0%	+6.7%	+5.0%
Judith Mosely	+0.0%	+0.0%	+0.0%	+6.7%	+5.0%
Srinivasan Venkatakrisnan <sup>3</sup>	n/a	n/a	n/a	n/a	+5.0%

<sup>1</sup> Chairman.

<sup>2</sup> Chairman of the Audit Committee, Management Engagement Committee and Senior Independent Director.

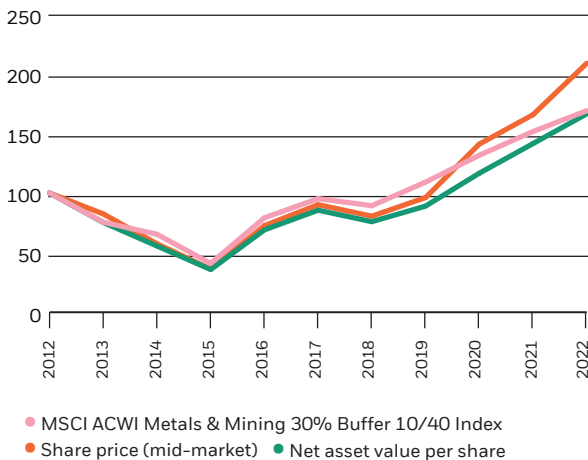
<sup>3</sup> As Srinivasan Venkatakrisnan was appointed as a Director on 1 August 2021, the percentage change in his annual fixed fee in 2021 has been annualised.

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

## Performance

The line graph that follows compares the Company's net asset value and mid-market share price (with dividends reinvested) with the reference index. This index was chosen for comparison purposes as it was deemed to be the most relevant to the Company's investment objective when reporting to shareholders.

### Performance 1 January 2012 to 31 December 2022



Total return performance record, rebased to 100 at 31 December 2012.  
Sources: BlackRock and Datastream.

<sup>1</sup> With effect from 1 January 2020, the reference index changed to the MSCI ACWI Metals & Mining 30% Buffer 10/40 Index – net total return. Prior to 1 January 2020, the reference index was the EMIX Global Mining Index (net total return). The performance of the reference index during the period from 1 January 2020 to 31 December 2022 has been blended to reflect this change. Reference index returns are calculated including the effect of reinvestment of dividends.

## Shareholdings

The Board has not adopted a policy that Directors are required to own shares in the Company. The interests of the Directors in the ordinary shares of the Company are set out in the following table. The Company does not have a share option scheme, therefore none of the Directors has an interest in share options.

	31 December 2022 Ordinary shares	31 December 2021 Ordinary shares
David Cheyne	35,000	35,000
Russell Edey	20,000	20,000
Jane Lewis	5,362	5,362
Judith Mosely	7,400	7,400
Srinivasan Venkatakrishnan	1,000	1,000

The information in the above table has been audited.

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

### Implementation of the remuneration policy in 2022 financial year

The Directors intend that the Remuneration Policy, which forms part of this report, will be implemented as set out on pages 68 and 69. Directors' fees have increased with effect from 1 October 2022 as set out on page 65.

### Retirement of Directors

Further details are given in the Directors' Report on page 61.

By order of the Board

#### DAVID CHEYNE

Chairman  
2 March 2023

# Directors' Remuneration Policy

## Directors' remuneration policy

In determining the appropriate level of Directors' fees, a number of factors are considered, including the workload of the Directors, their responsibilities, any change in these responsibilities and additional legal duties (for example as a result of new legislation being implemented), the relationship with their suppliers and the size and complexity of the Company. The time commitment required, the level of skills and appropriate experience required and the need for Directors to maintain on an ongoing basis an appropriate level of knowledge of regulatory and compliance requirements in an industry environment of increasing complexity are also taken into account. The Board also considers the average rate of inflation during the period since the last fee increase and reviews the level of remuneration in comparison with other investment trusts of a similar size and/or mandate, as well as taking account of any data published by the Association of Investment Companies to ensure that fees are in line with industry practice. This comparison, together with consideration of any alteration in non-executive Directors' responsibilities, is used to review whether any change in remuneration is necessary.

The review is performed on an annual basis. No director will be present when his or her own pay is being determined. The Company has no employees and consequently no consideration is required to be given to employment conditions elsewhere in setting this policy and there has been no employee consultation.

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

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

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

## Consideration of shareholders' views

An ordinary resolution to approve the Remuneration Report is put to members at each Annual General Meeting and shareholders have the opportunity to express their views and raise any queries in respect of the remuneration policy at this meeting. To date, no shareholders have commented in respect of the remuneration policy. In the event that there was a substantial vote against any resolution proposed at the Company's Annual General Meeting, the reasons for any such vote would be sought and appropriate action taken. Should the vote be against resolutions in relation to the Directors' remuneration, further details will be provided in future Directors' Remuneration Reports.

In accordance with the Companies Act 2006, the Company is required to seek shareholder approval of its remuneration policy on a triennial basis. An ordinary resolution for the approval of the remuneration policy and the future policy table will be put to members at the forthcoming Annual General Meeting. It is the intention of the Board that the policy on remuneration will continue to apply for all financial years of the Company up to 31 December 2025.

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

## Shareholder voting

At the Company's previous Annual General Meeting held on 6 May 2022, 99.60% of votes cast (including votes cast at the Chairman of the Meeting's discretion) were in favour of the resolution to approve the Directors' Remuneration Report in respect of the year ended 31 December 2021 and 0.40% were against. 64,910 votes were withheld.

At the Company's Annual General Meeting held on 30 April 2020, 99.77% (including votes cast at the Chairman of the Meeting's discretion) were in favour of the resolution to approve the Directors' Remuneration Policy and 0.23% of votes cast were against. 120,960 votes were withheld.

## Future policy table

<b>Purpose and link to strategy</b>	Fees and benefits payable to Directors should be sufficient to attract and retain individuals of high calibre with suitable knowledge and experience. Those chairing the Board and key Committees should be paid higher fees than other Directors in recognition of their more demanding roles. Fees should reflect the time spent by Directors on the Company's affairs and the level of complexity of responsibilities borne by the Directors.
<b>Description</b>	Current levels of fixed annual fee (effective from 1 October 2022): Chairman – £49,350 Audit Committee Chairman – £41,475 Directors – £33,600
<b>Maximum and minimum levels</b>	Remuneration consists of a fixed fee each year, set in accordance with the stated policies and any increase granted must be in line with the stated policies. The Company's Articles of Association set a limit of £250,000 in respect of the remuneration that may be paid to Directors in any financial year, not including expenses and discretionary fees. In addition, the Directors propose a limit of £75,000 (excluding any tax grossing up) in relation to the maximum that may be paid in respect of taxable expenses. These ceilings have been set at a level to provide flexibility in respect of the recruitment of additional Board members and inflation.
<b>Policy on share ownership</b>	Directors are not required to own shares in the Company.
<b>Operation – fees</b>	
<b>Fixed fee element</b>	The Board reviews the quantum of Directors' pay each year to ensure that this is in line with the level of Directors' remuneration for other investment trusts of a similar size. When making recommendations for any changes in fees, the Board will consider wider factors such as the average rate of inflation over the period since the previous review and the level and any change in complexity of the Directors' responsibilities (including additional time commitments as a result of increased regulatory or corporate governance requirements). Directors are not eligible to be compensated for loss of office, nor are they eligible for bonuses, pension benefits, share options or other incentives or benefits. Directors do not have service contracts but are appointed under letters of appointment.
<b>Discretionary fees</b>	The Company's Articles of Association authorise the payment of additional discretionary fees to Directors for any additional work undertaken on behalf of the Company which is outside of their normal duties. Any such work and the fees payable are subject to the prior approval of the Chairman or, in the case of the Chairman undertaking the extra work, subject to the prior approval of the Chairman of the Audit Committee. Any discretionary fees paid will be disclosed in the Directors' remuneration implementation report within the Annual Report. The level of discretionary fees shall be determined by the Directors and will be subject to a maximum of £10,000 per annum per Director.
<b>Operation – expenses</b>	
<b>Taxable expenses</b>	The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them in or about the performance of their duties as Directors, including any expenses incurred in attending meetings of the Board or Committees of the Board, Annual General Meetings or General Meetings. Some expenses incurred by Directors such as travel expenses incurred by the Directors in the course of travel to attend Board and Committee meetings which are held at the Company's registered office in London and which are reimbursed by the Company are subject to tax and national insurance. The Company's policy is that all reasonable costs of this nature will be reimbursed as they are incurred, including the tax and national insurance costs incurred by the Director on such expenses.

# Corporate Governance Statement

## Chairman's introduction

Corporate Governance is the process by which the Board seeks to look after shareholders' interests and protect and enhance shareholder value. Shareholders hold the Directors responsible for the stewardship of the Company, delegating authority and responsibility to the Directors to manage the Company on their behalf and holding them accountable for its performance.

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

As a UK-listed investment trust company our principal reporting obligation is driven by the UK Corporate Governance Code (the UK Code) issued by the Financial Reporting Council in July 2018. However, as listed investment trust companies differ in many ways from other listed companies, the Association of Investment Companies has drawn up its own set of guidelines, the AIC Code of Corporate Governance (the AIC Code) issued in February 2019, which addresses the governance issues relevant to investment companies and meets the approval of the Financial Reporting Council.

Both the UK Code and the AIC Code apply to accounting periods beginning on or after 1 January 2019. The Board has determined that it has complied with the recommendations of the AIC Code. This in most material respects is the same as the UK Code, save that there is greater flexibility regarding the tenure of office of the Chairman and membership of the Audit Committee.

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

## Compliance

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

The Board considers that the Company has complied with the recommendations of the AIC Code and the provisions contained within the UK Code that are relevant to the

Company throughout this accounting period, except the provisions relating to:

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

The Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company with no executive employees and, in relation to the internal audit function, in view of BlackRock having an internal audit function. Further explanation is provided below.

Information on how the Company has applied the principles of the AIC Code and UK Code is set out below. The UK Code is available from the Financial Reporting Council's website at [frc.org.uk](http://frc.org.uk). The AIC Code is available from the Association of Investment Companies at [theaic.co.uk](http://theaic.co.uk).

## The Board

The Board currently consists of five non-executive Directors, all of whom are independent of the Company's Manager. Provision 9 of the UK Code which relates to the combination of the roles of the chairman and chief executive does not apply as the Company has no executive directors.

The Board's primary purpose is to direct the Company to maximise shareholder value within a framework of proper controls and in accordance with the Company's investment objective.

## Board structure and management

Details of the Board's structure, roles and responsibilities and management are set out in the summary of Governance Structure on page 38. The Directors' biographies on pages 39 and 40 demonstrate a breadth of investment, commercial, accounting, financial and professional experience which enables them to provide effective strategic leadership and proper governance of the Company. Details of the Chairman's other significant time commitments can be found on page 39.

The Company does not have a chief executive as day-to-day management of the Company's affairs is delegated to the Manager as AIFM, with investment management and other ancillary services delegated to the Investment Manager. Representatives of the Manager, Investment Manager and Company Secretary attend each Board meeting. The Board, the AIFM, the Investment Manager and the Company Secretary operate in a supportive and co-operative manner.

## Board independence and tenure

The Board regularly reviews the independence of its members and considers all of the Directors to be independent. A number of factors were taken into account when making this assertion, including length of tenure, the individual contribution of each Director, their other

directorships and interests, and their ongoing commitment and enthusiasm to promote the long-term success of the Company, its shareholders and stakeholders. This individual independence allows all of the Directors to sit on the Company's various Committees, although in line with the UK Code, the Chairman of the Board does not act as a member of the Audit Committee.

The Board is of the view that length of service will not necessarily compromise the independence or contribution of directors of an investment trust company, where continuity and experience can add significantly to the strength of the Board. Following the formal performance evaluation process, the Board has concluded that, notwithstanding Mr Cheyne has served as a Director (and now Chairman) for over nine years, he continues to be independent in character and judgement and his range of skills and experience has been beneficial for the Board.

The Board considers that the tenure of the Chairman should be determined principally by how the Board's purpose in providing strategic leadership, governance and bringing challenge and support to the Manager can best be maintained, whilst also recognising the importance of independence, refreshment, diversity and retention of accumulated knowledge. It firmly believes that an appropriate balance of these factors is essential for an effective functioning Board and, at times, will naturally result in some longer serving directors, including the Chairman. Furthermore, the Board wishes to retain the flexibility to be able to recruit outstanding candidates when they become available rather than simply adding new Directors based upon a predetermined timetable.

Under the AIC Code the tenure of a director who is elevated to Chairman may be extended by three years. The Board has decided that this extension should apply to Mr Cheyne's tenure which will therefore be extended to the Annual General Meeting in the Spring of 2024.

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. Copies of these letters are available on request from the Company's registered office and will be available at the Annual General Meeting.

## **Diversity**

The Board's aim regarding diversity, including age, gender, educational and professional background and other forms of diversity, is to take these into account during the recruitment and appointment process. However, the Board is committed to an objective of appointing the most appropriate candidate, regardless of gender or other forms of diversity, and therefore no targets have been set against which to report.

The Board will be complying with the recommendations of the Parker Review in respect of Board diversity and the recent changes to the FCA's Listing Rules which set out new

diversity targets and associated disclosure requirements for all UK and overseas companies with shares listed on the premium or standard segment of the FCA's Official List. The new rules apply to annual financial reports for periods starting on or after 1 April 2022.

As at the date of this report, the Board had a 60:40 gender ratio and one member is from a minority ethnic background. Following Mr Edey's retirement on 18 April 2022, Ms Mosely will replace him as Senior Independent Director.

## **Directors' appointment, retirement and rotation**

The rules concerning the appointment, retirement and rotation of Directors are discussed in the Directors' Report on page 61. The Board has considered the position of each of the Directors as part of the evaluation process and believes it would be in the best interests of the Company for the Directors retiring to be proposed for re-election at the forthcoming Annual General Meeting given their material level of contribution and commitment to the Company. Mr Edey will be retiring and will not be seeking re-election.

The Board recognises the value of progressive renewing of, and succession planning for, company boards. The refreshment of the Board will remain as an ongoing process to ensure that the Board is well-balanced through the appointment of new Directors with the skills and experience necessary. Directors must be able to demonstrate commitment to the Company, including in terms of time. The Board is cognisant of the concept of 'overboarding' and has considered the time commitment required by the Directors' other roles, taking into account their nature and complexity. The Board reviews this information annually to ensure all Directors have sufficient capacity to effectively carry out their role.

## **Directors' induction, training and development**

When a new Director is appointed to the Board, he or she is provided with all the 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 the Investment Manager, the Company Secretary and other key employees of the Manager whereby he or she will become familiar with the workings and processes of the Company.

The Company's policy is to encourage Directors to keep up to date and attend training courses on matters which are directly relevant to their involvement with the Company. The Directors also receive regular briefings from, amongst others, the auditors, representatives of the Manager and the Company Secretary regarding any proposed developments or changes in laws or regulations that could affect them or the Company. Directors' training and development needs are reviewed by the Chairman on an annual basis.

# Corporate Governance Statement

continued

## Directors' liability insurance

The Company has maintained appropriate Directors' liability insurance cover throughout the year.

## The Board's responsibilities

The Board is responsible to shareholders for the overall management of the Company. It decides upon matters relating to the Company's investment objective, policy and strategy and monitors the Company's performance towards achieving that objective through its agreed policy and strategy. The Board has also adopted a schedule of matters reserved for its decision. 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.

Strategic issues and all operational matters of a material nature are determined by the Board. The Board has responsibility for ensuring that the Company keeps adequate 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 interim and other price-sensitive 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.

The Board has established a procedure whereby Directors wishing to do so in the furtherance of their duties, may take independent advice at the Company's expense.

## Performance evaluation

In order to review the effectiveness of the Board, the Committees and the individual Directors, the Board carries out a formal and rigorous annual appraisal process. This encompasses both quantitative and qualitative measures of performance in respect of the Board and its Committees, implemented by way of completion of an evaluation survey and a subsequent review of findings. The Chairman also reviews with each Director their individual performance, contribution and commitment and the appraisal of the Chairman is reviewed by the other Directors, led by the Senior Independent Director.

The appraisal process is considered by the Board to be constructive in terms of identifying areas for improving the functioning and the performance of the Board and its Committees and the contribution of individual Directors, as well as building on and developing individual and collective strengths. The review concluded that the Board oversees the management of the Company effectively and has the skills and expertise to safeguard shareholders' interests. The Board, the Investment Manager and representatives of the Manager were found to operate in a cooperative and open environment. Each Director made a valuable contribution to the Board and its discussions, brought different qualities to the Board, challenged the Investment Manager and Manager

constructively, remained independent in character and judgement, and dedicated sufficient time to their respective role on the Board. Board composition, dynamics and structure worked well.

There were no significant actions arising from the evaluation process and it was agreed that the current composition of the Board and its Committees reflected a suitable mix of skills and experience and that the Board as a whole, the individual Directors and its Committees, were functioning effectively.

## Delegation of responsibilities Management and administration

The management of the investment portfolio and the administration of the Company have been contractually delegated to BlackRock Fund Managers Limited (BFM), as the Company's AIFM, and BFM (with the permission of the Company) has delegated certain investment management and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK) or the Investment Manager). The contractual arrangements with BFM (the Manager) are summarised on page 59.

The Manager, operating under guidelines determined by the Board, has direct responsibility for the decisions relating to the day-to-day running of the Company and is accountable to the Board for the investment, financial and operating performance of the Company. The Board has final investment authority on unquoted investments. The review of the Manager's performance is an ongoing duty and responsibility of the Board which is carried out at each Board meeting. In addition, a formal review is undertaken annually, details of which are set out in the Directors' Report.

The Manager has delegated the portfolio valuation and fund accounting services to The Bank of New York Mellon (International) Limited (BNYM). The assets of the Company have been entrusted to the Depositary for safekeeping. The Depositary is The Bank of New York Mellon (International) Limited. The address at which this business is conducted is given on page 141.

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 approach to voting at shareholder meetings are set out on page 60.

## The Company Secretary

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

## Committees of the Board

The Board has appointed a number of committees as set out below.

### Nomination Committee

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

### Audit Committee

The Audit Committee, which is currently chaired by Mr Edey, comprises the whole Board with the exception of Mr Cheyne, who is not a member of the Committee but may attend by invitation. Further details are given in the Report of the Audit Committee on pages 76 to 80.

### Management Engagement Committee

On 18 November 2021 the Board resolved to establish a separate Management Engagement Committee chaired by Mr Edey and comprising the whole Board. The Committee is responsible for reviewing the performance of the Manager in terms of investment management, company secretarial services and fund accounting and, at least annually, reviews the investment management agreement to ensure the terms remain competitive. It will consider each year whether the continuing appointment of the Manager on the terms of the management contract is in the interests of the Company's shareholders as a whole. It will also consider and make recommendations to the Board regarding the appointment of third-party service providers and ensure that third-party service providers comply with the terms of their respective agreements with the Company and that the provisions of such agreements follow industry practice, remain competitive and are in the best interests of shareholders.

### Remuneration Committee

The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report and Directors' Remuneration Policy on pages 65 to 69. As stated in the Directors' Remuneration Report, the full Board determines the level of Directors' fees and accordingly there is no separate Remuneration Committee.

### Internal controls

The Board is responsible for establishing and maintaining the internal controls of the Company and for reviewing their effectiveness, for ensuring that financial information published or used within the business is reliable and for

regularly monitoring compliance with regulations governing the operation of investment trusts. The Board, through the Audit Committee (the Committee), regularly reviews the effectiveness of the internal control systems to identify, evaluate and manage the Company's significant risks. If any significant failings or weaknesses are identified, the Manager and Board ensure that necessary action is taken to remedy the failings. The Board is not aware of any significant failings or weaknesses arising in the year under review.

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

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

The Board recognises that these control systems can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss, and relies on the operating controls established by the Manager, the Fund Accountant and Custodian. The Manager prepares revenue forecasts and management accounts which allow the Board to assess the Company's activities and review its performance. The Board and the Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are submitted to the Board at each meeting.

The Company does not have its own internal audit function, as all the administration is delegated to the Manager and other third-party service providers. The Board monitors the controls in place through the internal control reports and the

# Corporate Governance Statement

continued

Manager's internal audit department and feels that there is currently no need for the Company to have its own internal audit function, although this matter is kept under review.

## Financial reporting

The Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements is set out on page 81, the Independent Auditors' Report on pages 84 to 91 and the Statement of Going Concern on page 60.

## Socially responsible investment

Investment trusts do not employ staff and accordingly have no direct impact on social matters but can be significant investors in the economies of the regions in which they invest. The Company invests in mining companies around the world primarily on financial grounds to meet its stated objectives. The Company has not adopted an ESG or impact focused investment strategy and does not exclude investments based on ESG criteria. However, the Board believes that it is important to seek to invest in companies whose boards act responsibly in respect of environmental, ethical and social issues. The Investment Manager's evaluation procedures and financial analysis of the companies within the portfolio includes research and appraisal and also takes into account environmental policies, social, ethical and other business issues. More information regarding the Manager's approach to ESG integration is given on pages 54 to 57.

