

**THIS DOCUMENT comprises a prospectus (the “Prospectus”) relating to Global Resources Investment Trust Plc (“GRIT”) prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (“FCA”) made under section 73A of the Financial Services and Markets Act 2000 (“FSMA”) and approved by the FCA under section 87A of FSMA. This Prospectus has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.**

The directors of GRIT, whose names are set out on page 21 of this document, and GRIT each accept responsibility for the information contained in this document. To the best of their knowledge, having taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.

Applications have been made to the UK Listing Authority for all of the Ordinary Shares, issued and to be issued pursuant to the Share Exchange Issue to be admitted to listing on the premium listing segment of the Official List and to the London Stock Exchange for the same to be admitted to trading on the London Stock Exchange’s main market for listed securities. It is expected that Admission will occur, and that dealings in the Ordinary Shares will commence on 7 March 2014.

**Prospective investors should carefully consider the section headed ‘Risk Factors’ on pages 12 to 20 of this document before taking any action.**

**If prospective investors are in any doubt as to the consequences of their acquiring, holding or disposing of Ordinary Shares, they should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser.**

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## **GLOBAL RESOURCES INVESTMENT TRUST PLC**

*(an investment trust incorporated under the laws of England and Wales with registered number 8256031)*

### **Admission to listing on the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities**

**Sponsor and Financial Adviser**

**BEAUMONT CORNISH LIMITED**

**Broker**

**KEITH BAYLEY ROGERS & CO. LIMITED**

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Beaumont Cornish Limited (“**Beaumont Cornish**”), which is authorised and regulated by the FCA in the conduct of investment business, is acting exclusively for GRIT and for no-one else in connection with the Share Exchange Issue and will not be responsible to anyone other than GRIT for providing the protections afforded to customers of Beaumont Cornish or for providing advice in relation to the contents of this document or any matter referred to in it.

Keith Bayley Rogers & Co. Limited (“**KBR**”), which is authorised and regulated by the FCA in the conduct of investment business, is acting exclusively for GRIT and for no-one else in connection with the Share Exchange Issue and will not be responsible to anyone other than GRIT for providing the protections afforded to customers of KBR or for providing advice in relation to the contents of this document or any matter referred to in it.

GRIT is not an authorised or regulated entity for the purposes of financial services rules in England and Wales. As the Ordinary Shares are to be admitted to listing on the Official List of the UK Listing Authority, they are nevertheless subject to regulation by the FCA in this capacity.

Neither Beaumont Cornish nor KBR are making any representation, express or implied, as to the contents of this document, for which GRIT and the Directors are solely responsible. Without limiting the statutory rights of any person to whom this document is issued, no liability whatsoever is accepted by either Beaumont Cornish or KBR for the accuracy of any information or opinions contained in this document or for any omission of information, for which GRIT and the Directors are solely responsible. The information contained in this document has been prepared solely for the purpose of the Share Exchange Issue and Admission and is not intended to be relied upon by any subsequent purchasers of Ordinary Shares (whether on or off exchange) and accordingly no duty of care is accepted in relation to them.

#### **Overseas Investors**

The distribution of this document and sale of Ordinary Shares in certain jurisdictions may be restricted by law. No action has been taken by GRIT or Beaumont Cornish or KBR that would permit a public offer of Ordinary Shares in any jurisdiction where action for that purpose is required other than in the United Kingdom, nor has any such action been taken with respect to the possession or distribution of this document in any jurisdiction where action for that purpose is required other than the United Kingdom. Persons outside the United Kingdom into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to sell, or the solicitation of an offer to buy, Ordinary Shares in any jurisdiction in which such offer or solicitation would be unlawful. In particular, the Ordinary Shares offered by this document have not been and will not be registered under the applicable securities laws of the United States, Canada, Australia, New Zealand, South Africa, the Republic of

Ireland or Japan and, subject to certain exceptions, may not be offered or sold directly, or indirectly, in or into the United States, Canada, Australia, New Zealand, South Africa, the Republic of Ireland or Japan.

**GRIT has not been and will not be registered under the United States Investment Company Act 1940, as amended.**

#### **For the attention of residents in the European Economic Area**

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (EC Directive 2003/71/EC) (“**Prospectus Directive**”) (each, a “**relevant member state**”), with effect from the date on which the Prospectus Directive is implemented in that member state (the “**relevant implementation date**”), no Ordinary Shares have been offered or will be offered pursuant to the Share Exchange Issue to the public in that relevant member state prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that relevant member state, in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, offers of Ordinary Shares may be made to the public in that relevant member state at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000; and (iii) an annual turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 150 natural or legal persons (other than ‘qualified investors’ as defined in the Prospectus Directive); or
- (d) in any other circumstances which do not require the publication by GRIT of a prospectus pursuant to Article 3 of the Prospectus Directive,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospective Directive or any measure implementing the Prospectus Directive in a relevant member state and each person who initially acquires any Ordinary Shares or to whom any offer is made under the Share Exchange Issue will be deemed to have represented, acknowledged and agreed that it is a ‘qualified investor’ within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Ordinary Shares to the public**” in relation to any Ordinary Shares, in any relevant member state means the communication in any form and by any means of sufficient information on the terms of any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state. In the case of Ordinary Shares being offered to a financial intermediary (as that term is used in Article 3(2) of the Prospective Directive), such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Ordinary Shares acquired by it in the Share Exchange Issue have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in a relevant member state to qualified investors (as so defined) or in circumstances in which the prior consent of Beaumont Cornish has been obtained to each such proposed offer or resale. GRIT and Beaumont Cornish and KBR and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement, and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified Beaumont Cornish of such fact in writing may, with the consent of Beaumont Cornish, be permitted to subscribe for Ordinary Shares in the Share Exchange Issue.

#### **For the attention of residents of Australia**

This document has not been made available to any person in Australia, other than the persons to whom it has been given, in circumstances which fall within a class of excluded offers contemplated under section 708 of the Corporations Act 2001 (Cth) (**Corporations Act**) and do not require disclosure (including to ‘professional investors’ as defined in the Corporations Act). This document does not constitute an offer to any other person or to the public generally in Australia. The content of this document has not been reviewed by the Australian Securities and Investments Commission and no action has been taken which would permit any public offering of securities in GRIT in Australia. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

#### **For the attention of residents of Canada**

This document has not been filed with or receipted by any securities regulatory authority in Canada; and no action has been taken which would permit any public offering of securities in GRIT in Canada. This document does not constitute an offer to any person or to the public generally in Canada. The securities offered hereby have not been, and will not be, available for sale in Canada except pursuant to an applicable exemption from the prospectus and registration requirements of applicable Canadian securities legislation. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

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## SUMMARY

The Summary is made up of disclosure requirements known as ‘Elements’. These Elements are numbered in Sections A – E (A.1 – E.7).

This Summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the Summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the Summary with the mention of “Not applicable”.

<b>Section A – Introduction and warnings</b>		
A.1	Warning that: <ul style="list-style-type: none"> <li>• this summary should be read as