BlackRock is a signatory to the UK Stewardship Code, which sets high expectations for how investors, and the service providers that support them, manage assets on behalf of UK savers and pensioners. The Manager's compliance with the UK Stewardship Code is publicly available on the BlackRock website: [www.blackrock.com/corporate/about-us/investment-stewardship#stewardship-reports](http://www.blackrock.com/corporate/about-us/investment-stewardship#stewardship-reports).

## Bribery prevention policy

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

## Criminal Finances Act 2017

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

## Communications with shareholders

Communications with shareholders is given a high priority. Regular updates on performance are available to shareholders on the BlackRock website and the Investment

Manager will review the Company's portfolio performance at the Annual General Meeting. The Notice of Annual General Meeting which is sent out 20 working days in advance of the meeting sets out the business of the Meeting which is explained in the Directors' Report. Separate resolutions are proposed for substantive issues.

Proxy voting figures will be announced to shareholders at the Annual General Meeting and will be made available on the website shortly after the meeting. In accordance with Provision 4 of the UK Code, when 20% of votes have been cast against a resolution at any general meeting, the Board will explain, when announcing the results of voting, what actions it intends to take to understand the reasons behind the vote result. An interim action statement will also be published within six months of the vote, setting out the views received from shareholders and the actions that the Company has taken, and the Board will include a summary of the feedback and actions in the next Annual Report.

The Company's willingness to enter into discussions with institutional shareholders is also demonstrated by the programmes of institutional presentations by the Investment Manager. The Board discusses with the Investment Manager at each Board meeting any feedback from meetings with shareholders and it also receives reports from its corporate brokers. The Chairman is available to meet directly with shareholders periodically without the Investment Manager being present. The Chairman may be contacted via the Company Secretary whose details are given on page 141. The dialogue with shareholders provides a two-way forum for canvassing the views of shareholders and enabling the Board to become aware of any issues of concern, including those relating to performance, strategy and corporate governance.

There is a section within this report entitled 'Shareholder Information' which provides an overview of useful information available to shareholders. The Company's financial statements, regular factsheets and other information are also published on the BlackRock website at [www.blackrock.com/uk/brwm](http://www.blackrock.com/uk/brwm). The work undertaken by the auditors does not involve consideration of the maintenance and integrity of the website and, accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in their jurisdiction.

## Packaged Retail and Insurance-Based Investment Products (PRIIPS) Regulation (The Regulation)

The Regulation (as onshored in the UK and amended) requires that anyone manufacturing, advising on, or selling a PRIIP to retail investors in the UK must comply with the Regulation. Shares issued by investment trusts fall into scope of the Regulation.

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

The PRIIPs KID in respect of the Company can be found at: [www.blackrock.com/uk/brwm](http://www.blackrock.com/uk/brwm).

### **Disclosure Guidance and Transparency Rules**

Other information required to be disclosed pursuant to the Disclosure Guidance and Transparency Rules has been placed in the Directors' Report on pages 58 to 64 because it is information which refers to events that have taken place during the course of the year.

For and on behalf of the Board

**DAVID CHEYNE**  
Chairman  
2 March 2023

# Report of the Audit Committee

As Chairman of the Company's Audit Committee (the Committee) I am pleased to present the Committee's report to shareholders for the year ended 31 December 2022.

## Composition

All of the Directors, except the Chairman of the Board, were members of the Committee during the year under review. The Chairman may attend Committee meetings by invitation. The Board considers that at least one member of the Committee has recent and relevant financial experience and specific competence in accounting and/or auditing and the Committee as a whole has competence relevant to the sector in which the Company operates.

The biographies of the Directors may be found on pages 39 and 40.

## Performance evaluation

Details of the evaluation of the Committee are set out in the Corporate Governance Statement on page 73.

## Role and responsibilities

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

The Committee operates within written terms of reference detailing its scope and duties and these are available on the website at [www.blackrock.com/uk/brwm](http://www.blackrock.com/uk/brwm). The Committee's principal duties, as set out in the terms of reference, are set out below. In accordance with these duties, the principal activities of the Committee during the year included:

## Internal controls, financial reporting and risk management systems

- reviewing the adequacy and effectiveness of the Group's internal financial controls and the internal control and risk management systems;
- reasonably satisfying itself that such systems meet relevant legal and regulatory requirements;
- monitoring the integrity of the financial statements;
- reviewing the consistency of, and any changes to, accounting policies;
- reviewing the Half Yearly and Annual Report and Financial Statements to ensure that the Group's results and financial position are presented accurately and fairly to shareholders;
- reviewing semi-annual reports from the Manager on its activities as AIFM; and

- reviewing half yearly reports from the Depository on its activities.

## Narrative reporting

- reviewing the content of the Annual Report and Financial Statements and advising the Board on whether, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

## External audit

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

## Reporting responsibilities

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

## Internal audit

- considering the need for an internal audit function, as set out in the Corporate Governance Statement on pages 73 and 74 and below.

The fees paid to the external auditors are set out in note 5 of the Financial Statements. An explanation of how auditor objectivity and independence is safeguarded is reported under 'Assessment of the effectiveness of the external audit process' on page 79.

## **Whistleblowing policy**

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

## **Internal audit**

The Company does not have its own internal audit function, as all the administration is delegated to the Manager. The Board considers that it is sufficient to rely on the internal audit department of BlackRock and the requirement for an internal audit function is kept under review. The external auditors obtain an understanding of the internal controls in place at both the Manager and the Fund Accountant by analysing the relevant control reports issued by their independent auditors.

## **Non-audit services**

The Company's policy on permitted audit related and non-audit services is set out in full in the Committee's terms of reference which are available on the Manager's website at [www.blackrock.com/uk/brwm](http://www.blackrock.com/uk/brwm). The only audit related services provided in the year related to the review of the half yearly financial statements.

## **United Kingdom Single Electronic Format Regulatory Technical Standard (UKSEF)**

The Committee paid special attention to the preparation of the financial statements in digital form under the UKSEF taxonomy and regulatory technical standard. As this was the second report in this format, we made sure the necessary procedures had been completed by all parties, including the technical accounting team of the Manager, the Fund Accountant, The Bank of New York Mellon, and a specialist information technology provider.

## **Significant issues considered regarding the Annual Report and Financial Statements**

During the year, the Committee considered a number of significant issues and areas of key audit risk in respect of the Annual Report and Financial Statements. The Committee reviewed the external audit plan at an early stage and concluded that the appropriate areas of audit risk relevant to the Company had been identified and that suitable audit procedures had been put in place to obtain reasonable assurance that the financial statements as a whole would be free of material misstatements. The table on page 78 sets out the key areas of risk identified and also explains how these were addressed.

As the provision of portfolio valuation, fund accounting and administration services is delegated to the Manager, which sub-delegates certain administrative functions to The Bank of New York Mellon (International) Limited (BNYM), the Committee has also reviewed the internal control reports prepared by BlackRock and BNYM. This enables the Committee to ensure that the relevant control procedures are in place to cover the areas of risk as identified in the table that follows and are adequate and appropriate and have been confirmed as operating effectively by their reporting auditor.

# Report of the Audit Committee continued

Significant issue	How the issue was addressed
<b>The accuracy of the valuation of the investment portfolio</b>	Listed investments are valued using stock exchange prices from third party pricing providers. The Board reviews detailed portfolio valuations including the fair valuation of unquoted investments on a regular basis throughout the year and receives confirmation from the Manager that the pricing basis is appropriate and in line with relevant accounting standards as adopted by the Company and that the carrying values are materially correct. In relation to the OZ Minerals Brazil Royalty Contract and equity shares of Jetti Resources and MCC Mining, the Board reviews the valuation report of independent external valuers.
<b>The risk of misappropriation of assets and unsecured ownership of investments</b>	<p>The Depositary is responsible for financial restitution for loss of financial investments held in custody. The Depositary reports to the Committee twice a year.</p> <p>The Committee reviews reports from its service providers on key controls over the assets of the Company and will take action to address any significant issues that are identified in these reports, which may include direct discussions with representatives of the relevant service providers to obtain more detailed information surrounding any matters of concern and gaining assurance that appropriate remediation has been taken. Any significant issues are reported by the Manager to the Committee. The Manager has put in place procedures to ensure that investments can only be made to the extent that the appropriate contractual and legal arrangements are in place to protect the Company's assets.</p>
<b>The accuracy of the calculation of management fees</b>	The management fee is calculated in accordance with the contractual terms in the investment management agreement by the Fund Accountant and is reviewed in detail by the Manager.
<b>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</b>	<p>The Committee reviews income forecasts, including special dividends and written options, and receives explanations from the Manager for any variations or significant movements from previous forecasts and prior year numbers. The Committee also reviews and approves the rationale for the revenue/capital accounting treatment of option income and special dividends.</p> <p>The Committee also reviews SOC1 Reports from its service providers, including the Company's Fund Accountant and Custodian, BNYM. These reports include information on control processes in place to ensure the accurate recording of income and any exceptions are highlighted to the Committee and will be investigated further to ensure that appropriate remedial action has been taken where relevant.</p>

## Auditors and audit tenure

The Committee reviews the performance of the auditors on an annual basis, taking into consideration the services and advice provided to the Company and the fees charged for these services. The Company's auditors, PricewaterhouseCoopers LLP, were appointed on 28 April 2016 following the result of a tender process held in late 2015. Ms Gillian Alexander has been the Company's audit partner since the financial year commencing on 1 January 2021.

The Committee, in conjunction with the Board, is committed to reviewing the auditors' appointment each year to ensure that the Company is receiving an optimal level of service. In addition, even if no change is made to the audit firm appointed, the audit partner changes at least every five years.

There are no contractual obligations that restrict the Company's choice of auditors. The Committee is mindful of EU audit legislation which requires the rotation of long

serving auditors. The Company will be required to put its audit contract out to tender again by no later than 2026.

The Committee is satisfied that the Company has complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Processes and Audit Committee Responsibilities) Order 2014, published by the Competition and Markets Authority on 26 September 2014. In recognition of underlying audit rotation requirements, the Committee currently intends that an audit tender process will be undertaken during the year to 31 December 2025 to appoint either the incumbent or a new audit firm for the financial year ending 31 December 2026 onwards.

Audit related service fees of £8,925 (excluding VAT) paid to PricewaterhouseCoopers LLP relate to their review of the half yearly financial statements (2021: £8,500).

## **Assessment of the effectiveness of the external audit process**

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

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

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

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

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

As a result of its review, the Committee has concluded that the external audit has been conducted effectively and also that PricewaterhouseCoopers LLP is independent of the Company and the Manager.

## **Conclusions in respect of the Annual Report and Financial Statements**

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

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

# Report of the Audit Committee continued

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

**RUSSELL EDEY**

Chairman  
Audit Committee  
2 March 2023

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

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the financial statements in accordance with UK-adopted International Accounting Standards (IAS).

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

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

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

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

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

Each of the Directors, whose names are listed on pages 39 and 40, confirm to the best of their knowledge that:

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

The 2018 UK Corporate Governance Code also requires Directors to ensure that the Annual Report and Financial Statements are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit Committee advise on whether it considers that the Annual Report and Financial Statements fulfil these requirements. The process by which the Committee has reached these conclusions is set out in the Audit Committee's Report on pages 76 to 80. As a result, the Board has concluded that the Annual Report and Financial Statements for the year ended 31 December 2022, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's and Company's position, performance, business model and strategy.

For and on behalf of the Board

**DAVID CHEYNE**  
Chairman  
2 March 2023



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# Financial statements



In precious metals, gold was the standout as the average price was flat for the year compared to silver, platinum and palladium which were all lower. We continue to focus on high quality producers with an attractive operating margin and a solid production profile and resource base.

PHOTO COURTESY OF NEWMONT CORPORATION

# Independent auditors' report

to the members of BlackRock World Mining Trust plc

## Report on the audit of the financial statements

### Opinion

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

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit and the Group's and Parent Company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Parent Company Statements of Financial Position as at 31 December 2022; the Consolidated Statement of Comprehensive Income; the Consolidated Statement of Changes in Equity; the Parent Company Statement of Changes in Equity; and the Consolidated and Parent Company Cash Flow Statements for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 5, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

## Our audit approach

### Context

The Group comprises BlackRock World Mining Trust plc (the "Parent Company") and BlackRock World Mining Investment Company Limited (the "Subsidiary"). The Group engages BlackRock Fund Managers Limited (the "Manager") to manage its assets. We conducted our audit of the financial statements using information from The Bank of New York Mellon (International) Limited (the "Fund Accountant") to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.

### Overview

#### Audit scope

- We tailored the scope of our audit taking into account the types of investments within the Group, the involvement of the third parties referred to in the Context section, the accounting processes and controls, and the industry in which the Group operates.
- We obtained an understanding of the control environment in place at both the Manager and the Fund Accountant and adopted a fully substantive testing approach using reports obtained from the Fund Accountant.

#### Key audit matters

- Valuation and existence of investments (Group and Parent)
- Accuracy, completeness and occurrence of income (Group and Parent)
- Ability to continue as a going concern (Continuation Vote) (Parent)

#### Materiality

- Overall Group materiality: £12.99m (2021: £11.44m) based on 1% of net assets.
- Overall Company materiality: £12.34m (2021: £10.90m) based on 1% of net assets, capped at 95% of the Group materiality.
- Performance materiality: £9.74m (2021: £8.58m) (Group) and £9.25m (2021: £8.15m) (Company).

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

### Key audit matter

*Valuation and existence of investments (Group and Parent)*  
Refer to the Report of the Audit Committee (page 76), Accounting policies (page 99) and Notes to the Financial Statements (page 126).

The investment portfolio of £1.4bn at the year end comprised of listed equity and fixed income securities of £1.3bn and unlisted equity and fixed income securities of £105m.

We focused on the valuation and existence of listed investments because investments represent the principal element of the net asset value as disclosed on the Statement of Financial Position in the Annual Report and Financial Statements.

For unlisted investments, we focused on the valuation of OZ Minerals Brazil Royalty (£21.2m) and Jetty Resources (£29.9m) as the valuation of these investments requires estimates and significant judgements to be applied by the Manager. Changes to the estimates and/or judgements can result, either on an individual or aggregate basis, in a material change to the valuation of the investments.

### How our audit addressed the key audit matter

Our audit work on the valuation and existence of the listed investments included the following:

- We tested the valuation of all of the investments by agreeing the valuation to independent third party sources; and,
- We tested the existence of all of the investments by agreeing the Group's and Parent Company's holdings to an independent custodian and broker confirmations. For the Parent Company's investment in the subsidiary, we agreed the valuation of the investment to the net asset value of the subsidiary which we audited.

Our audit work on the valuation and existence of unlisted investments included the following:

- We tested the existence of all of the investments by agreeing the Group's and Parent Company's holdings to an independent custodian and broker confirmations; and
- We understood the valuation techniques used by the Directors in determining the fair value of each unlisted investment.

For OZ Minerals Brazil Royalty, we performed the following audit procedures:

- We obtained and reviewed the valuation report issued by the external expert;
- We held discussions with the external expert throughout December 2022 up until February 2023 to understand:
  - the approach taken in the current year and obtained an understanding of changes in the assumptions since last year; and,
  - the impact of climate change on the valuation.

# Independent auditors' report

to the members of BlackRock World Mining Trust plc (continued)

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"><li>• We involved PwC specialists to evaluate the valuation methodology applied, with reference to the International Private Equity and Venture Capital Valuation guidelines (IPEV);</li><li>• We confirmed existence to an independent custodian confirmation;</li><li>• We understood the valuation techniques used by the Directors in determining the fair value of the OZ Minerals Brazil Royalty Contract;</li><li>• We performed price benchmarking and sensitivity analysis over gold and copper price forecasts and discount rate used; and</li><li>• We also agreed the royalty rate to the royalty agreement and agreed inputs in the discounted cash flow calculation to publicly-available forecasts released by OZ Minerals, the operator of the mine.</li></ul>
	<p>For Jetti Resources we performed the following audit procedures:</p>
	<ul style="list-style-type: none"><li>• We obtained and reviewed the valuation report issued by the external expert;</li><li>• We involved PwC specialists to evaluate the valuation methodology applied, with reference to the International Private Equity and Venture Capital Valuation guidelines (IPEV);</li><li>• We confirmed existence to an independent custodian confirmation;</li><li>• We understood the valuation techniques used by the Directors in determining the fair value of Jetti Resources; and</li><li>• We performed price benchmarking over copper price forecasts and sensitivity analysis over the earning multiple used.</li></ul>
	<p>We have no matters to report as a result of this testing.</p>

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p data-bbox="113 324 790 392"><i>Accuracy, completeness and occurrence of income (Group and Parent)</i></p> <p data-bbox="113 392 790 526">Refer to the Report of the Audit Committee (page 76), Accounting policies (page 98) and Notes to the Financial Statements (page 102). Income from investments consists primarily of dividend income.</p> <p data-bbox="113 548 790 683">Within dividend income there is a risk of incomplete or inaccurate recognition of income through the failure to recognise proper income entitlements or to apply an inappropriate accounting treatment.</p> <p data-bbox="113 705 790 840">In addition, the Directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as ‘revenue’ or ‘capital’ in the Statement of Comprehensive Income.</p>	<p data-bbox="790 324 1471 392">We responded to this risk by performing the following audit procedures:</p> <ul data-bbox="790 414 1471 683" style="list-style-type: none"> <li data-bbox="790 414 1471 548">• We obtained an understanding of the processes and controls around income recognition and classification of special dividends by reviewing the internal controls reports of the Fund Accountant; and,</li> <li data-bbox="790 571 1471 683">• We assessed the appropriateness of the classification of special dividends as revenue or capital by the Directors with reference to publicly available information.</li> </ul> <p data-bbox="790 705 1471 795">For all dividends recorded by the Group and the Parent Company, we performed our audit procedures through the use of our proprietary testing tool Halo:</p> <ul data-bbox="790 817 1471 1198" style="list-style-type: none"> <li data-bbox="790 817 1471 907">• We tested the accuracy of dividend income by agreeing the dividend rates from investments to independent market data;</li> <li data-bbox="790 929 1471 1041">• We tested occurrence by examining for each investment holding, that all dividends recorded in the year had been declared in the market; and,</li> <li data-bbox="790 1064 1471 1198">• To test for completeness, we investigated that the appropriate dividends had been received in the year by reference to independent data of dividends declared for all investment holdings held within the year.</li> </ul> <p data-bbox="790 1220 1471 1377">As stipulated by the requirements set out in the AIC SORP, we tested the allocation and presentation of dividend income between the revenue and capital columns of the Consolidated Statement of Comprehensive Income by determining reasons behind dividend distributions.</p> <p data-bbox="790 1400 1471 1444">We have no matters to report as a result of this testing.</p>
<p data-bbox="113 1444 790 1512"><i>Ability to continue as a going concern (Continuation Vote) (Parent)</i></p> <p data-bbox="113 1512 790 1713">A continuation vote is due to take place at the next Annual General Meeting in 2023, which, if passed, will allow the Parent Company to continue as an investment trust for a further year. As such, the Directors have considered and assessed the potential impact on the ability of the Parent Company to continue as a going concern.</p> <p data-bbox="113 1736 790 1892">The Directors have concluded, based on their assessment and discussions with key investors, that the Parent Company will be able to continue its operations and meet its liabilities as they fall due for a period of at least 12 months from the date of approving the financial statements.</p>	<p data-bbox="790 1444 1471 1579">We have reviewed the Directors’ assessment of going concern including the continuation vote. We also challenged the Directors on their assessment which includes, but is not limited to, the following in support of the vote:</p> <ul data-bbox="790 1601 1471 1892" style="list-style-type: none"> <li data-bbox="790 1601 1471 1668">• The shareholder register is stable, comprising a wide range of private wealth managers and retail investors;</li> <li data-bbox="790 1691 1471 1803">• The financial performance of the Parent Company above its targeted performance benchmark for the past 3 years; and,</li> <li data-bbox="790 1825 1471 1892">• The previous continuation votes passed with no significant votes against.</li> </ul> <p data-bbox="790 1915 1471 2004">The procedures we performed and our conclusions on going concern are included in the Conclusions relating to going concern section below.</p>

# Independent auditors' report

to the members of BlackRock World Mining Trust plc (continued)

## How we tailored the audit scope

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

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

## The impact of climate risk on our audit

In planning our audit, we made enquiries of the Directors and Investment Manager to understand the extent of the potential impact of climate change on the Group's financial statements. The Directors and Investment Manager concluded that there was no material impact on the financial statements. Our evaluation of this conclusion included

challenging key judgements and estimates in areas where we considered that there was greatest potential for climate change impact. This was principally in relation to the valuation of certain hard to value investments as explained in our key audit matter 'Valuation and existence of investments'. We also considered the consistency of the climate change disclosures included in the Strategic Report and Investment Manager's Report with the financial statements and our knowledge from our audit.

## Materiality

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

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

	Financial statements – Group	Financial statements – Company
<b>Overall materiality</b>	£12.99m (2021: £11.44m).	£12.34m (2021: £10.90m).
<b>How we determined it</b>	1% of net assets	1% of net assets, capped at 95% of the Group materiality
<b>Rationale for benchmark applied</b>	We applied this benchmark, which is a generally accepted auditing practice for investment trust audits.	We applied this benchmark, which is a generally accepted auditing practice for investment trust audits. The Parent Company is capped at 95% of the overall Group materiality.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £12,343k and £72k. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £9.74m (2021: £8.58m) for the Group financial statements and £9.25m (2021: £8.15m) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of

controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £649k (Group audit) (2021: £572k) and £617k (Company audit) (2021: £543k) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' updated risk assessment and considering whether it addressed relevant threats, including Russia's invasion of Ukraine, rise of inflation and the wider macroeconomic uncertainty;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with

other available information and our understanding of the business and assessing the potential impact on the financial statements;

- reviewing the Directors' assessment of the Group's financial position in the context of its ability to meet future expected operating expenses, their assessment of liquidity as well as their review of the operational resilience of the Group and oversight of key third-party service providers;
- assessing the implication of significant reductions in NAV as a result of a severe downside but plausible scenario in the market's performance on the ongoing ability of the Group to operate; and,
- reviewing the Directors' assessment of going concern in relation to the passing of the continuation vote.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially

misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Director's Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Director's Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### Directors' Remuneration

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

### Corporate Governance Statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the Corporate Governance Statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;

# Independent auditors' report

to the members of BlackRock World Mining Trust plc (continued)

- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of Chapter 4 of Part 24 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to

increase net asset value. Audit procedures performed by the engagement team included:

- holding discussions with the Manager and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- understanding the controls implemented by the Manager and the Fund Accountant designed to prevent and detect irregularities;
- assessing the Group's compliance with the requirements of Section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- identifying and testing journal entries, in particular year end journal entries posted by the Fund Accountant during the preparation of the financial statements;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing for example, targeting transactions that otherwise would be immaterial; and
- reviewing relevant meeting minutes, including those of the Audit Committee.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown

or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

#### **Companies Act 2006 exception reporting**

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

- we have not obtained all the information and explanations we require for our audit; or
- 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
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### **Appointment**

Following the recommendation of the Audit Committee, we were appointed by the Directors on 28 April 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is 7 years, covering the years ended 31 December 2016 to 31 December 2022.

#### **Other matter**

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

**GILLIAN ALEXANDER** (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
2 March 2023

# Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

	Notes	2022			2021		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income from investments held at fair value through profit or loss	3	78,087	811	78,898	80,558	–	80,558
Other income	3	7,909	–	7,909	7,118	–	7,118
<b>Total revenue</b>		<b>85,996</b>	<b>811</b>	<b>86,807</b>	<b>87,676</b>	<b>–</b>	<b>87,676</b>
Net profit on investments held at fair value through profit or loss	10	–	152,937	152,937	–	122,374	122,374
Net loss on foreign exchange	14	–	(17,645)	(17,645)	–	(1,696)	(1,696)
<b>Total</b>		<b>85,996</b>	<b>136,103</b>	<b>222,099</b>	<b>87,676</b>	<b>120,678</b>	<b>208,354</b>
<b>Expenses</b>							
Investment management fee	4	(2,615)	(8,031)	(10,646)	(2,252)	(6,978)	(9,230)
Other operating expenses	5	(1,037)	(28)	(1,065)	(1,034)	(9)	(1,043)
<b>Total operating expenses</b>		<b>(3,652)</b>	<b>(8,059)</b>	<b>(11,711)</b>	<b>(3,286)</b>	<b>(6,987)</b>	<b>(10,273)</b>
<b>Net profit on ordinary activities before finance costs and taxation</b>		<b>82,344</b>	<b>128,044</b>	<b>210,388</b>	<b>84,390</b>	<b>113,691</b>	<b>198,081</b>
Finance costs	6	(1,182)	(3,520)	(4,702)	(374)	(1,117)	(1,491)
<b>Net profit on ordinary activities before taxation</b>		<b>81,162</b>	<b>124,524</b>	<b>205,686</b>	<b>84,016</b>	<b>112,574</b>	<b>196,590</b>
Taxation (charge)/credit	7	(5,149)	1,883	(3,266)	(5,106)	986	(4,120)
<b>Net profit on ordinary activities after taxation</b>		<b>76,013</b>	<b>126,407</b>	<b>202,420</b>	<b>78,910</b>	<b>113,560</b>	<b>192,470</b>
<b>Earnings per ordinary share (pence) – basic and diluted</b>	<b>9</b>	<b>40.68</b>	<b>67.64</b>	<b>108.32</b>	<b>43.59</b>	<b>62.73</b>	<b>106.32</b>

The total column of this statement represents the Group's Statement of Comprehensive Income, prepared in accordance with UK-adopted International Accounting Standards (IASs). The supplementary revenue and capital accounts are both prepared under guidance published by the Association of Investment Companies (AIC). All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year. All income is attributable to the equity holders of the Group.

The Group does not have any other comprehensive income (2021: £nil). The net profit for the year disclosed above represents the Group's total comprehensive income.

The notes on pages 97 to 132 form part of these financial statements.

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

Group	Notes	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
<b>For the year ended 31 December 2022</b>								
At 31 December 2021		9,651	138,818	22,779	155,123	742,430	74,073	1,142,874
Total comprehensive income:								
Net profit for the year		-	-	-	-	126,407	76,013	202,420
Transactions with owners, recorded directly to equity:								
Ordinary shares reissued from treasury	16,17	-	9,289	-	25,683	-	-	34,972
Share reissue costs	16,17	-	-	-	(70)	-	-	(70)
Dividends paid <sup>1</sup>	8	-	-	-	-	-	(80,911)	(80,911)
<b>At 31 December 2022</b>		<b>9,651</b>	<b>148,107</b>	<b>22,779</b>	<b>180,736</b>	<b>868,837</b>	<b>69,175</b>	<b>1,299,285</b>
<b>For the year ended 31 December 2021</b>								
At 31 December 2020		9,651	127,155	22,779	103,992	628,870	38,378	930,825
Total comprehensive income:								
Net profit for the year		-	-	-	-	113,560	78,910	192,470
Transactions with owners, recorded directly to equity:								
Ordinary shares reissued from treasury		-	11,663	-	51,651	-	-	63,314
Share reissue costs		-	-	-	(127)	-	-	(127)
Ordinary shares purchased into treasury		-	-	-	(390)	-	-	(390)
Share purchase costs		-	-	-	(3)	-	-	(3)
Dividends paid <sup>2</sup>	8	-	-	-	-	-	(43,215)	(43,215)
<b>At 31 December 2021</b>		<b>9,651</b>	<b>138,818</b>	<b>22,779</b>	<b>155,123</b>	<b>742,430</b>	<b>74,073</b>	<b>1,142,874</b>

<sup>1</sup> The final dividend of 27.00p per share for the year ended 31 December 2021, declared on 8 March 2022 and paid on 19 May 2022; 1st interim dividend of 5.50p per share for the year ended 31 December 2022, declared on 6 May 2022 and paid on 30 June 2022; 2nd interim dividend of 5.50p per share for the year ended 31 December 2022, declared on 23 August 2022 and paid on 30 September 2022 and 3rd interim dividend of 5.50p per share for the year ended 31 December 2022, declared on 16 November 2022 and paid on 22 December 2022.

<sup>2</sup> The final dividend of 8.30p per share for the year ended 31 December 2020, declared on 4 March 2021 and paid on 6 May 2021; 1st interim dividend of 4.50p per share for the year ended 31 December 2021, declared on 29 April 2021 and paid on 25 June 2021; 2nd interim dividend of 5.50p per share for the year ended 31 December 2021, declared on 19 August 2021 and paid on 24 September 2021 and 3rd interim dividend of 5.50p per share for the year ended 31 December 2021, declared on 18 November 2021 and paid on 24 December 2021.

For information on the Company's distributable reserves please refer to note 17 on pages 111 to 113.

# Parent Company Statement of Changes in Equity

for the year ended 31 December 2022

Company	Notes	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
<b>For the year ended 31 December 2022</b>								
At 31 December 2021		9,651	138,818	22,779	155,123	748,107	68,396	1,142,874
Total comprehensive income:								
Net profit for the year		-	-	-	-	126,460	75,960	202,420
Transactions with owners, recorded directly to equity:								
Ordinary shares reissued from treasury	16,17	-	9,289	-	25,683	-	-	34,972
Share reissue costs	16,17	-	-	-	(70)	-	-	(70)
Dividends paid <sup>1</sup>	8	-	-	-	-	-	(80,911)	(80,911)
<b>At 31 December 2022</b>		<b>9,651</b>	<b>148,107</b>	<b>22,779</b>	<b>180,736</b>	<b>874,567</b>	<b>63,445</b>	<b>1,299,285</b>
<b>For the year ended 31 December 2021</b>								
At 31 December 2020		9,651	127,155	22,779	103,992	634,547	32,701	930,825
Total comprehensive income:								
Net profit for the year		-	-	-	-	113,560	78,910	192,470
Transactions with owners, recorded directly to equity:								
Ordinary shares reissued from treasury		-	11,663	-	51,651	-	-	63,314
Share reissue costs		-	-	-	(127)	-	-	(127)
Ordinary shares purchased into treasury		-	-	-	(390)	-	-	(390)
Share purchase costs		-	-	-	(3)	-	-	(3)
Dividends paid <sup>2</sup>	8	-	-	-	-	-	(43,215)	(43,215)
<b>At 31 December 2021</b>		<b>9,651</b>	<b>138,818</b>	<b>22,779</b>	<b>155,123</b>	<b>748,107</b>	<b>68,396</b>	<b>1,142,874</b>

<sup>1</sup> The final dividend of 27.00p per share for the year ended 31 December 2021, declared on 8 March 2022 and paid on 19 May 2022; 1st interim dividend of 5.50p per share for the year ended 31 December 2022, declared on 6 May 2022 and paid on 30 June 2022; 2nd interim dividend of 5.50p per share for the year ended 31 December 2022, declared on 23 August 2022 and paid on 30 September 2022 and 3rd interim dividend of 5.50p per share for the year ended 31 December 2022, declared on 16 November 2022 and paid on 22 December 2022.

<sup>2</sup> The final dividend of 8.30p per share for the year ended 31 December 2020, declared on 4 March 2021 and paid on 6 May 2021; 1st interim dividend of 4.50p per share for the year ended 31 December 2021, declared on 29 April 2021 and paid on 25 June 2021; 2nd interim dividend of 5.50p per share for the year ended 31 December 2021, declared on 19 August 2021 and paid on 24 September 2021 and 3rd interim dividend of 5.50p per share for the year ended 31 December 2021, declared on 18 November 2021 and paid on 24 December 2021.

For information on the Company's distributable reserves please refer to note 17 on pages 111 to 113.

# Consolidated and Parent Company Statements of Financial Position

as at 31 December 2022

	Notes	31 December 2022		31 December 2021	
		Group £'000	Company £'000	Group £'000	Company £'000
<b>Non current assets</b>					
Investments held at fair value through profit or loss	10	1,424,844	1,432,075	1,256,801	1,263,979
<b>Current assets</b>					
Current tax asset		821	821	85	85
Other receivables	12	4,431	4,431	5,209	5,209
Cash collateral held with brokers	18	6,795	6,795	580	580
Cash and cash equivalents	18	29,492	23,317	26,332	20,222
<b>Total current assets</b>		<b>41,539</b>	<b>35,364</b>	<b>32,206</b>	<b>26,096</b>
<b>Total assets</b>		<b>1,466,383</b>	<b>1,467,439</b>	<b>1,289,007</b>	<b>1,290,075</b>
<b>Current liabilities</b>					
Current tax liability		(373)	(361)	(427)	(427)
Other payables	13	(6,155)	(7,223)	(5,183)	(6,251)
Derivative financial liabilities held at fair value through profit or loss	10	(1,227)	(1,227)	(667)	(667)
Bank overdraft	14,15,18	–	–	(356)	(356)
Bank loans	14,15	(158,783)	(158,783)	(138,867)	(138,867)
<b>Total current liabilities</b>		<b>(166,538)</b>	<b>(167,594)</b>	<b>(145,500)</b>	<b>(146,568)</b>
<b>Total assets less current liabilities</b>		<b>1,299,845</b>	<b>1,299,845</b>	<b>1,143,507</b>	<b>1,143,507</b>
<b>Non current liabilities</b>					
Deferred taxation liability	7 (c)	(560)	(560)	(633)	(633)
<b>Net assets</b>		<b>1,299,285</b>	<b>1,299,285</b>	<b>1,142,874</b>	<b>1,142,874</b>
<b>Equity attributable to equity holders</b>					
Called up share capital	16	9,651	9,651	9,651	9,651
Share premium account	17	148,107	148,107	138,818	138,818
Capital redemption reserve	17	22,779	22,779	22,779	22,779
Special reserve	17	180,736	180,736	155,123	155,123
Capital reserves:					
At 1 January		742,430	748,107	628,870	634,547
Net profit for the year		126,407	126,460	113,560	113,560
<b>At 31 December</b>	17	<b>868,837</b>	<b>874,567</b>	<b>742,430</b>	<b>748,107</b>
Revenue reserve:					
At 1 January		74,073	68,396	38,378	32,701
Net profit for the year		76,013	75,960	78,910	78,910
Dividends paid		(80,911)	(80,911)	(43,215)	(43,215)
<b>At 31 December</b>	17	<b>69,175</b>	<b>63,445</b>	<b>74,073</b>	<b>68,396</b>
<b>Total equity</b>		<b>1,299,285</b>	<b>1,299,285</b>	<b>1,142,874</b>	<b>1,142,874</b>
<b>Net asset value per ordinary share (pence)</b>	9	<b>688.35</b>	<b>688.35</b>	<b>622.21</b>	<b>622.21</b>

The financial statements on pages 92 to 132 were approved and authorised for issue by the Board of Directors on 2 March 2023 and signed on its behalf by Mr David Cheyne, Chairman.

BlackRock World Mining Trust plc  
Registered in England and Wales, No.2868209

The notes on pages 97 to 132 form part of these financial statements.

# Consolidated and Parent Company Cash Flow Statements

for the year ended 31 December 2022

	31 December 2022		31 December 2021	
	Group £'000	Company £'000	Group £'000	Company £'000
<b>Operating activities</b>				
Net profit before taxation	205,686	205,686	196,590	196,590
Add back finance costs	4,702	4,702	1,491	1,491
Net profit on investments held at fair value through profit or loss (including transaction costs)	(152,937)	(152,990)	(122,374)	(122,374)
Net loss on foreign exchange	17,645	17,645	1,696	1,696
Sales of investments held at fair value through profit or loss	489,236	489,236	354,182	354,182
Purchases of investments held at fair value through profit or loss	(503,782)	(503,782)	(442,711)	(442,711)
Decrease/(increase) in other receivables	13	13	(1,233)	(1,233)
Increase in other payables	1,025	1,013	2,571	2,571
Decrease in amounts due from brokers	243	243	2,776	2,776
Decrease in amounts due to brokers	-	-	(2,473)	(2,473)
Net movement in cash collateral held with brokers	(6,215)	(6,215)	2,363	2,363
<b>Net cash inflow/(outflow) from operating activities before taxation</b>	<b>55,616</b>	<b>55,551</b>	<b>(7,122)</b>	<b>(7,122)</b>
Taxation paid	(432)	(432)	(484)	(484)
Taxation on investment income included within gross income	(3,210)	(3,210)	(3,303)	(3,303)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>51,974</b>	<b>51,909</b>	<b>(10,909)</b>	<b>(10,909)</b>
<b>Financing activities</b>				
Drawdown of loans	2,359	2,359	35,020	35,020
Interest paid	(4,720)	(4,720)	(1,439)	(1,439)
Shares purchased into treasury	-	-	(390)	(390)
Share purchase costs paid	-	-	(3)	(3)
Net proceeds from ordinary shares reissued from treasury	34,902	34,902	63,187	63,187
Dividends paid	(80,911)	(80,911)	(43,215)	(43,215)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(48,370)</b>	<b>(48,370)</b>	<b>53,160</b>	<b>53,160</b>
<b>Increase in cash and cash equivalents</b>	<b>3,604</b>	<b>3,539</b>	<b>42,251</b>	<b>42,251</b>
Cash and cash equivalents at start of the year	25,976	19,866	(16,008)	(22,118)
Effect of foreign exchange rate changes	(88)	(88)	(267)	(267)
<b>Cash and cash equivalents at end of year</b>	<b>29,492</b>	<b>23,317</b>	<b>25,976</b>	<b>19,866</b>
<b>Comprised of:</b>				
Cash and cash equivalents	29,492	23,317	26,332	20,222
Bank overdraft	-	-	(356)	(356)
	<b>29,492</b>	<b>23,317</b>	<b>25,976</b>	<b>19,866</b>

The notes on pages 97 to 132 form part of these financial statements.

# Notes to the financial statements

for the year ended 31 December 2022

## 1. Principal activity

The principal activity of the Company is that of an investment trust company within the meaning of Section 1158 of the Corporation Tax Act 2010. The Company was incorporated in England on 28 October 1993 and this is the 29th Annual Report.

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

## 2. Accounting policies

The principal accounting policies adopted by the Group and Company have been applied consistently, other than where new policies have been adopted and are set out below.

### (a) Basis of preparation

On 31 December 2020, International Financial Reporting Standards (IFRS) as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards (IASs), with future changes being subject to endorsement by the UK Endorsement Board and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The Company transitioned to IASs in its consolidated financial statements with effect from 1 January 2021. There was no impact or changes in accounting policies from the transition.

The Group and Company financial statements have been prepared under the historic cost convention modified by the revaluation of certain financial assets and financial liabilities held at fair value through profit or loss and in accordance with IASs. The Company has taken advantage of the exemption provided under Section 408 of the Companies Act 2006 not to publish its individual Statement of Comprehensive Income and related notes. All of the Group's operations are of a continuing nature.

Insofar as the Statement of Recommended Practice (SORP) for investment trust companies and venture capital trusts, issued by the Association of Investment Companies (AIC) in October 2019 and updated in July 2022, is compatible with IASs, the financial statements have been prepared in accordance with guidance set out in the SORP.

Substantially all of the assets of the Group consist of securities that are readily realisable and, accordingly, the Directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future for the period to 31 March 2024, being a period of at least twelve months from the date of approval of the financial statements and therefore consider the going concern assumption to be appropriate. The Directors have reviewed compliance with the covenants associated with the bank overdraft facility, loan facility, income and expense

projections and the liquidity of the investment portfolio in making their assessment.

The Directors have considered the impact of climate change on the value of the investments included in the Financial Statements and have concluded that:

- there was no further impact of climate change to be considered as the investments are valued based on market pricing as required by IFRS 13; and
- the risk is adequately captured in the assumptions and inputs used in measurement of Level 3 assets, as noted in note 18 of the Financial Statements.

None of the Group's other assets and liabilities were considered to be potentially impacted by climate change.

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 where otherwise indicated.

### Relevant International Accounting Standards that have yet to be adopted:

#### IFRS 17 - Insurance contracts (effective 1 January 2023).

This standard replaces IFRS 4, which currently permits a wide range of accounting practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

This standard is unlikely to have any impact on the Company as it has no insurance contracts.

#### IAS 12 - Deferred tax related to assets and liabilities

#### arising from a single transaction (effective 1 January 2023).

The International Accounting Standards Board (IASB) has amended IAS 12 Income Taxes to require companies to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences. These amendments might have a significant impact on the preparation of financial statements by companies that have substantial balances of right-of-use assets, lease liabilities, decommissioning, restoration and similar liabilities. The impact for those affected would be the recognition of additional deferred tax assets and liabilities.

The amendment of this standard is unlikely to have any significant impact on the Group.

# Notes to the financial statements

continued

## 2. Accounting policies continued

None of the standards that have been issued, but are not yet effective, are expected to have a material impact on the Company.

### (b) Basis of consolidation

The Group's financial statements are made up to 31 December each year and consolidate the financial statements of the Company and its wholly owned subsidiary, which is registered and operates in England and Wales, BlackRock World Mining Investment Company Limited (together 'the Group'). The subsidiary company is not considered an investment entity. In the financial statements of the Parent Company, the investment in the subsidiary company is held at fair value.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are based on consistent accounting policies. All intra-group balances and transactions, including unrealised profits arising therefrom, are eliminated.

### (c) Presentation of the Statement of Comprehensive Income

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

### (d) Segmental reporting

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

### (e) Income

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

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

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

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

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

Where the Group has elected to receive its dividends in the form of additional shares rather than in cash, the cash equivalent of the dividend is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital.

Underwriting commission receivable is taken into account on an accruals basis.

### (f) Expenses

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

- expenses which are incidental to the acquisition or sale of an investment are charged to the capital account of the Consolidated Statement of Comprehensive Income. Details of transaction costs on the purchases and sales of investments are disclosed within note 10 to the financial statements on page 108;

- 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 fee and finance costs have been allocated 75% to the capital account and 25% to the revenue account of the Consolidated Statement of Comprehensive Income in line with the Board's expectations of the long-term split of returns, in the form of capital gains and income, respectively, from the investment portfolio.

### **(g) Taxation**

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

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

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

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

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

All investments, including contractual rights, are measured initially and subsequently at fair value through profit or loss. Purchases of investments are recognised on a trade date basis. Contractual rights are recognised on the completion date, where a purchase of the rights is under a contract, and are initially measured at fair value excluding transaction costs. Sales of investments are recognised at the trade date of the disposal.

The fair value of the financial investments is based on their quoted bid price at the financial reporting date, without deduction for the estimated future selling costs. This policy applies to all current and non-current asset investments held by the Group.

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

Under IASs, the investment in the subsidiary in the Company's Statement of Financial Position is fair valued which is deemed to be the net asset value of the subsidiary.

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

For all financial instruments not traded in an active market, the fair value is determined by using various valuation techniques. Valuation techniques include market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data where possible). See note 2(q) below.

### **(i) Options**

Options are held at fair value through profit or loss based on the bid/offer prices of the options written to which the Group is exposed. The value of the option is subsequently marked-to-market to reflect the fair value through profit or loss of the option based on traded prices. Where the premium is taken to the revenue account, an appropriate amount is shown as capital return such that the total return reflects the overall change in the fair value of the option. When an option is exercised, the gain or loss is accounted for as a capital gain or loss. Any cost on closing out an option is transferred to the revenue account along with any remaining unamortised premium.

### **(j) Other receivables and other payables**

Other receivables and other payables do not carry any interest and are short-term in nature and are accordingly stated on an amortised cost basis.

### **(k) Dividends payable**

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

Dividends payable to equity shareholders are recognised in the Consolidated and Parent Company Statements of Changes in Equity.

# Notes to the financial statements

continued

## 2. Accounting policies continued

### (l) Foreign currency translation

Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities and non-monetary assets held at fair value are translated into sterling at the rate ruling on the financial reporting date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income as a revenue or capital item depending on the income or expense to which they relate. For investment transactions and investments held at the year end, denominated in a foreign currency, the resulting gains or losses are included in the profit/(loss) on investments held at fair value through profit or loss in the Consolidated Statement of Comprehensive Income.

### (m) Cash and cash equivalents

Cash comprises cash in hand, bank overdrafts 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. Bank overdrafts are shown separately on the Consolidated and Parent Company Statements of Financial Position.

### (n) Bank borrowings

Bank overdrafts and loans are recorded at the net proceeds received. Finance charges, including any premium payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Consolidated Statement of Comprehensive Income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

### (o) Offsetting

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

### (p) Share repurchases and share reissues

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

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

Where treasury shares are subsequently reissued:

- amounts received to the extent of the repurchase price are credited to the special reserve and capital reserves based on a weighted average basis of amounts utilised from these reserves on repurchases; and
- any surplus received in excess of the repurchase price is taken to the share premium account.

Where new shares are issued, amounts received to the extent of any surplus received in excess of the par value are taken to the share premium account.

Share issue costs are charged to the share premium account. Costs on share reissues are charged to the special reserve and capital reserves.

### (q) Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### Fair value of unquoted financial instruments

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

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

The valuation is carried out based on market approach using earnings multiple and price of recent transactions. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Consolidated and Parent Company Statements of Financial Position and the level where the instruments are disclosed in the fair value hierarchy. To assess the significance of a particular input to the entire measurement, the external valuer performs sensitivity analysis.

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

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

# Notes to the financial statements

continued

## 3. Income

	2022 £'000	2021 £'000
<b>Investment income:</b>		
UK dividends	17,536	25,681
UK special dividends	2,167	5,507
Overseas dividends	45,094	36,624
Overseas special dividends	3,808	1,250
Income from contractual rights (OZ Minerals Royalty)	3,096	2,562
Income from Vale debentures	3,863	6,971
Income from fixed income investments	2,523	1,963
<b>Total investment income</b>	<b>78,087</b>	<b>80,558</b>
<b>Other income:</b>		
Option premium income	7,297	7,065
Deposit interest	513	-
Broker interest received	18	-
Stock lending income	81	53
	<b>7,909</b>	<b>7,118</b>
<b>Total income</b>	<b>85,996</b>	<b>87,676</b>

During the year, the Group received option premium income in cash totalling £7,541,000 (2021: £6,745,000) for writing put and covered call options for the purposes of revenue generation.

Option premium income is amortised evenly over the life of the option contract and, accordingly, during the year, option premiums of £7,297,000 (2021: £7,065,000) were amortised to revenue.

At 31 December 2022, there were three open positions (2021: two) with an associated liability of £1,227,000 (2021: £667,000).

Dividends and interest received in cash during the year amounted to £68,630,000 and £5,918,000 (2021: £68,199,000 and £5,186,000).

Special dividends of £811,000 have been recognised in capital during the year (2021: £nil).

#### 4. Investment management fee

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	2,615	8,031	10,646	2,252	6,978	9,230
<b>Total</b>	<b>2,615</b>	<b>8,031</b>	<b>10,646</b>	<b>2,252</b>	<b>6,978</b>	<b>9,230</b>

The investment management fee (which includes all services provided by BlackRock) is 0.8% of the Company's gross assets (subject to certain adjustments). During the year, £9,848,000 (2021: £8,537,000) of the investment management fee was generated from net assets and £798,000 (2021: £693,000) from the gearing effect on gross assets due to the quarter-on-quarter increase in the NAV per share for the year as set out below:

Quarter end	Cum income NAV per share (pence)	Quarterly increase/ (decrease) %	Gearing effect on management fees (£'000)
31 December 2021	622.21	-	-
31 March 2022	769.58	+23.7	267
30 June 2022	584.86	-24.0	-
30 September 2022	602.56	+3.0	294
31 December 2022	688.35	+14.2	237

Quarter end	Cum income NAV per share (pence)	Quarterly increase/ (decrease) %	Gearing effect on management fees (£'000)
31 December 2020	536.34	-	-
31 March 2021	566.62	+5.6	243
30 June 2021	616.20	+8.8	224
30 September 2021	554.49	-10.0	-
31 December 2021	622.21	+12.2	226

The daily average of the net assets under management during the year ended 31 December 2022 was £1,232,043,000 (2021: £1,085,438,000).

The fee is allocated 25% to the revenue account and 75% to the capital account of the Consolidated Statement of Comprehensive Income.

There is no additional fee for company secretarial and administration services.

# Notes to the financial statements

continued

## 5. Other operating expenses

	2022 £'000	2021 £'000
<b>Allocated to revenue:</b>		
Custody fee	101	103
Auditors' remuneration:		
– audit services	51	41
– non-audit services <sup>1</sup>	9	9
Registrar's fee	86	91
Directors' emoluments <sup>2</sup>	197	176
AIC fees	21	21
Broker fees	24	25
Depositary fees	116	101
FCA fee	30	24
Directors' insurance	23	19
Marketing fees	132	140
Stock exchange fees	37	26
Legal and professional fees	35	52
Bank facility fees <sup>3</sup>	97	73
Printing and postage fees	47	37
Write back of prior year expenses <sup>4</sup>	(55)	–
Other administrative costs	86	96
	<b>1,037</b>	<b>1,034</b>
<b>Allocated to capital:</b>		
Transaction charges <sup>5</sup>	28	9
	<b>1,065</b>	<b>1,043</b>

	2022	2021
The Company's ongoing charges <sup>6</sup> , calculated as a percentage of average daily net assets and using the management fee and all other operating expenses, excluding finance costs, direct transaction costs, transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items were:	0.95%	0.95%
The Company's ongoing charges <sup>6</sup> , calculated as a percentage of average daily gross assets and using the management fee and all other operating expenses, excluding finance costs, direct transaction costs, transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items were:	0.84%	0.84%

<sup>1</sup> Fees paid to the auditor for non-audit services of £8,925 excluding VAT (2021: £8,500) relate to the review of the Condensed Half Yearly Financial Report.

<sup>2</sup> Details of the Directors' emoluments can be found in the Directors' Remuneration Report on page 65. The Company has no employees.

<sup>3</sup> There is a 4 basis point facility fee chargeable on the full loan facility whether drawn or undrawn.

<sup>4</sup> Relates to Directors' expenses, miscellaneous fees, legal fees and professional services fees written back during the year (2021: no accruals written back).

<sup>5</sup> For the year ended 31 December 2022, expenses of £28,000 (2021: £9,000) were charged to the capital account of the Consolidated Statement of Comprehensive Income. These include transaction costs charged by the custodian on sale and purchase trades.

<sup>6</sup> Alternative Performance Measures, see Glossary on pages 148 to 151.

## 6. Finance costs

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest payable – bank loans	1,177	3,505	4,682	365	1,097	1,462
Interest payable – bank overdraft	5	15	20	9	20	29
<b>Total</b>	<b>1,182</b>	<b>3,520</b>	<b>4,702</b>	<b>374</b>	<b>1,117</b>	<b>1,491</b>

## 7. Taxation

### (a) Analysis of charge/(credit) in the year

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Current taxation:</b>						
Corporation taxation	2,635	(2,144)	491	3,112	(1,511)	1,601
Double taxation relief	(839)	361	(478)	(1,240)	–	(1,240)
Overseas tax	3,210	–	3,210	3,303	–	3,303
Peruvian capital gains tax charge	–	116	116	–	38	38
<b>Total current taxation charge/(credit)</b>	<b>5,006</b>	<b>(1,667)</b>	<b>3,339</b>	<b>5,175</b>	<b>(1,473)</b>	<b>3,702</b>
Deferred taxation movement (note 7(c))	143	(216)	(73)	(69)	487	418
<b>Total taxation charge/(credit) (note 7(b))</b>	<b>5,149</b>	<b>(1,883)</b>	<b>3,266</b>	<b>5,106</b>	<b>(986)</b>	<b>4,120</b>

### (b) Factors affecting total taxation charge/(credit) for the year

The taxation assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are explained below:

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit on ordinary activities before taxation	81,162	124,524	205,686	84,016	112,574	196,590
Tax on profit on ordinary activities at standard rate of corporation tax of 19.00% (2021: 19.00%)	15,421	23,660	39,081	15,963	21,389	37,352
<b>Effects of:</b>						
Overseas tax suffered	3,210	–	3,210	3,303	–	3,303
Foreign exchange loss not taxable	–	3,399	3,399	–	318	318
Gain on investments held at fair value through profit or loss not subject to tax	–	(29,208)	(29,208)	–	(23,251)	(23,251)
Effect of rate change on income taxable in different period	63	–	63	–	–	–
Non taxable UK dividends	(3,744)	–	(3,744)	(5,926)	–	(5,926)
Non taxable overseas dividends	(8,962)	–	(8,962)	(6,994)	–	(6,994)
Disallowed expenses	–	5	5	–	2	2
Double taxation relief	(839)	361	(478)	(1,240)	–	(1,240)
Peruvian capital gains tax charge	–	116	116	–	556	556
Movement in respect of Peruvian capital gains tax	–	(216)	(216)	–	–	–
	(10,272)	(25,543)	(35,815)	(10,857)	(22,375)	(33,232)
<b>Total taxation charge/(credit) for the year (note 7(a))</b>	<b>5,149</b>	<b>(1,883)</b>	<b>3,266</b>	<b>5,106</b>	<b>(986)</b>	<b>4,120</b>

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

# Notes to the financial statements

continued

## 7. Taxation continued

### (c) Deferred tax liability

Following the changes in Peruvian tax legislation effective from 1 January 2011, a capital gains tax is imposed on gains realised by non-residents at rates of 5% or 30% depending on whether the transaction took place inside or outside of Peru. As at 31 December 2022, the Group has an accrued capital gains tax liability of £302,000 (2021: £518,000) for unrealised capital gains arising on investments in stocks listed on the Peruvian stock exchange. The tax has been calculated at the rate of 5% of the unrealised capital gains, being the difference between the market value of the investments at the year end and their average purchase cost.

	Group and Company 2022 £'000	Group and Company 2021 £'000
Deferred tax liabilities in respect of timing differences:		
Deferred tax liability brought forward	(633)	(215)
Deferred tax charge in respect of taxable dividend income	(143)	100
Movement in Peruvian capital gains tax	216	(518)
<b>Deferred tax liability carried forward</b>	<b>(560)</b>	<b>(633)</b>

## 8. Dividends

### Dividends paid on equity shares:

	Record date	Payment date	2022 £'000	2021 £'000
Final dividend of 27.00p per share for the year ended 31 December 2021 (2020: 8.30p)	18 March 2022	19 May 2022	49,898	14,782
1st interim dividend of 5.50p per share for the year ended 31 December 2022 (2021: 4.50p)	27 May 2022	30 June 2022	10,251	8,224
2nd interim dividend of 5.50p per share for the year ended 31 December 2022 (2021: 5.50p)	2 September 2022	30 September 2022	10,381	10,106
3rd interim dividend of 5.50p per share for the year ended 31 December 2022 (2021: 5.50p)	25 November 2022	22 December 2022	10,381	10,103
			<b>80,911</b>	<b>43,215</b>

The total dividends payable in respect of the year ended 31 December 2022 which form the basis 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 as set out in this legislation.

### Dividends paid, or declared on equity shares:

	2022 £'000	2021 £'000
1st quarterly interim dividend of 5.50p per share for the year ended 31 December 2022 (2021: 4.50p)	10,251	8,224
2nd quarterly interim dividend of 5.50p per share for the year ended 31 December 2022 (2021: 5.50p)	10,381	10,106
3rd quarterly interim dividend of 5.50p per share for the year ended 31 December 2022 (2021: 5.50p)	10,381	10,103
Final dividend of 23.50p per share for the year ended 31 December 2022 (2021: final dividend 27.00p) <sup>1</sup>	44,392	49,898
	<b>75,405</b>	<b>78,331</b>

<sup>1</sup> Based on 188,903,036 ordinary shares in issue on 2 March 2023.

## 9. Consolidated earnings and net asset value per ordinary share

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

	2022	2021
Net revenue profit attributable to ordinary shareholders (£'000)	76,013	78,910
Net capital profit attributable to ordinary shareholders (£'000)	126,407	113,560
<b>Total profit attributable to ordinary shareholders (£'000)</b>	<b>202,420</b>	<b>192,470</b>
<b>Equity shareholders' funds (£'000)</b>	<b>1,299,285</b>	<b>1,142,874</b>
The weighted average number of ordinary shares in issue during the year on which the earnings per ordinary share was calculated was:	186,868,187	181,037,188
The actual number of ordinary shares in issue at the year end on which the net asset value per ordinary share was calculated was:	188,753,036	183,681,116
<b>Earnings per ordinary share</b>		
Revenue earnings per share (pence) - basic and diluted	40.68	43.59
Capital earnings per share (pence) - basic and diluted	67.64	62.73
<b>Total earnings per share (pence) - basic and diluted</b>	<b>108.32</b>	<b>106.32</b>
	<b>As at 31 December 2022</b>	<b>As at 31 December 2021</b>
Net asset value per ordinary share (pence)	688.35	622.21
Ordinary share price (pence)	697.00	589.00

There were no dilutive securities at the year end.

# Notes to the financial statements

continued

## 10. Investments held at fair value through profit or loss

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
UK listed equity investments held at fair value through profit or loss	159,828	159,828	271,430	271,430
Overseas listed equity investments held at fair value through profit or loss	1,126,857	1,126,857	853,801	853,801
Fixed income investments held at fair value through profit or loss	116,960	116,960	113,408	113,408
Contractual rights held at fair value through profit or loss	21,199	21,199	18,162	18,162
Investment in subsidiary held at fair value through profit or loss <sup>1</sup>	–	7,231	–	7,178
<b>Total value of financial asset investments</b>	<b>1,424,844</b>	<b>1,432,075</b>	<b>1,256,801</b>	<b>1,263,979</b>
Derivative financial instruments - written option contracts	(1,227)	(1,227)	(667)	(667)
<b>Total value of financial asset investments and derivatives at 31 December</b>	<b>1,423,617</b>	<b>1,430,848</b>	<b>1,256,134</b>	<b>1,263,312</b>
Opening book cost of investment and derivative holdings	859,298	859,298	693,750	693,750
Investment and derivative holding gains	396,836	404,014	351,481	358,659
<b>Opening fair value</b>	<b>1,256,134</b>	<b>1,263,312</b>	<b>1,045,231</b>	<b>1,052,409</b>
<b>Analysis of transactions made during the year:</b>				
Purchases at cost	503,782	503,782	442,711	442,711
Sales proceeds received	(488,969)	(488,969)	(353,915)	(353,915)
Contractual rights - return of capital	(267)	(267)	(267)	(267)
Gains on investments and derivatives <sup>2</sup>	152,937	152,990	122,374	122,374
<b>Closing fair value</b>	<b>1,423,617</b>	<b>1,430,848</b>	<b>1,256,134</b>	<b>1,263,312</b>
Closing book cost of investment and derivative holdings	983,103	983,103	859,298	859,298
Closing investment and derivative holding gains	440,514	447,745	396,836	404,014
<b>Closing fair value</b>	<b>1,423,617</b>	<b>1,430,848</b>	<b>1,256,134</b>	<b>1,263,312</b>
Comprising of:				
– Equity investments	1,424,844	1,432,075	1,256,801	1,263,979
– derivative financial instruments – written option contracts	(1,227)	(1,227)	(667)	(667)
<b>Total</b>	<b>1,423,617</b>	<b>1,430,848</b>	<b>1,256,134</b>	<b>1,263,312</b>

<sup>1</sup> Relates to wholly owned subsidiary, BlackRock World Mining Investment Company Limited.

<sup>2</sup> Includes profit received in the subsidiary company of \$53,000 (2021: £nil) included within income.

The Group and Company received £488,969,000 (2021: £353,915,000) from investments sold in the year. The bookcost of these investments when they were purchased was £379,710,000 (2021: £279,394,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of investments. Special dividends amounting to £811,000 (2021: £nil) have been recognised in capital during the year.

During the year, transaction costs of £828,000 (2021: £690,000) were incurred on the acquisition of investments. Costs relating to the disposal of investments during the year amounted to £238,000 (2021: £260,000). All transaction costs have been included within the capital reserves.

	2022 £'000	2021 £'000
<b>Securities lending</b>		
Aggregate value of securities on loan at year end	52,411	75,315
Maximum aggregate value of securities on loan during the year	198,884	81,198
Fee income from stock lending during the year	81	53

In respect of securities on loan at the year end, securities of £57,750,000 (2021: £82,922,000) were held as collateral, the value of which exceeded the value of securities on loan by £5,339,000 (2021: £7,607,000).

In respect of the maximum aggregate value of securities on loan during the year, securities of £198,176,000 (2021: £85,922,000) were held as collateral, the value of which is less than the value of securities on loan by £708,000 (2021: higher by £4,724,000).

The value of securities on loan did not exceed the value of collateral held at any time during the year ended 31 December 2022.

## 11. Investment in subsidiary

At 31 December 2022, the Company had one wholly owned subsidiary which is registered and operating in England and Wales and has been included in the consolidated financial statements. BlackRock World Mining Investment Company Limited was incorporated on 11 November 1993. There are no non-controlling interests in the subsidiary.

The principal activity of the subsidiary company is investment dealing. The registered address of the subsidiary company is 12 Throgmorton Avenue, London EC2N 2DL.

	Description of shares	Issued share capital	
		2022	2021
BlackRock World Mining Investment Company Limited	Ordinary shares of £1	£100	£100

Under IAS, the investment in the subsidiary is fair valued in the separate financial statements of the Company which is deemed to be the total equity of the Company and equates to £7,231,000 (2021: £7,178,000). The subsidiary has not paid dividends to the parent company during the year ended 31 December 2022 (2021: £nil).

## 12. Other receivables

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Amounts due from brokers	1	1	244	244
Prepayments and accrued income	4,430	4,430	4,965	4,965
	<b>4,431</b>	<b>4,431</b>	<b>5,209</b>	<b>5,209</b>

## 13. Other payables

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Accruals for expenses and interest payable	6,155	6,155	5,183	5,183
Amounts due to subsidiary	–	1,068	–	1,068
	<b>6,155</b>	<b>7,223</b>	<b>5,183</b>	<b>6,251</b>

## 14. Interest bearing loans and borrowings

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Bank loan	158,783	158,783	138,867	138,867
Bank overdraft	–	–	356	356
	<b>158,783</b>	<b>158,783</b>	<b>139,223</b>	<b>139,223</b>

The Group has an overdraft facility of £30 million (2021: £30 million) and a multi-currency loan facility of £200 million (2021: £200 million) which are updated and renewed on an annual basis. Under the multi-currency loan facility, the individual loan drawdowns are taken with a three month maturity period. At 31 December 2022, the Group had a US dollar loan outstanding of US\$191,000,000 which matures on 17 March 2023 (2021: US dollar loan for US\$161,000,000 which matured on 11 February 2022). The Group has no outstanding Pound sterling loan at 31 December 2022 (2021: Pound sterling loan for £20,000,000 which matured on 11 February 2022). The loans are provided by The Bank of New York Mellon. The interest rate on bank loans approximate 3.30% per annum for US dollar balances (2021: 1.10% per annum for US dollar balances and 0.97% per annum for Pound sterling balances). The Company incurred a foreign currency loss of £17,645,000, (2021: £1,696,000) of which the loss on the translation of US dollar denominated loans was £17,557,000 (2021: loss of £1,429,000).

# Notes to the financial statements

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## 15. Reconciliation of liabilities arising from financing activities

	Group 2022 £'000	Company 2022 £'000	Group 2021 £'000	Company 2021 £'000
Bank loan and overdraft at beginning of the year	139,223	139,223	124,845	124,845
Cash flows:				
Movement in overdraft	(356)	(356)	(22,071)	(22,071)
Net drawdown of loan	2,359	2,359	35,020	35,020
Non cash flows:				
Effects of foreign exchange loss	17,557	17,557	1,429	1,429
<b>Bank loan and overdraft at end of the year</b>	<b>158,783</b>	<b>158,783</b>	<b>139,223</b>	<b>139,223</b>

## 16. Called up share capital

	Ordinary shares in issue number	Treasury shares number	Total shares number	Nominal value £'000
<b>Allotted, called up and fully paid share capital comprised:</b>				
<b>Ordinary shares of 5p each</b>				
At 31 December 2021	183,681,116	9,330,726	193,011,842	9,651
Ordinary shares reissued from treasury	5,071,920	(5,071,920)	–	–
<b>At 31 December 2022</b>	<b>188,753,036</b>	<b>4,258,806</b>	<b>193,011,842</b>	<b>9,651</b>

During the year ended 31 December 2022 the Company:

- did not buy back shares into treasury (2021: 69,698 shares bought back for a net consideration after costs of £393,000);
- reissued 5,071,920 shares (2021: 10,200,000 shares) from treasury for a net consideration after costs of £34,902,000 (2021: £63,187,000).

Since the year end and up to 2 March 2023, the Company has reissued 150,000 ordinary shares from treasury for a total consideration net of costs of £1,084.

## 17. Reserves

Group	Share premium account	Capital redemption reserve	Special reserve	Capital reserve arising on investments sold	Capital reserve arising on revaluation of investments held	Revenue reserve
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2021	138,818	22,779	155,123	345,594	396,836	74,073
Movement during the year:						
Total comprehensive income:						
Net profit for the year	–	–	–	82,729	43,678	76,013
Transactions with owners, recorded directly to equity:						
Ordinary shares reissued from treasury	9,289	–	25,683	–	–	–
Share reissue costs	–	–	(70)	–	–	–
Dividends paid	–	–	–	–	–	(80,911)
<b>At 31 December 2022</b>	<b>148,107</b>	<b>22,779</b>	<b>180,736</b>	<b>428,323</b>	<b>440,514</b>	<b>69,175</b>

### Distributable reserves

Company	Share premium account	Capital redemption reserve	Special reserve	Capital reserve arising on investments sold	Capital reserve arising on revaluation of investments held	Revenue reserve
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2021	138,818	22,779	155,123	344,093	404,014	68,396
Movement during the year:						
Total comprehensive income:						
Net profit for the year	–	–	–	82,729	43,731	75,960
Transactions with owners, recorded directly to equity:						
Ordinary shares reissued from treasury	9,289	–	25,683	–	–	–
Share reissue costs	–	–	(70)	–	–	–
Dividends paid	–	–	–	–	–	(80,911)
<b>At 31 December 2022</b>	<b>148,107</b>	<b>22,779</b>	<b>180,736</b>	<b>426,822</b>	<b>447,745</b>	<b>63,445</b>

# Notes to the financial statements

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## 17. Reserves continued

Group	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on revaluation of investments held £'000	Revenue reserve £'000
At 31 December 2020	127,155	22,779	103,992	277,389	351,481	38,378
Movement during the year:						
Total comprehensive income:						
Net profit for the year	-	-	-	68,205	45,355	78,910
Transactions with owners, recorded directly to equity:						
Ordinary shares reissued from treasury	11,663	-	51,651	-	-	-
Share reissue costs	-	-	(127)	-	-	-
Ordinary shares purchased into treasury	-	-	(390)	-	-	-
Share purchase costs	-	-	(3)	-	-	-
Dividends paid	-	-	-	-	-	(43,215)
<b>At 31 December 2021</b>	<b>138,818</b>	<b>22,779</b>	<b>155,123</b>	<b>345,594</b>	<b>396,836</b>	<b>74,073</b>

Company	Distributable reserves					
	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on revaluation of investments held £'000	Revenue reserve £'000
At 31 December 2020	127,155	22,779	103,992	275,888	358,659	32,701
Movement during the year:						
Total comprehensive income:						
Net profit for the year	-	-	-	68,205	45,355	78,910
Transactions with owners, recorded directly to equity:						
Ordinary shares reissued from treasury	11,663	-	51,651	-	-	-
Share reissue costs	-	-	(127)	-	-	-
Ordinary shares purchased into treasury	-	-	(390)	-	-	-
Share purchase costs	-	-	(3)	-	-	-
Dividends paid	-	-	-	-	-	(43,215)
<b>At 31 December 2021</b>	<b>138,818</b>	<b>22,779</b>	<b>155,123</b>	<b>344,093</b>	<b>404,014</b>	<b>68,396</b>

Pursuant to a resolution of the Company passed at an Extraordinary General Meeting on 13 January 1998 and following the Company's application to the Court for cancellation of its share premium account, the Court approval was received on 27 January 1999 and £157,633,000 was transferred from the share premium account to a special reserve which is a distributable reserve.

The share premium and capital redemption reserve are not distributable profits under the Companies Act 2006. In accordance with ICAEW Technical Release 02/17BL on Guidance on Realised and Distributable Profits under the Companies Act 2006, the special reserve and capital reserves of the Parent Company may be used as distributable reserves for all purposes and, in particular, the repurchase by the Parent Company of its ordinary shares and for payments as dividends. In accordance with the Company's Articles of Association, the special reserve, capital reserves and the revenue reserve may be distributed by way of dividend. The Parent Company's capital gains of £874,567,000 (2021: capital gain of £748,107,000) comprise a gain on capital reserve arising on investments sold of £426,822,000 (2021: gain of £344,093,000), a gain on capital reserve arising on revaluation of listed investments of £409,037,000 (2021: gain of £387,997,000) revaluation gains on unquoted investments of £31,477,000 (2021: £8,839,000) and a revaluation gain on the investment in the subsidiary of £7,231,000 (2021: gain of £7,178,000). The capital reserve arising on the revaluation of listed investments of £391,896,000 (2021: £387,997,000) is subject to fair value movements and may not be readily realisable at short notice; as such it may not be entirely distributable. The investments are subject to financial risks, as such capital reserves (arising on investments sold) and the revenue reserve may not be entirely distributable if a loss occurred during the realisation of these investments. The reserves of the subsidiary company are not distributable until distributed as a dividend to the Parent Company.

## 18. Risk management policies and procedures

The Group's investment activities expose it to various types of risks which are associated with the financial instruments and markets in which it invests. The following information is not intended to be a comprehensive summary of all risks and shareholders should refer to the Alternative Investment Fund Managers' Directive FUND 3.2.2R Disclosures which can be found at [www.blackrock.com/uk/brwm](http://www.blackrock.com/uk/brwm) for a more detailed discussion of the risks inherent in investing in the Group.

### Risk management framework

The following information refers to the risk management framework of the Alternative Investment Fund Manager (AIFM). However, as disclosed in the Corporate Governance Statement on page 73 and in the Statement of Directors' Responsibilities on page 81, it is the ultimate responsibility of the Board to ensure that the Group's risks are appropriately monitored, and to the extent that elements of this are delegated to third-party service providers, the Board is responsible for ensuring that the relevant parties are discharging their duties in accordance with the terms of the relevant agreements and taking appropriate action to the extent issues are identified.

The Directors of the AIFM review quarterly investment performance reports and receive semi-annual presentations in person from the Investment Manager covering the Group's performance and risk profile during the year. The AIFM has delegated the day-to-day administration of the investment programme to the Investment Manager. The Investment Manager is also responsible for ensuring that the Group is managed within the terms of its investment guidelines and limits set out in the Alternative Investment Fund Managers' Directive FUND 3.2.2R Disclosures which can be found at [www.blackrock.com/uk/brwm](http://www.blackrock.com/uk/brwm).

The AIFM is responsible for monitoring investment performance, product risk monitoring and oversight and has the responsibility for the monitoring and oversight of regulatory and operational risk for the Group. The Directors of the AIFM have appointed a Risk Manager who has responsibility for the daily risk management process with assistance from key risk management personnel of the Investment Manager, including members of the Risk and Quantitative Analysis Group (RQA) which is a centralised group which performs an independent risk management function. RQA independently identifies, measures and monitors investment risk, including climate related risk, and tracks the actual risk management practices being deployed across the Group. By breaking down the components of the process, RQA has the ability to determine if the appropriate risk management processes are in place. This captures the risk management tools employed, how the levels of risk are controlled, ensuring risk/return is considered in portfolio construction and reviewing outcomes.

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

### Risk Exposures

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

#### (a) Market risk

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

# Notes to the financial statements

continued

## 18. Risk management policies and procedures continued

A key metric the RQA Group uses to measure market risk is Value-at-Risk (VaR) which encompasses price, currency and interest rate risk. VaR is a statistical risk measure that estimates the potential portfolio loss from adverse market moves in an ordinary market environment. VaR analysis reflects the interdependencies between risk variables, unlike a traditional sensitivity analysis.

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

The one-day VaR for the Group and Company as of 31 December 2022 and 31 December 2021 (based on a 99% confidence level) was 5.28% and 4.64% respectively.

### (i) Market risk arising from other price risk

#### Exposure to other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, climate change, or other events could have a significant impact on the Group and the market price of its investments and could result in increased premiums or discounts to the Group's net asset value.

The current environment of heightened geo-political risk given the war in Ukraine has undermined investor confidence and market direction. In addition to the tragic and devastating events in Ukraine, the war has constricted supplies of key commodities, pushing prices up and creating a level of market uncertainty and volatility which is likely to persist for some time.

The impact of the coronavirus outbreak was profound across all aspects of society. In developed economies, it is clear that the worst of the impact is now over. However, there is an expectation that seasonal peaks and new variants could give rise to renewed travel restrictions, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery and supply chain disruptions which will create ongoing challenges. Widescale and comprehensive vaccination programmes have been put in place by many countries which have had a positive effect. Nevertheless, the impact of COVID-19 continues to adversely affect the economies of many nations across the globe and this in turn may continue to impact investments held by the Company.

The Group is exposed to market price risk arising from its equity investments, fixed income investments and written options. The movements in the prices of these investments result in movements in the performance of the Group. Other price risk sensitivity has been covered by the VaR analysis under the market risk section above.

The Group's exposure to other changes in market prices at 31 December 2022 on its equity and fixed interest investments was £1,424,844,000 (2021: £1,256,801,000). In addition, the Group's gross notional market exposure to these price changes through its option portfolio was £33,232,000 (2021: £29,864,000).

#### Management of other price risk

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

#### Use of derivatives

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

During the year ended 31 December 2022 and 2021 the Group wrote covered call and put option contracts to generate revenue income for the Group. As the call and put options are covered by dedicated cash resources and no call and put option contracts were written to manage price risk, there is no impact on the Group's exposure to gearing or leverage as a result of writing covered call and put options. The notional amount of the three put options written that were open (2021: two put options) at 31 December 2022 was £33,232,000 (2021: £29,864,000).

#### Management of OTC financial derivative instruments

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

The option positions are diversified across sectors and geographies comprising three positions as at 31 December 2022 (2021: two).

The economic exposures to options can be closed out at any time by the Group with immediate effect. Details of securities and exposures to market risk and credit risk implicit within the options portfolio are given above and on page 114.

#### Concentration of exposure to market price risks

An analysis of the Group's investment portfolio is shown on pages 31 to 33. At 31 December 2022 this shows that the portfolio had significant levels of investments in United States of America, Latin America, Australasia, Africa and Canada. Accordingly, there is a concentration of exposure to those regions, though it is recognised that an investment's country of domicile or listing does not necessarily equate its exposure to the economic conditions in that country.

#### (ii) Market risk arising from foreign currency risk

##### Exposure to foreign currency risk

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

The fair values of the Group's and Company's monetary items which have foreign currency exposure at 31 December 2022 and 31 December 2021 are shown below. Where the equity investments which are not monetary items are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

2022	US dollar £'000	Canadian dollar £'000	Australian dollar £'000	Brazilian real £'000	Others £'000	Total £'000
Receivables (due from brokers, dividends and other income receivable)	7,035	671	–	2,159	158	10,023
Cash and cash equivalents	411	94	–	–	–	505
Bank loans	(158,783)	–	–	–	–	(158,783)
Payables (due to brokers and other payables)	(610)	–	–	–	–	(610)
Derivative financial liabilities at fair value through profit or loss	(544)	–	–	–	–	(544)
<b>Total foreign currency exposure on net monetary items</b>	<b>(152,491)</b>	<b>765</b>	<b>–</b>	<b>2,159</b>	<b>158</b>	<b>(149,409)</b>
Investments at fair value through profit or loss	487,897	278,664	286,992	37,339	69,922	1,160,814
<b>Total net foreign currency exposure</b>	<b>335,406</b>	<b>279,429</b>	<b>286,992</b>	<b>39,498</b>	<b>70,080</b>	<b>1,011,405</b>

# Notes to the financial statements

continued

## 18. Risk management policies and procedures continued

	US dollar	Canadian dollar	Australian dollar	Brazilian real	Others	Total
2021	£'000	£'000	£'000	£'000	£'000	£'000
Receivables (due from brokers, dividends and other income receivable)	1,346	784	–	2,711	327	5,168
Cash and cash equivalents	–	54	–	–	–	54
Bank loans	(118,867)	–	–	–	–	(118,867)
Bank overdrafts	(356)	–	–	–	–	(356)
Payables (due to brokers and other payables)	(186)	–	–	–	(233)	(419)
Derivative financial liabilities at fair value through profit or loss	(376)	–	(291)	–	–	(667)
<b>Total foreign currency exposure on net monetary items</b>	<b>(118,439)</b>	<b>838</b>	<b>(291)</b>	<b>2,711</b>	<b>94</b>	<b>(115,087)</b>
Investments at fair value through profit or loss	416,920	259,784	91,855	40,895	77,631	887,085
<b>Total net foreign currency exposure</b>	<b>298,481</b>	<b>260,622</b>	<b>91,564</b>	<b>43,606</b>	<b>77,725</b>	<b>771,998</b>

### Management of foreign currency risk

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

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

The Group does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt. Derivative contracts are not used to hedge against exposure to foreign currency risk.

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

### (iii) Market risk arising from interest rate risk

#### Exposure to interest rate risk

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

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

#### Interest rate exposure

The exposure for Group and Company at 31 December 2022 and 31 December 2021 of financial assets and liabilities to interest rate risk is shown by reference to:

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

Group	2022			2021		
	Within one year £'000	More than one year £'000	Total £'000	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates:						
Cash collateral held with brokers	6,795	–	6,795	580	–	580
Cash and cash equivalents	29,492	–	29,492	26,332	–	26,332
Bank loans	(158,783)	–	(158,783)	(138,867)	–	(138,867)
Bank overdraft	–	–	–	(356)	–	(356)
Exposure to fixed interest rates:						
Fixed income investments	–	116,960	116,960	–	113,408	113,408
<b>Total exposure to interest rates</b>	<b>(122,496)</b>	<b>116,960</b>	<b>(5,536)</b>	<b>(112,311)</b>	<b>113,408</b>	<b>1,097</b>

Company	2022			2021		
	Within one year £'000	More than one year £'000	Total £'000	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates:						
Cash collateral held with brokers	6,795	–	6,795	580	–	580
Cash and cash equivalents	23,317	–	23,317	20,222	–	20,222
Bank loans	(158,783)	–	(158,783)	(138,867)	–	(138,867)
Bank overdraft	–	–	–	(356)	–	(356)
Exposure to fixed interest rates:						
Fixed income investments	–	116,960	116,960	–	113,408	113,408
<b>Total exposure to interest rates</b>	<b>(128,671)</b>	<b>116,960</b>	<b>(11,711)</b>	<b>(118,421)</b>	<b>113,408</b>	<b>(5,013)</b>

Interest rates received on cash balances are approximately 1.51% for USD balances and 1.13% per annum for GBP balances (2021: nil% for USD balances and nil% for GBP balances). Interest rates paid on bank loans are approximately 2.82% per annum for USD balances and 2.39% per annum for GBP balances (2021: 1.10% per annum for USD balances and 0.97% per annum for GBP balances). Effective interest rates on fixed income investments ranged from 2.00% to 7.50% (2021: 2.00% to 7.50%).

#### Management of interest rate risk

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

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

# Notes to the financial statements

continued

## 18. Risk management policies and procedures continued

### (b) Counterparty credit risk

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

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

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

### Depository

The Group's Depository is The Bank of New York Mellon (International) Limited (BNYM or the Depository) (S&P long-term credit rating as at 31 December 2022: AA- (2021: AA-)). The Group's listed investments are held on its behalf by The Bank of New York Mellon (International) Limited (BNYM) as the Group's Custodian (as sub-delegated by the Depository). All of the equity and fixed income assets and cash of the Group are held within the custodial network of the global custodian appointed by the Depository. Bankruptcy or insolvency of the Depository/Custodian may cause the Group's rights with respect to its investments held by the Depository/Custodian to be delayed or limited. The maximum exposure to this risk at 31 December 2022 is the total value of equity and fixed income investments held with the Depository/Custodian and cash and cash equivalents in the Consolidated and Parent Company Statements of Financial Position.

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

### Securities lending

All securities lending transactions entered into by the Company are subject to a written legal agreement between the Company and the Securities Lending Agent, BlackRock Advisors (UK) Limited, a related party to the Company, and separately between the Securities Lending Agent and the approved borrowing counterparty. Collateral received in exchange for securities lent is transferred under a title transfer arrangement and is delivered to and held in an account with a tri-party collateral manager in the name of the Depository, The Bank of New York Mellon (International) Limited, on behalf of the Company. Collateral received is segregated from the assets belonging to the Company's Depository or the Lending Agent.

The value of securities on loan as a proportion of the Group and Company's total lendable assets as at 31 December 2022 was 4.48% (2021: 7.34%) and as a proportion of the Group's net assets as at 31 December 2022 was 4.04% (2021: 6.58%). Income earned from securities lending during the year ended 31 December 2022 is set out in note 3 of the financial statements.

Total lendable assets represent the aggregate value of assets forming part of the Group and Company's securities lending programme. This excludes any assets held by the Company that are not considered lendable due to any market, regulatory, investment or other restriction.

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 31 December 2022 and 31 December 2021.

<b>2022</b>	<b>Country of establishment</b>	<b>Stock lending £'000</b>	<b>Collateral received £'000</b>
Barclays Bank plc	United Kingdom	29,587	32,905
Barclays Capital Securities Limited	United Kingdom	1,230	1,341
BNP Paribas Arbitrage	France	638	697
Citigroup Global Markets Limited	United Kingdom	1,402	1,454
Goldman Sachs International	United Kingdom	3,392	3,657
J.P. Morgan Securities plc	United Kingdom	1,729	1,892
Macquarie Bank Limited	Australia	12,166	13,311
UBS AG	Switzerland	2,267	2,493
		<b>52,411</b>	<b>57,750</b>

<b>2021</b>	<b>Country of establishment</b>	<b>Stock lending £'000</b>	<b>Collateral received £'000</b>
Barclays Bank plc	United Kingdom	23,227	25,683
Barclays Capital Securities Limited	United Kingdom	15,898	17,561
Citigroup Global Markets Limited	United Kingdom	7,399	7,810
Goldman Sachs International	United Kingdom	3,640	3,869
UBS AG	Switzerland	25,151	27,999
		<b>75,315</b>	<b>82,922</b>

### Collateral

The Company engages in securities lending transactions for which it may hold collateral received from a counterparty. The following table provides an analysis by currency of the underlying non-cash collateral received by way of a title transfer collateral arrangement by the Company, in respect of securities lending transactions as at 31 December 2022 and 31 December 2021:

<b>2022</b>	<b>Non-cash collateral received £'000</b>
<b>Currency</b>	
Canadian dollar	217
Chinese yuan	1,815
Euro	3,084
Hong Kong dollar	2,468
Japanese yen	1,542
Singapore dollar	26
Swiss franc	1,115
UK sterling	2,561
US dollar	44,817
Other	105
<b>Total</b>	<b>57,750</b>

# Notes to the financial statements

continued

## 18. Risk management policies and procedures continued

2021 Currency	Non-cash collateral received £'000
Australian dollar	147
Canadian dollar	2,686
Chinese yuan	121
Euro	15,422
Hong Kong dollar	34
Japanese yen	18,137
Singapore dollar	615
Swiss franc	8,748
UK sterling	17,864
US dollar	18,907
Other	241
<b>Total</b>	<b>82,922</b>

Non-cash collateral received by way of a title transfer collateral arrangement in relation to securities lending transactions cannot be sold, reinvested or pledged.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Group and Company by way of a title transfer collateral arrangement in respect of securities lending transactions as at 31 December 2022 and 31 December 2021.

	Maturity Tenor				Total £'000
	8 to 30 days £'000	91 to 365 days £'000	More than 365 days £'000	Open Transactions £'000	
<b>2022</b>					
<b>Collateral received – securities lending</b>					
<b>Fixed income</b>					
Investment grade	–	–	3,170	–	3,170
<b>Equities</b>					
Recognised equities	–	–	–	54,580	54,580
<b>Total</b>	–	–	<b>3,170</b>	<b>54,580</b>	<b>57,750</b>

	Maturity Tenor				Total £'000
	8 to 30 days £'000	91 to 365 days £'000	More than 365 days £'000	Open Transactions £'000	
<b>2021</b>					
<b>Collateral received – securities lending</b>					
<b>Fixed income</b>					
Investment grade	–	–	10,844	–	10,844
<b>Equities</b>					
Recognised equities	–	–	–	72,078	72,078
<b>Total</b>	–	–	<b>10,844</b>	<b>72,078</b>	<b>82,922</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency; Standard & Poor's, Moody's or Fitch.

The maturity tenor analysis for fixed income securities received as collateral is based on the respective contractual maturity date, while equity securities received as collateral are presented as open transactions as they are not subject to a contractual maturity date.

As at 31 December 2022 and 2021, all non-cash collateral (equity and debt securities) received by the Group and Company in respect of securities lending transactions is held by the Group's Depository (or through its delegates).

The following table lists the ten largest issuers by value of non-cash collateral (equity and debt securities) received by the Group and Company by way of a title transfer collateral arrangement across securities lending transactions as at 31 December 2022 and 2021.

<b>2022</b>	<b>Value</b>	<b>% of the</b>
<b>Non cash collateral issuer – securities</b>	<b>£'000</b>	<b>Company's NAV</b>
Southwest Airlines	3,286	0.25
Marvell Technology Inc	3,286	0.25
Cisco Systems Inc	2,320	0.18
JD Health International Inc	1,873	0.14
Cf Industries Holdings Inc	1,217	0.09
Vale ADR Representing One Sa	1,207	0.09
Abbott Laboratories	1,207	0.09
Becton Dickinson	1,207	0.09
Meta Platforms Inc Class A	1,207	0.09
China Resources	1,204	0.09
Other issuers	39,736	3.06
<b>Total</b>	<b>57,750</b>	<b>4.42</b>

<b>2021</b>	<b>Value</b>	<b>% of the</b>
<b>Non cash collateral issuer – securities</b>	<b>£'000</b>	<b>Company's NAV</b>
Rio Tinto	2,928	0.26
Alphabet Inc	2,925	0.26
Nestlé	2,470	0.22
GlaxoSmithKline	2,108	0.18
Government of France	2,100	0.18
Roche Holdings	2,009	0.18
UniCredit	1,896	0.17
Shell	1,868	0.16
LVMH	1,769	0.15
UBS Group	1,596	0.14
Other issuers	61,253	5.36
<b>Total</b>	<b>82,922</b>	<b>7.26</b>

#### **Counterparties/brokers**

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

For a few markets that the Group invests in from time to time, although they operate on a delivery versus payment basis, there may be a very short time gap between stock delivery and payment, giving a potential rise to counterparty credit risk with the broker in relation to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used for those markets. The Group monitors the credit rating and financial position of the broker used to further mitigate this risk.

# Notes to the financial statements

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## 18. Risk management policies and procedures continued

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

	Total number of counterparties	Maximum exposure to any one counterparty <sup>1</sup> £'000	Collateral held <sup>1</sup> £'000	Total exposure to all other counterparties <sup>1</sup> £'000	Lowest credit rating of any one counterparty <sup>2</sup>
2022	3	29,492	–	6,796	A+
2021	5	26,332	–	824	BBB+

<sup>1</sup> Calculated on a net basis.

<sup>2</sup> Standard & Poor's ratings.

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

### Collateral

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

Cash collateral pledged by the Group is separately identified as an asset in the Consolidated and Parent Company Statements of Financial Position and is not included as a component of cash and cash equivalents. The cash is subject to certain counterparty credit risk as the Group's access to its cash could be delayed should the counterparties become insolvent or bankrupt. Collateral received in the form of securities is not reflected in the Consolidated and Parent Company Statements of Financial Position. The Group has the right to sell or re-pledge collateral received in the form of securities in circumstances such as default.

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

	Pledged collateral		Liability for inbound collateral	
	As at 31 December 2022 £'000	As at 31 December 2021 £'000	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Cash collateral – Bank of America Merrill Lynch (2021: Citigroup)	6,795	580	–	–

### Receivables

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

In summary, the exposure to credit risk at 31 December 2022 and 2021 was as follows:

<b>Group</b>	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Investment in contractual rights	21,199	18,162
Fixed income investments	116,960	113,408
Cash collateral held with brokers	6,795	580
Cash and cash equivalents	29,492	26,332
Other receivables (amounts due from brokers, dividends and interest receivable)	4,431	5,209
	<b>178,877</b>	<b>163,691</b>

<b>Company</b>	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Investment in contractual rights	21,199	18,162
Fixed income investments	116,960	113,408
Cash collateral held with brokers	6,795	580
Cash and cash equivalents	23,317	20,222
Other receivables (amounts due from brokers, dividends and interest receivable)	4,431	5,209
	<b>172,702</b>	<b>157,581</b>

#### **Management of counterparty credit risk**

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

The counterparty/credit risk is managed as follows:

- transactions are only entered into with those counterparties approved by RQA CCR, with a formal review carried out for each new counterparty and with counterparties selected by RQA CCR on the basis of a number of risk mitigation criteria designed to reduce the risk to the Group of default;
- the creditworthiness of financial institutions with whom cash and fixed income instruments are held is reviewed regularly by the RQA CCR team; and
- the RQA CCR team review the credit standard of the Group's brokers on a periodic basis and set limits on the amount that may be due from any one broker.

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

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

There were no past due or impaired assets as of 31 December 2022 (2021: nil). The major counterparties engaged with the Group are all widely recognised and regulated entities.

# Notes to the financial statements

continued

## 18. Risk management policies and procedures continued

### Offsetting disclosures

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

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

At 31 December 2022 and 2021, the Group's and Company's derivative assets and liabilities (by type) are as follows:

	At 31 December 2022		At 31 December 2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
<b>Derivatives</b>				
Written option contracts	–	(1,227)	–	(667)
Total derivative assets and liabilities in the Consolidated and Parent Company Statements of Financial Position	–	(1,227)	–	(667)
<b>Total assets and liabilities subject to a master netting agreement</b>	<b>–</b>	<b>(1,227)</b>	<b>–</b>	<b>(667)</b>

The following table presents the Group's and Company's derivative liabilities by counterparty, net of amounts available for offset, under a master netting agreement and net of any related collateral paid/(received) by the Group at 31 December 2022 and 2021:

Counterparty	Derivative liabilities subject to a master netting agreement by a counterparty £'000	Derivatives available for offset £'000	Non-cash collateral given £'000	Pledged cash collateral £'000	Net amount of derivative liabilities £'000
At 31 December 2022					
Bank of America Merrill Lynch	(1,227)	–	–	1,227	–
At 31 December 2021					
Citigroup	(376)	–	–	376	–
BNP Paribas	(291)	–	–	–	(291)

### Offsetting and cash pooling arrangements

The Company and its subsidiary have a legally enforceable right under the bank overdraft agreement with The Bank of New York Mellon (International) Limited to set off the cash held in the subsidiary and bank overdraft balance in the Company. The cash and overdraft balances are held in the same currency and are managed under a compensated group arrangement with the same bank where interest is received/charged on the net cash/overdraft balance.

In practice, the Group has not and does not expect the cash and overdraft balances to settle on a net basis and, accordingly, we have presented the cash and cash equivalents and bank overdraft balances in the Statement of Financial Position on a gross basis before offsetting the positive cash balances held in the subsidiary company against the bank overdraft balance in the Company.

### (c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities. The Group is also exposed to the liquidity risk for margin calls on derivative instruments. The Group has an overdraft facility of £30 million (2021: £30 million) and a multi-currency loan facility of £200 million (2021: £200 million) which are updated and renewed on an annual basis. As per the borrowing agreements, borrowings under the overdraft and loan facilities shall at no time exceed £230 million or 25% of the Group's net asset value (whichever is the lower) (2021: £230 million or 25% of the Group's net asset value (whichever is lower)) and this covenant was complied with during the year. For details of the loan facility, refer to note 14.

### Liquidity risk exposure

The remaining undiscounted gross cash flows of the financial liabilities as at 31 December 2022 and 2021, based on the earliest date on which payment can be required, were as follows:

<b>Group</b>	<b>2022 3 months or less £'000</b>	<b>2021 3 months or less £'000</b>
Current liabilities:		
Amounts due to brokers, accruals and provisions	6,528	5,610
Derivative financial liabilities at fair value through profit or loss	1,227	667
Bank overdraft	–	356
Bank loans	158,783	138,867
	<b>166,538</b>	<b>145,500</b>

<b>Company</b>	<b>2022 3 months or less £'000</b>	<b>2021 3 months or less £'000</b>
Current liabilities:		
Amounts due to brokers, accruals and provisions	7,584	6,678
Derivative financial liabilities at fair value through profit or loss	1,227	667
Bank overdraft	–	356
Bank loans	158,783	138,867
	<b>167,594</b>	<b>146,568</b>

### Management of liquidity risk

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

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

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

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

# Notes to the financial statements

continued

## 18. Risk management policies and procedures continued

### (d) Valuation of financial instruments

Financial assets and financial liabilities are either carried in the Consolidated and Parent Company Statements of Financial Position at their fair value (investment and derivatives) or at amortised cost (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank and bank overdrafts). IFRS 13 requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Group are explained in the accounting policies note 2(h) to the Financial Statements on page 99.

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

The fair value hierarchy has the following levels:

#### Level 1 – Quoted market price for identical instruments in active markets

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Group does not adjust the quoted price for these instruments.

#### Level 2 – Valuation techniques using observable inputs

This category includes instruments valued using quoted prices for similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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

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

#### Level 3 – Valuation techniques using significant unobservable inputs

This category includes all instruments where the valuation technique includes inputs not based on market data and these inputs could have a significant impact on the instrument's valuation.

This category also includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' inputs requires significant judgement by the Investment Manager.

#### Valuation process and techniques for Level 3 valuations

##### (a) OZ Minerals Royalty

The Directors engage a mining consultant, an independent valuer with a recognised and relevant professional qualification, to conduct a periodic valuation of the contractual rights and the fair value of the contractual rights is assessed with reference to relevant factors. At the reporting date the income streams from contractual rights have been valued on the net present value of the pre-tax cash flows discounted at a rate the external valuer considers reflects the risk associated with the project. The

valuation model uses discounted cash flow analysis which incorporates both observable and non-observable data. Observable inputs include assumptions regarding current rates of interest and commodity prices. Unobservable inputs include assumptions regarding production profiles, price realisations, cost of capital and discount rates. In determining the discount rate to be applied, the external valuer considers the country and sovereign risk associated with the project, together with the time horizon to the commencement of production and the success or failure of projects of a similar nature. To assess the significance of a particular input to the entire measurement, the external valuer performs a sensitivity analysis. The external valuer has undertaken an analysis of the impact of using alternative discount rates on the fair value of contractual rights.

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

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

#### **(b) Jetti Resources and MCC Mining equity shares**

The fair value of the investment equity shares of Jetti Resources and MCC Mining were assessed by an independent valuer with a recognised and relevant professional qualification. The valuation is carried out based on market approach using earnings multiple and price of recent transactions. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Consolidated and Parent Company Statements of Financial Position and the level where the instruments are disclosed in the fair value hierarchy. To assess the significance of a particular input to the entire measurement, the external valuer performs a sensitivity analysis.

#### **Fair values of financial assets and financial liabilities**

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

<b>Financial assets/(liabilities) at fair value through profit or loss at 31 December 2022 – Group</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
<b>Assets:</b>				
Equity investments	1,250,984	9	35,692	1,286,685
Fixed income securities	68,894	48,066	–	116,960
Investment in contractual rights	–	–	21,199	21,199
<b>Total assets</b>	<b>1,319,878</b>	<b>48,075</b>	<b>56,891</b>	<b>1,424,844</b>
<b>Liabilities:</b>				
Derivative financial instruments – written options	–	(1,227)	–	(1,227)
<b>Total</b>	<b>1,319,878</b>	<b>46,848</b>	<b>56,891</b>	<b>1,423,617</b>

# Notes to the financial statements

continued

## 18. Risk management policies and procedures continued

<b>Financial assets/(liabilities) at fair value through profit or loss at 31 December 2021 – Group</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
<b>Assets:</b>				
Equity investments	1,114,430	8,955	1,846	1,125,231
Fixed income securities	59,108	40,895	13,405	113,408
Investment in contractual rights	–	–	18,162	18,162
<b>Total assets</b>	<b>1,173,538</b>	<b>49,850</b>	<b>33,413</b>	<b>1,256,801</b>
<b>Liabilities:</b>				
Derivative financial instruments – written options	–	(667)	–	(667)
<b>Total</b>	<b>1,173,538</b>	<b>49,183</b>	<b>33,413</b>	<b>1,256,134</b>

<b>Financial assets/(liabilities) at fair value through profit or loss at 31 December 2022 – Company</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
<b>Assets:</b>				
Equity investments	1,250,984	9	42,923	1,293,916
Fixed income securities	68,894	48,066	–	116,960
Investment in contractual rights	–	–	21,199	21,199
<b>Total assets</b>	<b>1,319,878</b>	<b>48,075</b>	<b>64,122</b>	<b>1,432,075</b>
<b>Liabilities:</b>				
Derivative financial instruments – written options	–	(1,227)	–	(1,227)
<b>Total</b>	<b>1,319,878</b>	<b>46,848</b>	<b>64,122</b>	<b>1,430,848</b>

<b>Financial assets/(liabilities) at fair value through profit or loss at 31 December 2021 – Company</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
<b>Assets:</b>				
Equity investments	1,114,430	8,955	9,024	1,132,409
Fixed income securities	59,108	40,895	13,405	113,408
Investment in contractual rights	–	–	18,162	18,162
<b>Total assets</b>	<b>1,173,538</b>	<b>49,850</b>	<b>40,591</b>	<b>1,263,979</b>
<b>Liabilities:</b>				
Derivative financial instruments – written options	–	(667)	–	(667)
<b>Total</b>	<b>1,173,538</b>	<b>49,183</b>	<b>40,591</b>	<b>1,263,312</b>

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

**Level 3 Financial assets at fair value through profit or loss  
at 31 December – Group**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value	33,413	19,753
Return of capital – royalty	(267)	(267)
Additions at cost	20,106	14,390
Transfer of equities from Level 1 to Level 3	2	–
Conversion of equity and transfer to Level 1	(2,546)	–
Conversion of convertible bond to equity and transfer to Level 2	(10,160)	–
Transfer of equities and convertible bonds to Level 2	(19,305)	–
Total profit or loss included in net profit on investments in the Consolidated Statement of Comprehensive Income:		
- assets transferred to Level 1 during the period	169	–
- assets transferred to Level 2 during the period	14,212	–
- assets held at the end of the period	21,267	(463)
<b>Closing balance</b>	<b>56,891</b>	<b>33,413</b>

**Level 3 Financial assets at fair value through profit or loss  
at 31 December – Company**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value	40,591	26,931
Return of capital – royalty	(267)	(267)
Additions at cost	20,106	14,390
Transfer of equities from Level 1 to Level 3	2	–
Conversion of equity and transfer to Level 1	(2,546)	–
Conversion of convertible bond to equity and transfer to Level 2	(10,160)	–
Transfer of equities and convertible bonds to Level 2	(19,305)	–
Total profit or loss included in net profit on investments in the Parent Company Statement of Comprehensive Income:		
- assets transferred to Level 1 during the period	169	–
- assets transferred to Level 2 during the period	14,212	–
- assets held at the end of the period	21,320	(463)
<b>Closing balance</b>	<b>64,122</b>	<b>40,591</b>

The Level 3 valuation process and techniques used are explained in the accounting policies in note 2(h). A more detailed description of the techniques is found on pages 126 and 127 under 'Valuation process and techniques' for Level 3 valuations.

The Level 3 investments as at 31 December 2022 in the table below relate to the OZ Minerals Brazil Royalty, convertible bonds and equity shares of Jetti Resources, MCC Mining and Lifezone SPAC PIPE. In accordance with IFRS 13, these investments were categorised as Level 3.

In arriving at the fair value of the OZ Minerals Brazil Royalty, the key inputs are the underlying commodity prices and illiquidity discount. In arriving at the fair value of Jetti Resources and MCC Mining securities, the key inputs are shown on page 130.

The Level 3 valuation process and techniques used by the Company are explained in the accounting policies in notes 2(h) and 2(q) and a detailed explanation of the techniques is also available on pages 126 and 127 under 'Valuation process and techniques'.

# Notes to the financial statements

continued

## 18. Risk management policies and procedures continued

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

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy, together with an estimated quantitative sensitivity analysis, as at 31 December 2022 and 31 December 2021 are as shown below.

Description	As at 31 December 2022 £'000	Valuation technique	Unobservable input	Range of weighted average inputs	Reasonable possible shift <sup>1</sup> +/-	Impact on fair value
OZ Minerals Brazil Royalty	21,199	Discounted cash flows	Discounted rate- weighted average cost of capital	5.0% - 8.0%	1.0%	£1.0m
			Average gold prices	US\$1,400- US\$1,600 per ounce	10.0%	£1.5m
			Average copper prices	US\$7,209- US\$8,510 per tonne	10.0%	£1.0m
Jetti Resources	29,873	Market approach	Earnings multiple	5.93x	5.0%	£0.6m
MCC Mining	5,819	Market approach	Price of recent transaction		5.0%	£0.3m
Lifzone commitment (see Note 21)	–					
Polyus	–	Listing suspended – valued at nominal US\$0.01				
<b>Total</b>	<b>56,891</b>					

<sup>1</sup> The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value.

Description	As at 31 December 2021 £'000	Valuation technique	Unobservable input	Range of weighted average inputs	Reasonable possible shift <sup>1</sup> +/-	Impact on fair value
OZ Minerals Brazil Royalty	18,162	Discounted cash flows	Discounted rate- weighted average cost of capital	5.0% - 8.0%	1.0%	£1.0m
			Average gold prices	US\$1,400- US\$1,600 per ounce	10.0%	£1.5m
			Average copper prices	US\$7,209- US\$8,510 per tonne	10.0%	£1.0m
Invanhoe Electric and I-Pulse securities	15,251	Market approach and scenario analysis for convertible notes	Asset multiple	0.75x - 1.25x	25.0%	£0.5m
<b>Total</b>	<b>33,413</b>					

<sup>1</sup> The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value.

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

For exchange listed equity investments, the quoted price is the bid price. Substantially, all investments are valued based on unadjusted quoted market prices. Where such quoted prices are readily available in an active market, such prices are not required to be assessed or adjusted for any business risks, including climate change risk, in accordance with the fair value related requirements of the Company's financial reporting framework.

#### **(e) Capital management policies and procedures**

The Group's capital management objectives are:

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

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

The Group's total invested capital at 31 December 2022 was £1,458,068,000 (2021: £1,282,097,000) comprising of bank loans and an overdraft of £158,783,000 (2021: £139,223,000) and equity shares, capital and reserves of £1,299,285,000 (2021: £1,142,874,000).

Under the terms of the overdraft and loan facility agreement, the Group's total indebtedness shall at no time exceed £230 million or 25% of the Group's net asset value (whichever is the lowest).

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

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

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

The Group is subject to externally imposed capital requirements:

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

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

## **19. Transactions with the Investment Manager and AIFM**

BlackRock Fund Managers Limited (BFM) provides management and administration services to the Company under a contract which is terminable on six months' notice. BFM has (with the Group's consent) delegated certain portfolio and risk management services, and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed in the Directors' Report on page 59.

The investment management fee due for the year ended 31 December 2022 amounted to £10,646,000 (2021: £9,230,000). At the year end, £5,443,000 was outstanding in respect of the management fee (2021: £4,587,000).

In addition to the above services, BIM (UK) has provided the Group with marketing services. The total fees paid or payable for these services for the year ended 31 December 2022 amounted to £132,000 excluding VAT (2021: £140,000). Marketing fees of £62,000 were outstanding as at 31 December 2022 (2021: £55,000).

The ultimate holding company of the Manager and the Investment Manager is BlackRock, Inc., a company incorporated in Delaware, USA.

# Notes to the financial statements

continued

## 20. Related party disclosure

### Directors' emoluments

At the date of this report, the Board consists of five non-executive Directors, all of whom are considered to be independent of the Manager by the Board.

Disclosures of the Directors' interests in the ordinary shares of the Company and fees and expenses payable to the Directors are set out in the Directors' Remuneration Report on pages 65 to 67. As at 31 December 2022, £16,000 (2021: £14,375) was outstanding in respect of Directors' fees.

### Significant holdings

The following investors are:

- a. funds managed by the BlackRock Group or are affiliates of BlackRock Inc. (Related BlackRock Funds); or
- b. investors (other than those listed in (a) above) who held more than 20% of the voting shares in issue in the Company and are as a result, considered to be related parties to the Company (Significant Investors).

#### As at 31 December 2022

Total % of shares held by Related BlackRock Funds	Total % of shares held by Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.	Number of Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.
2.27	n/a	n/a

#### As at 31 December 2021

Total % of shares held by Related BlackRock Funds	Total % of shares held by Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.	Number of Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.
1.77	n/a	n/a

## 21. Capital commitment

There was one capital commitment at 31 December 2022 (2021: nil). This was a US\$10,000,000 commitment in relation to the SPAC PIPE commitment for investment in Lifezone SPAC.







# Additional information



The Company has exposure to two aluminium producers, Alcoa and Norsk Hydro, which both have access to renewable, low cost energy for the majority of their production, leaving them well positioned in the current environment of high energy costs and in the longer term as the market places a greater cost on carbon.

PHOTO COURTESY OF ALCOA

# 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:

<b>February/March</b>	Annual results announced.
<b>March</b>	Annual Report and Financial Statements published.
<b>April/May</b>	Annual General Meeting.
<b>August</b>	Half yearly figures announced and half yearly financial report published.

## Dividend – 2022

The proposed final dividend in respect of the year ended 31 December 2022 is 23.50p per share. The Board also declared three quarterly interim dividends of 5.50p per share.

Ex-dividend date (shares transferred without the dividend)	9 March 2023
Record date (last date for registering transfers to receive the dividend)	10 March 2023
Last date for registering DRIP instructions	3 April 2023
Dividend payment date	26 April 2023

## Quarterly dividends

Dividends will be paid quarterly as follows.

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

## Payment of dividends

Cash dividends will be sent by cheque to the first-named shareholder at their registered address. Dividends may also be paid direct into a shareholder's bank account via BACSTEL-IP (Bankers' Automated Clearing Service – Telecom Internet Protocol). This may be arranged by contacting the Company's registrar, Computershare Investor Services PLC, through their secure website [investorcentre.co.uk](http://investorcentre.co.uk), or by telephone on 0370 707 1187, or by completing the Mandate Instructions section on the reverse of your dividend confirmation statement and sending this to the Company's registrar, Computershare. Dividend confirmations will be sent to shareholders at their registered address, unless other instructions have been given, to arrive on the payment date.

## Dividend reinvestment scheme (DRIP)

Shareholders may request that their dividends be used to purchase further shares in the Company. Dividend reinvestment forms may be obtained from Computershare Investor Services PLC through their secure website [investorcentre.co.uk](http://investorcentre.co.uk) or on 0370 707 1187. Shareholders who have already opted to have their dividends reinvested do not need to reapply. The last date for registering for this service for the forthcoming dividend is 3 April 2023.

## Dividend tax allowance

The annual tax-free allowance on dividend income across an individual's entire share portfolio is currently £2,000, reducing to £1,000 from 6 April 2023 and then £500 from 6 April 2024. Above this amount, individuals pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances.

The Company continues to provide registered shareholders with confirmation of the dividends paid and this should be included with any other dividend income received when calculating and reporting total dividend income received. It is a shareholder's responsibility to include all dividend income when calculating any tax liability.

If you have any tax queries, please contact a financial advisor.

## Share price

The Company's mid-market ordinary share price is quoted daily in The Financial Times and The Times under 'Investment Companies' and in The Daily Telegraph under 'Investment Trusts'. The share price is also available on the BlackRock website at [www.blackrock.com/uk/brwm](http://www.blackrock.com/uk/brwm).

## ISIN/SEDOL numbers

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

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

## Share dealing

Investors wishing to purchase more shares in the Company or sell all or part of their existing holding may do so through a stockbroker. Most banks also offer this service. Alternatively, please go to [www.computershare.com/dealing/uk](http://www.computershare.com/dealing/uk) for a range of dealing services made available by Computershare.

## 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.

## Risk factors

- Past performance is not necessarily a guide to future performance.
- The value of your investment in the Company and the income from it can fluctuate as the value of the underlying investments fluctuate.
- The price at which the Company's shares trade on the London Stock Exchange is not the same as their net asset value (NAV) (although they are related) and therefore you may realise returns which are lower or higher than NAV performance.

## Electronic communications

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

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

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

## Electronic proxy voting

Shareholders are able to submit their proxy votes electronically via Computershare's internet site at [eproxyappointment.com](http://eproxyappointment.com) using their shareholder reference number, control number and a unique identification PIN which will be provided with voting instructions and the Notice of Annual General Meeting.

CREST members who wish to appoint one or more proxies or give an instruction through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. More details are set out in the notes on the Form of Proxy and the Notice of Annual General Meeting.

## Duration of the Company

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

## 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; and
- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available.

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

## Publication of net asset value/portfolio analysis

The net asset value per share (NAV) of the Company is calculated daily, with details of the Company's investments and performance being 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 website at [www.blackrock.com/uk/brwm](http://www.blackrock.com/uk/brwm) and through the Reuters News Service under the code 'BLRKINDEX', on page 8800 on Topic 3 (ICV terminals) and under 'BLRK' on Bloomberg (monthly information only).

## Individual Savings Accounts (ISAs)

ISAs are a tax-efficient method of investment and the Company's shares are eligible investments for inclusion within stocks and shares Individual Savings Accounts. In the 2022/2023 tax year investors have an annual ISA allowance of £20,000 (2021/2022: £20,000) which can be invested in either cash or shares.

## Online access

Other details about the Company are also available on the website at [www.blackrock.com/uk/brwm](http://www.blackrock.com/uk/brwm). The financial statements and other literature are published on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

# Shareholder information

continued

Shareholders can also manage their shareholding online by using Investor Centre, Computershare's secure website at [investorcentre.co.uk](http://investorcentre.co.uk). To register on Computershare's website you will need your shareholder reference number which can be found on paper or electronic communications you have previously received from Computershare. Listed below are the most frequently used features of the website.

- Holding enquiry – view balances, values, history, payments and reinvestments.
- Payments enquiry – view your dividends and other payment types.
- Address change – change your registered address.
- Bank details update – choose to receive your dividend payment directly into your bank account instead of by cheque.
- e-Comms sign-up – choose to receive email notifications 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.

## Shareholder enquiries

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

Changes of name or address must be notified in writing either through Computershare's website, or to the registrar at:

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

## General enquiries

Enquiries about the Company should be directed to:

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

# Analysis of ordinary shareholders

as at 31 December 2022 (unaudited)

## By type of holder

	Number of shares	% of total 2022	% of total 2021	Number of holders	% of total 2022	% of total 2021
Direct private investors	3,186,339	2.0	1.8	1,557	74.3	51.1
Nominee companies	184,325,187	97.2	97.4	494	23.6	47.5
Others	1,241,510	0.8	0.8	44	2.1	1.4
	<b>188,753,036</b>	<b>100.0</b>	<b>100.0</b>	<b>2,095</b>	<b>100.0</b>	<b>100.0</b>

## By size of holding

	Number of shares	% of total 2021	% of total 2020	Number of holders	% of total 2021	% of total 2020
1-10,000	3,161,423	3.2	2.9	1,725	82.3	87.9
10,001-100,000	7,734,795	4.1	4.1	213	10.2	7.0
100,001-1,000,000	34,950,579	21.9	20.2	109	5.2	3.6
1,000,001-5,000,000*	91,655,550	49.6	47.2	42	2.0	1.3
Over 5,000,000	51,250,689	21.2	25.6	6	0.3	0.2
	<b>188,753,036</b>	<b>100.0</b>	<b>100.0</b>	<b>2,095</b>	<b>100.0</b>	<b>100.0</b>

\* Excludes treasury shares of 4,258,806.

# Historical record

(unaudited)

Year ended 31 December	Net Assets £'000	Undiluted Net Asset Value per Ordinary Share p	Diluted Net Asset Value per Ordinary Share <sup>1</sup> p	Gearing %	Ordinary Share Price p	Revenue available for Ordinary Shareholders £'000	Revenue Earnings per Ordinary Share p	Dividends per Ordinary Share p
1994	446,816	104.94	104.12	–	93.50	3,642	0.86	0.77
1995	452,762	106.27	105.23	0.1	93.00	5,637	1.32	1.00
1996	424,774	99.70	–	–	86.50	5,082	1.19	1.15
1997	318,494	74.75	–	–	59.50	3,894	0.91	0.85
1998	230,284	60.92	–	–	55.75	5,619	1.43	2.35
1999	223,397	116.99	–	11.2	100.75	2,238	1.00	1.20
2000	186,022	109.36	–	8.3	91.50	2,939	1.63	1.30
2001	196,726	118.48	–	–	96.50	6,434	3.82	3.15
2002	243,350	149.48	–	–	131.75	4,110	2.52	2.10
2003	389,244	239.09	–	8.8	217.00	2,816	1.73	1.70
2004 <sup>2</sup>	398,129	244.55	240.29	6.0	218.00	4,899	3.01	2.50
2005	668,202	397.03	–	0.7	351.50	5,642	3.39	2.80
2006	868,545	516.07	503.23	0.9	444.00	14,782	8.78	4.50
2007	1,268,120	804.13	752.28	–	655.00	13,391	8.25	5.50
2008	590,927	331.39	–	0.5	252.50	9,831	5.64	5.50
2009	1,176,813	662.02	–	3.6	550.00	8,714	4.90	4.75
2010	1,708,023	962.06	–	1.8	811.00	11,667	6.57	6.00
2011	1,317,004	742.86	–	2.5	631.50	26,099	14.71	14.00
2012	1,215,743	685.75	–	7.1	586.50	38,614	21.78	21.00
2013	885,346	499.39	–	9.6	465.00	39,633	22.36	21.00
2014	624,674	352.35	–	11.7	310.35	37,452	21.13	21.00
2015	377,313	212.83	–	12.2	181.00	32,744	18.47	21.00
2016	677,546	383.98	–	12.4	336.50	23,303	13.19	13.00
2017	804,647	456.01	–	12.2	397.75	28,093	15.92	15.60
2018	685,595	388.81	–	13.5	340.50	32,013	18.15	18.00
2019	757,110	433.17	–	11.7	383.00	39,561	22.46	22.00
2020	930,825	536.34	–	12.3	522.00	35,451	20.40	20.30
2021	1,142,874	622.21	–	9.9	589.00	78,910	43.59	42.50
<b>2022</b>	<b>1,299,285</b>	<b>688.35</b>	<b>–</b>	<b>9.6</b>	<b>697.00</b>	<b>76,013</b>	<b>40.68</b>	<b>40.00</b>

<sup>1</sup> Diluted net asset value per ordinary share calculated for potentially dilutive securities in issue such as warrants and treasury shares.

<sup>2</sup> Prior to 2004, financial information had been prepared under UK GAAP. From 2004 all information is prepared under IFRS as set out in note 2 to the Financial Statements on pages 97 to 101.

# Management and other service providers

## Registered Office

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

## Alternative Investment Fund Manager

BlackRock Fund Managers Limited\*  
12 Throgmorton Avenue  
London EC2N 2DL

## Investment Manager and Company Secretary

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

## Depository, Custodian, Banker and Fund Accountant

The Bank of New York Mellon (International) Limited\*  
160 Queen Victoria Street  
London EC4V 4LA

## Registrar

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

## Independent Auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

## Stockbrokers

JPMorgan Cazenove Limited\*  
25 Bank Street  
Canary Wharf  
London E14 5JP

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

## Solicitors

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

\* Authorised and regulated by the Financial Conduct Authority.

# AIFM Report on Remuneration

(unaudited)

## Remuneration related disclosures in accordance with Article 22(2) of the AIFMD, Article 107 of the AIFMD Regulations and Section XIII of the ESMA Guidelines on sound remuneration policies under the AIFMD

The below disclosures are made in respect of the remuneration policies of the BlackRock group (“BlackRock”), as they apply to BlackRock Fund Managers Limited (the “Manager”). The disclosures are made in accordance with the provisions in the UK implementing the Alternative Investment Fund Managers Directive (the “AIFMD”), the European Commission Delegated Regulation supplementing the AIFMD (the “Delegated Regulation”) and the “Guidelines on sound remuneration policies under the AIFMD” issued by the European Securities and Markets Authority.

The BlackRock AIFM Remuneration Policy (the “AIFM Remuneration Policy”) will apply to the EEA entities within the BlackRock group authorised as a manager of alternative investment funds in accordance with the AIFMD, and will ensure compliance with the requirements of Annex II of the AIFMD and to UK entities within the BlackRock group authorised as a manager of a UK alternative investment fund in accordance with the UK version of the Directive.

The Manager has adopted the AIFM Remuneration Policy, a summary of which is set out below.

### Remuneration Governance

BlackRock’s remuneration governance in EMEA operates as a tiered structure which includes: (a) the Management Development and Compensation Committee (“MDCC”) (which is the global, independent remuneration committee for BlackRock, Inc. and (b) the Manager’s board of directors (the “Manager’s Board”). These bodies are responsible for the determination of BlackRock’s remuneration policies which includes reviewing the remuneration policy on a regular basis and being responsible for its implementation.

The implementation of the remuneration policy is annually subject to central and independent review for compliance with policies and procedures for remuneration adopted by the MDCC and by the Manager’s Board. The remuneration disclosure is produced and owned by MDCC and the Manager’s Board.

#### (a) MDCC

The MDCC’s purposes include:

- providing oversight of:
  - BlackRock’s executive compensation programmes;
  - BlackRock’s employee benefit plans; and

- such other compensation plans as may be established by BlackRock from time to time for which the MDCC is deemed as administrator;

- reviewing and discussing the compensation discussion and analysis included in the BlackRock, Inc. annual proxy statement with management and approving the MDCC’s report for inclusion in the proxy statement;
- reviewing, assessing and making reports and recommendations to the BlackRock, Inc. Board of Directors (the ‘BlackRock, Inc. Board’) as appropriate on BlackRock’s talent development and succession planning, with the emphasis on performance and succession at the highest management levels; and
- supporting the boards of the Company’s EMEA regulated entities in meeting their remuneration-related obligations by overseeing the design and implementation of EMEA remuneration policy in accordance with applicable regulations.

The MDCC directly retains its own independent compensation consultant, Semler Brossy Consulting Group LLC, who has no relationship with BlackRock Inc. or the BlackRock, Inc. Board that would interfere with its ability to provide independent advice to the MDCC on compensation matters.

The BlackRock, Inc. Board has determined that all of the members of the MDCC are “independent” within the meaning of the listing standards of the New York Stock Exchange (NYSE), which requires each meet a “non-employee director” standard.

The MDCC held 7 meetings during 2022. The MDCC charter is available on BlackRock, Inc.’s website ([www.blackrock.com](http://www.blackrock.com)).

#### (b) The Manager’s Board

The Manager’s Board has the task of supervising and providing oversight of the AIFM Remuneration Policy as it applies to the Manager and its Identified Staff.

#### Decision-making process

Remuneration decisions for employees are made once annually in January following the end of the performance year. This timing allows full-year financial results to be considered along with other non-financial goals and objectives. Although the framework for remuneration decision-making is tied to financial performance, significant discretion is used to determine individual variable remuneration based on achievement of strategic and operating results and other considerations such as management and leadership capabilities.

No set formulas are established and no fixed benchmarks are used in determining annual incentive awards. In determining

specific individual remuneration amounts, a number of factors are considered including non-financial goals and objectives and overall financial and investment performance. These results are viewed in the aggregate without any specific weighting, and there is no direct correlation between any particular performance measure and the resulting annual incentive award. The variable remuneration awarded to any individual(s) for a particular performance year may also be zero.

Annual incentive awards are paid from a bonus pool.

The size of the projected bonus pool, including cash and equity awards, is reviewed throughout the year by the MDCC and the final total bonus pool is approved after year-end. As part of this review, the MDCC receives actual and projected financial information over the course of the year as well as final year-end information. The financial information that the MDCC receives and considers includes the current year projected income statement and other financial measures compared with prior year results and the current year budget. The MDCC additionally reviews other metrics of BlackRock's financial performance (e.g., net inflows of AUM and investment performance) as well as information regarding market conditions and competitive compensation levels.

The MDCC regularly considers management's recommendation as to the percentage of pre-incentive operating income that will be accrued and reflected as a compensation expense throughout the year for the cash portion of the total annual bonus pool (the "accrual rate"). The accrual rate of the cash portion of the total annual bonus pool may be modified by the MDCC during the year based on its review of the financial information described above. The MDCC does not apply any particular weighting or formula to the information it considers when determining the size of the total bonus pool or the accruals made for the cash portion of the total bonus pool.

Following the end of the performance year, the MDCC approves the final bonus pool amount.

As part of the year-end review process the Enterprise Risk and Regulatory Compliance departments report to the MDCC on any activities, incidents or events that warrant consideration in making compensation decisions.

Individuals are not involved in setting their own remuneration.

## Control functions

Each of the control functions (Enterprise Risk, Legal & Compliance, and Internal Audit) has its own organisational structure which is independent of the business units and therefore staff members in control functions are remunerated independently of the businesses they oversee. The head of each control function is either a member of the

Global Executive Committee ("GEC"), the global management committee, or has a reporting obligation to the board of directors of BlackRock Group Limited, the parent company of all of BlackRock's EMEA regulated entities, including the Manager.

Functional bonus pools are determined with reference to the performance of each individual function. The remuneration of the senior members of control functions is directly overseen by the MDCC

## Link between pay and performance

There is a clear and well defined pay-for-performance philosophy and compensation programmes which are designed to meet the following key objectives as detailed below:

- appropriately balance BlackRock's financial results between shareholders and employees;
- attract, retain and motivate employees capable of making significant contributions to the long-term success of the business;
- align the interests of senior employees with those of shareholders by awarding BlackRock Inc.'s stock as a significant part of both annual and long-term incentive awards;
- control fixed costs by ensuring that compensation expense varies with profitability;
- link a significant portion of an employee's total compensation to the financial and operational performance of the business;
- promote sound and effective risk management across all risk categories, including sustainability risk;
- discourage excessive risk-taking (sustainability related or otherwise); and
- ensure that client interests are not negatively impacted by remuneration awarded on a short-term, mid-term and/or long-term basis.

Driving a high-performance culture is dependent on the ability to measure performance against objectives, values and behaviours in a clear and consistent way. Managers use a 5-point rating scale to provide an overall assessment of an employee's performance, and employees also provide a self-evaluation. The overall, final rating is reconciled during each employee's performance appraisal. Employees are assessed on the manner in which performance is attained as well as the absolute performance itself.

# AIFM Report on Remuneration

(unaudited) continued

In keeping with the pay-for-performance philosophy, ratings are used to differentiate and reward individual performance – but don't pre-determine compensation outcomes. Compensation decisions remain discretionary and are made as part of the year-end compensation process.

When setting remuneration levels other factors are considered, as well as individual performance, which may include:

- the performance of the Manager, the funds managed by the Manager and/or the relevant functional department;
- factors relevant to an employee individually; relationships with clients and colleagues; teamwork; skills; any conduct issues; and, subject to any applicable policy, the impact that any relevant leave of absence may have on contribution to the business;
- the management of risk within the risk profiles appropriate for BlackRock's clients;
- strategic business needs, including intentions regarding retention;
- market intelligence;
- criticality to business; and
- supporting the firm's approaches to environmental, social and governance factors and diversity, equity and inclusion.

A primary product tool is risk management and, while employees are compensated for strong performance in their management of client assets, they are required to manage risk within the risk profiles appropriate for their clients. Therefore, employees are not rewarded for engaging in high-risk transactions outside of established parameters. Remuneration practices do not provide undue incentives for short-term planning or short-term financial rewards, do not reward unreasonable risk and provide a reasonable balance between the many and substantial risks inherent within the business of investment management, risk management and advisory services.

BlackRock operates a total compensation model for remuneration which includes a base salary, which is contractual, and a discretionary bonus scheme.

BlackRock operates an annual discretionary bonus scheme. Although all employees are eligible to be considered for a discretionary bonus, there is no contractual obligation to make any award to an employee under its discretionary bonus scheme. In exercising discretion to award a discretionary bonus, the factors listed above (under the heading "Link between pay and performance") may be taken into account in addition to any other matters which become relevant to the exercise of discretion in the course of the performance year.

Discretionary bonus awards for all employees, including executive officers, are subject to a guideline that determines the portion paid in cash and the portion paid in BlackRock, Inc. stock and subject to additional vesting/clawback conditions. Stock awards are subject to further performance adjustment through variation in BlackRock, Inc.'s share price over the vesting period. As total annual compensation increases, a greater portion is deferred into stock. The MDCC adopted this approach in 2006 to substantially increase the retention value and shareholder alignment of the compensation package for eligible employees, including the executive officers. The portion deferred into stock vests into three equal instalments over the three years following grant.

Supplementary to the annual discretionary bonus as described above, equity awards may be made to select individuals to provide greater linkage with future business results. These long-term incentive awards have been established individually to provide meaningful incentive for continued performance over a multi-year period recognising the scope of the individual's role, business expertise and leadership skills.

Selected senior leaders are eligible to receive performance-adjusted equity-based awards from the "BlackRock Performance Incentive Plan" ("BPIP"). Awards made from the BPIP have a three-year performance period based on a measurement of As Adjusted Operating Margin<sup>1</sup> and Organic Revenue Growth<sup>2</sup>. Determination of pay-out will be made based on the firm's achievement relative to target financial results at the conclusion of the performance period. The maximum number of shares that can be earned is 165% of the award in those situations where both metrics achieve pre-determined financial targets. No shares will be earned where the firm's financial performance in both of the above metrics is below a pre-determined performance threshold. These metrics have been selected as key measures of shareholder value which endure across market cycles.

A limited number of investment professionals have a portion of their annual discretionary bonus (as described above) awarded as deferred cash that notionally tracks investment in selected products managed by the employee. The intention of these awards is to align investment professionals with the investment returns of the products they manage through the deferral of compensation into those products. Clients and external evaluators have increasingly viewed more favourably those products where key investors have "skin in the game" through significant personal investments.

<sup>1</sup> As Adjusted Operating Margin: As reported in BlackRock's external filings, reflects adjusted Operating Income divided by Total Revenue net of distribution and servicing expenses and amortisation of deferred sales commissions.

<sup>2</sup> Organic Revenue Growth: Equal to net new base fees plus net new Aladdin revenue generated in the year (in dollars).

## Identified Staff

The AIFM Remuneration Policy sets out the process that will be applied to identify staff as Identified Staff, being categories of staff of the Manager, including senior management, risk takers, control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Manager or of the funds it manages.

The list of Identified Staff will be subject to regular review, being formally reviewed in the event of, but not limited to:

- organisational changes;
- new business initiatives;
- changes in significant influence function lists;
- changes in role responsibilities; and
- revised regulatory direction.

## Quantitative Remuneration Disclosure

The Manager is required under the AIFMD to make quantitative disclosures of remuneration. These disclosures are made in line with BlackRock's interpretation of currently available regulatory guidance on quantitative remuneration disclosures. As market or regulatory practice develops BlackRock may consider it appropriate to make changes to the way in which quantitative remuneration disclosures are calculated. Where such changes are made, this may result in disclosures in relation to a fund not being comparable to the disclosures made in the prior year, or in relation to other BlackRock fund disclosures in that same year.

Disclosures are provided in relation to (a) the staff of the Manager; (b) staff who are senior management; and (c) staff who have the ability to materially affect the risk profile of the Fund, including individuals who, although not directly employed by the Manager, are assigned by their employer to carry out services directly for the Manager.

All individuals included in the aggregated figures disclosed are rewarded in line with BlackRock's remuneration policy for their responsibilities across the relevant BlackRock business area. As all individuals have a number of areas of responsibilities, only the portion of remuneration for those individuals' services attributable to the Manager is included in the aggregate figures disclosed.

Members of staff and senior management of the Manager typically provide both AIFMD and non-AIFMD related services in respect of multiple funds, clients and functions of the Manager and across the broader BlackRock group. Conversely, members of staff and senior management of the broader BlackRock group may provide both AIFMD and non-AIFMD related services in respect of multiple funds,

clients and functions of the broader BlackRock group and of the Manager. Therefore, the figures disclosed are a sum of individuals' portion of remuneration attributable to the Manager according to an objective apportionment methodology which acknowledges the multiple-service nature of the Manager and the broader BlackRock group. Accordingly, the figures are not representative of any individual's actual remuneration or their remuneration structure.

The amount of the total remuneration awarded to the Manager's staff in respect of the Manager's financial year ending 31 December 2022 is US\$194.5 million. This figure is comprised of fixed remuneration of US\$109.3 million and variable remuneration of US\$85.3 million. There were a total of 3,790 beneficiaries of the remuneration described above.

The amount of the aggregate remuneration awarded by the Manager in respect of the Manager's financial year ending 31 December 2022, to its senior management was US\$21.6 million, and to other members of its staff whose actions potentially have a material impact on the risk profile of the Manager or its funds was US\$8.8 million. These figures relate to the entire Manager and not to the Company.

# Other AIFMD disclosures

(unaudited)

## Leverage

The Company may employ leverage and borrow cash in accordance with its stated investment policy or investment strategy. The Company may also employ leverage in its investment programme through foreign exchange forward contracts. The use of borrowings and leverage has attendant risks and can, in certain circumstances, substantially increase the adverse impact to which the Company's investment portfolio may be subject.

Consistent with its investment objective and policy, the Company may utilise a variety of exchange traded and over the counter (OTC) derivative instruments such as covered put/call options as part of its investment policy. The use of derivatives may expose the Company to a higher degree of risk. No derivatives were used for leverage purposes during the year.

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

Using the methodologies prescribed under the AIFMD, the leverage of the Group and Company is disclosed in the table below:

	<b>Commitment leverage as at 31 December 2022</b>	<b>Gross leverage as at 31 December 2022</b>
Leverage ratio	1.12	1.12

## Other risk disclosures

The financial risk disclosures relating to risk framework and liquidity risk are set out in note 18 to the notes to the Financial Statements.

## Pre investment disclosures

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the Annual Report of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information is available on the website at [www.blackrock.com/uk/brwm](http://www.blackrock.com/uk/brwm).

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

## CAROLINE DRISCOLL

For and on behalf of  
BlackRock Investment Management (UK) Limited  
Company Secretary  
2 March 2023

# Information to be disclosed in accordance with Listing Rule 9.8.4

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

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

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

9.8.4 (3) This provision has been deleted.

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

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

9.8.4 (7) The Company has reissued a total of 5,071,920 ordinary shares from treasury during the year at a premium to NAV at an average price of 688.14p per share for a total consideration of £34,902,000 excluding costs. Since the year end and up to 2 March 2023, a further 150,000 ordinary shares have been reissued from treasury for a total consideration net of costs of £1,084,000.

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

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

9.8.4 (10) There were no other contracts of significance subsisting during the period under review to which the Company is a party and in which a Director of the Company is or was materially interested, or between the Company and a controlling shareholder.

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

9.8.4 (12) and 9.8.4 (13) There were no arrangements under which a shareholder has waived or agreed to waive any dividends or future dividends.

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

## **CAROLINE DRISCOLL**

For and on behalf of  
BlackRock Investment Management (UK) Limited  
Company Secretary  
2 March 2023

# Glossary

## Alternative performance measure (APM)

An APM is a measure of performance or financial position that is not defined in applicable accounting standards and cannot be directly derived from the financial statements.

The Group's APMs are set out below and are cross-referenced where relevant to the financial inputs used to derive them as contained in other sections of the Annual Financial Report.

## Closed-end company

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

## Discount and premium\*

Investment trust shares can frequently trade at a discount to NAV. This occurs when the share price (based on the mid-market share price) is less than the NAV and investors may therefore buy shares at less than the value attributable to them by reference to the underlying assets. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV. As at 31 December 2022, the share price was 697.00p (2021: 589.00p) and the NAV was 688.35p (2021: 622.21p) giving a premium of 1.3% (2021: discount of 5.3%) (please see note 9 of the financial statements on page 107 for the audited inputs to the calculation).

A premium occurs when the share price (based on the mid-market share price) is more than the NAV and investors would therefore be paying more than the value attributable to the shares by reference to the underlying assets. For example, if the share price was 610p and the NAV 600p, the premium would be 1.7%.

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

## Gearing and borrowings

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

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

Net gearing calculation	Page	31 December	31 December	
		2022	2021	
		£'000	£'000	
Net assets	95	1,299,285	1,142,874	(a)
Borrowings	95	158,783	139,223	(b)
Total assets (a + b)		1,458,068	1,282,097	(c)
Current assets <sup>1</sup>	95	41,539	32,206	(d)
Current liabilities (excluding borrowings)	95	(7,755)	(6,277)	(e)
Cash and cash equivalents (d + e)		33,784	25,929	(f)
<b>Net gearing (g = (c - f - a) / a)</b>		<b>9.6%</b>	<b>9.9%</b>	<b>(g)</b>

<sup>1</sup> Includes cash at bank.

## Gross assets

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

## Leverage

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

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

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

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

\* Alternative Performance Measure.

## NAV and share price return (with dividends reinvested)\*

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

NAV total return – sterling	Page	31 December 2022	31 December 2021	
Closing NAV per share (pence)	107	688.35	622.21	
Add back interim and final dividends (pence)	106	43.50	23.80	
Effect of dividend reinvestment (pence)		0.58	1.34	
Adjusted closing NAV (pence)		732.43	647.35	(a)
Opening NAV per share (pence)	107	622.21	536.34	(b)
<b>NAV total return (c = ((a - b)/b)) (%)</b>		<b>17.7</b>	<b>20.7</b>	<b>(c)</b>

Share price total return – sterling	Page	31 December 2022	31 December 2021	
Closing share price (pence)	107	697.00	589.00	
Add back interim and final dividends (pence)	106	43.50	23.80	
Effect of dividend reinvestment (pence)		1.75	0.42	
Adjusted closing share price (pence)		742.25	613.22	(a)
Opening share price (pence)	107	589.00	522.00	(b)
<b>Share price total return (c = ((a - b)/b)) (%)</b>		<b>26.0</b>	<b>17.5</b>	<b>(c)</b>

## Net asset value per share (Cum income NAV)

This is the value of the Group's assets attributable to one ordinary share. It is calculated by dividing 'equity shareholders' funds' by the total number of ordinary shares in issue (excluding treasury shares). For example, as at 31 December 2022, equity shareholders' funds were worth £1,299,285,000 (2021: £1,142,874,000) and there were 188,753,036 ordinary shares in issue (excluding

treasury shares) (2021: 183,681,116); the undiluted NAV was therefore 688.35p per ordinary share (2021: 622.21p) (please see note 9 of the financial statements for the audited inputs to the calculations).

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

## Net asset value per share (Capital only NAV)\*

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

As at 31 December 2022, equity shareholders' funds less the current year net revenue return (after interim dividends) amounted to £1,254,285,000 (2021: £1,092,397,000) and there were 188,753,036 ordinary shares in issue (2021: 183,681,116) (excluding treasury shares); therefore the capital only NAV was 664.51p (2021: 594.72p).

Equity shareholders' funds (excluding current period revenue) of £1,254,285,000 are calculated by deducting from the Group's net assets (£1,299,285,000) its current period revenue (£76,013,000) and adding back the interim dividends paid from revenue (£31,013,000).

## Ongoing charges ratio\*

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

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

\* Alternative Performance Measure.

# Glossary

continued

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

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

Ongoing charges calculation on net assets	Page	31 December 2022 £'000	31 December 2021 £'000	
Management fee	103	10,646	9,230	
Other operating expenses <sup>1</sup>	104	1,092	1,034	
Total management fee and other operating expenses		11,738	10,264	(a)
Average daily net assets in the year		1,232,043	1,085,438	(b)
<b>Ongoing charges on net assets (c = a/b)</b>		<b>0.95%</b>	<b>0.95%</b>	<b>(c)</b>

<sup>1</sup> Excluding prior year expenses of £55,000 written off during the year ended 31 December 2022 (31 December 2021: £nil).

Ongoing charges calculation on gross assets	Page	31 December 2022	31 December 2021	
Management fee	103	10,646	9,230	
Other operating expenses <sup>1</sup>	104	1,092	1,034	
Total management fee and other operating expenses		11,738	10,264	(a)
Average daily gross assets in the year		1,403,426	1,221,651	(b)
<b>Ongoing charges on gross assets (c = a/b)</b>		<b>0.84%</b>	<b>0.84%</b>	<b>(c)</b>

<sup>1</sup> Excluding prior year expenses of £55,000 written off during the year ended 31 December 2022 (31 December 2021: £nil).

## Options and options overwriting strategy

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

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

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

## Physical metals

Metals such as copper, zinc and nickel.

## Quoted securities and unquoted investments

Securities that trade on an exchange for which there is a publicly quoted price. Unquoted securities are financial securities that do not trade on an exchange for which there is not a publicly quoted price.

## Reference index – MSCI ACWI Metals & Mining 30% Buffer 10/40 Index (MSCI ACWI)

The MSCI ACWI index is designed to be less concentrated and more diversified than other indices by constraining the exposure to any single issuer to 10% of the index value, with a 30% buffer applied, and the sum of the weights of all exposures to single issuers at more than 5% of the index at 40%, also with a 30% buffer applied.

The 30% buffer operates to ensure that the index does not have to be rebalanced constantly to retain its diversification characteristics due to the market movement of the index constituents. The buffer is applied at the quarterly rebalancing of the index taking the maximum weight of any index security to 7% (10% reduced by 30%) and the sum of the weights of securities representing more than 3.5% (5% reduced by 30%) to 28% (40% reduced by 30%).

If, due to market moves, any security breaches a 9% position, or the sum of all securities over 4.5% breach 36%, (which is equivalent to a 10% buffer applied to the 5 and 40 levels) there is an extraordinary rebalance prior to the quarter end taking the index back to the 30% buffer levels as described.

## Revenue profit and revenue reserves

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

## Royalties

Contracts that involve one party giving capital (funding) to a mining company in return for a percentage share of the revenues from one or more of the company's assets.

## Treasury shares

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

## Yield\*


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

	Page	31 December 2022	31 December 2021	
Interim and final dividends paid/payable (pence) <sup>1</sup>	106	40.00	42.50	(a)
Ordinary share price (pence)	107	697.00	589.00	(b)
<b>Yield (c = a/b) (%)</b>		<b>5.7</b>	<b>7.2</b>	<b>(c)</b>

<sup>1</sup> Comprising dividends declared/paid for the twelve months to 31 December.

\* Alternative Performance Measure.



An aerial photograph of a mining operation, likely an iron mine, captured during the golden hour of sunset. The scene shows large piles of reddish-brown earth and ore, with various pieces of heavy machinery and infrastructure scattered across the landscape. The sky is a mix of orange, yellow, and blue, creating a dramatic backdrop for the industrial site.

# Annual General Meeting



We added a new position in Mineral Resources in October. The company is looking to grow its iron ore business alongside its lithium, mining service and gas businesses, and finished the year up by 45%.

PHOTO COURTESY OF MINERAL RESOURCES

# Notice of Annual General Meeting

Notice is hereby given that the twenty ninth Annual General Meeting of BlackRock World Mining Trust plc will be held at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL on Tuesday, 18 April 2023 at 11.30 a.m. to consider and, if thought fit, pass resolutions 1 to 12 as ordinary resolutions and resolutions 13 and 14 as special resolutions.

More information in respect of the contribution of each Director to support their re-election is given in the Directors' Report on page 63.

## Ordinary business

1. To receive the report of the Directors and the financial statements for the year ended 31 December 2022, together with the report of the auditors thereon.
2. To approve the Directors' Remuneration Report for the year ended 31 December 2022, excluding any content relating to the remuneration policy of the Company.
3. To approve the Directors' Remuneration Policy as set out on pages 68 and 69.
4. To declare a final dividend of 23.50p per ordinary share for the year ended 31 December 2022.
5. To re-elect Mr D W Cheyne as a Director.
6. To re-elect Ms J Lewis as a Director.
7. To re-elect Ms J Mosely as a Director.
8. To re-elect Mr S Venkatakrishnan as a Director.
9. To reappoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.
10. To authorise the Audit Committee to determine the auditors' remuneration.

## Special business

### Ordinary resolutions

11. That the Company shall continue in being as an investment trust.
12. That in substitution for all existing authorities, the Directors of the Company be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the Act), to exercise all the powers of the Company to allot relevant securities in the Company (as described in that section) up to an aggregate nominal amount of £944,515 (being 10% of the aggregate nominal amount of the issued

share capital, excluding treasury shares, of the Company at the date of this notice) provided that this authority shall (unless previously revoked) expire at the conclusion of the Company's Annual General Meeting to be held in 2024, but the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot such securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

### Special resolutions

13. That in substitution for all existing authorities and subject to the passing of resolution numbered 12 above, the Directors of the Company be and are hereby empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the Act) to allot equity securities (as defined in section 560 of the Act) and to sell equity securities held by the Company as treasury shares (as defined in section 724 of the Act) for cash pursuant to the authority granted by the resolution numbered 12 above, as if section 561(1) of the Act did not apply to any such allotments and sales of equity securities, provided that this power:
  - (a) shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2024, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or sold after such expiry and notwithstanding such expiry the Directors may allot and sell equity securities in pursuance of such offers or agreements;
  - (b) shall be limited to the allotment of equity securities and/or the sale of equity securities held in treasury for cash up to an aggregate nominal amount of £944,515 (representing 10% of the aggregate nominal amount of the issued share capital, excluding treasury shares, of the Company at the date of this notice); and
  - (c) shall be limited to the allotment and/or sale of equity securities at a price of not less than the net asset value per share as close as practicable to the allotment or sale.
14. That in substitution for the Company's existing authority to make market purchases of ordinary shares of 5p each in the Company (Shares), the Company be and is hereby generally and, subject as hereinafter appears, unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the Act) to make market purchases of Shares (within the meaning of section 693 of the Act) provided that:

- (a) the maximum number of Shares hereby authorised to be purchased shall be 28,316,565, or if less, that number of Shares which is equal to 14.99% of the Company's issued share capital (excluding treasury shares) as at 18 April 2023;
- (b) the minimum price (exclusive of expenses) which may be paid for any such Share shall be 5p being the nominal value per share;
- (c) the maximum price (exclusive of expenses) which may be paid for any such Share shall be the higher of (i) 105% of the average of the middle market quotations (as derived from the Official List) of the Shares for the five dealing days prior to the date on which the market purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of and (b) the highest independent bid for, any number of Shares on the trading venue where the purchase is carried out; and
- (d) unless renewed, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2024 save that the Company may, prior to such expiry, enter into a contract to purchase Shares under the authority hereby conferred and may make a purchase of Shares pursuant to any such contract notwithstanding such expiry.

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

- (i) held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Act; or
- (ii) cancelled immediately upon completion of the purchase.

By order of the Board

**CAROLINE DRISCOLL**

For and on behalf of  
BlackRock Investment Management (UK) Limited  
Company Secretary  
2 March 2023

Registered Office:  
12 Throgmorton Avenue  
London EC2N 2DL

# Notice of Annual General Meeting

continued

## Notes:

1. A member entitled to attend and vote at the meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend, speak and vote in his place. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member.
2. To appoint a proxy, you may use the Form of Proxy enclosed with this Annual Report. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned to the office of the Company's registrar in accordance with the instructions printed thereon as soon as possible and in any event by not later than 11.30 a.m. on 14 April 2023 (Saturdays, Sundays and public holidays excepted). Amended instructions must also be received by the Company's registrar by the deadline for receipt of proxies. Alternatively, you can vote or appoint a proxy electronically by visiting [eproxyappointment.com](http://eproxyappointment.com). You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the form of proxy. The latest time for the submission of proxy votes electronically is 11.30 a.m. on 14 April 2023 (Saturdays, Sundays and public holidays excepted).
3. Completion and return of the Form of Proxy will not prevent a member from attending the meeting and voting in person.
4. Proxymity Voting – If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to [www.proxymity.io](http://www.proxymity.io). Your proxy must be lodged by 11.30 a.m. on 14 April 2023 (Saturdays, Sundays and public holidays excepted) in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.
5. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a Nominated Person) should note that the provisions in Notes 1 and 2 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only 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.
6. Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy the information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from the Nominated Person.
7. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered in the register of members of the Company by not later than 6.00 p.m. on 14 April 2023 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at such time. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.00 p.m. two days prior to the time of the adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.
8. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
9. Shareholders who hold their 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 11.30 a.m. on 14 April 2023 (Saturdays, Sundays and public holidays excepted). Instructions on how to vote through CREST can be found by accessing the following website: [euroclear.com/CREST](http://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 11.30 a.m. on 14 April 2023 (Saturdays, Sundays and public holidays excepted). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Computershare is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes subject of those proxies are cast and voting rights in respect of those discretionary proxies, when added to the interest in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company, who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

12. Any question relevant to the business of the meeting may be asked at the meeting by anyone permitted to speak at the meeting. A shareholder may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office. Under section 319A of the Companies Act 2006, the Company must answer any question a shareholder asks relating to the business being dealt with at the meeting, unless (i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative. Representatives should bring to the meeting evidence of their appointment, including any authority under which it is signed.
14. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
- (i) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are laid before the meeting; or
  - (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006.

The Company may not require the members requesting such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

15. Under sections 338 and 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company:
- (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or
  - (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business.

A resolution may properly be moved or a matter may properly be included in the business unless:

- (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);
- (b) it is defamatory of any person; or
- (c) it is frivolous or vexatious.

Such a request may be in hard copy form or in electronic form and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 6 March 2023, being the date six weeks clear before the meeting and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

16. Further information regarding the meeting which the Company is required by section 311A of the Companies Act 2006 to publish on a website in advance of the meeting (including this Notice), can be accessed at [www.blackrock.com/uk/brwm](http://www.blackrock.com/uk/brwm).
17. As at the date of this report, the Company's issued share capital comprised 188,903,036 ordinary shares of 5 pence each, excluding shares held in treasury. Each ordinary share carries the right to one vote and therefore the total number of voting rights in the Company on 2 March 2023 is 188,903,036.
18. No service contracts exist between the Company and any of the Directors, who hold office in accordance with letters of appointment and the Articles of Association.

# Share fraud warning

Be ScamSmart



## Investment scams are designed to look like genuine investments



### Spot the warning signs

Have you been:

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

If so, you might have been contacted by fraudsters.

### Avoid investment fraud

**1 Reject cold calls**

If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

**2 Check the FCA Warning List**

The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

**3 Get impartial advice**

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

### Report a scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at [www.fca.org.uk/consumers](http://www.fca.org.uk/consumers). You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at [www.actionfraud.police.uk](http://www.actionfraud.police.uk)

Find out more at [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)

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

SGN001

Printed by Park Communications on FSC® certified paper.

Park works to the EMAS standard and its Environmental Management System is certified to ISO 14001.

This publication has been manufactured using 100% offshore wind electricity sourced from UK wind.

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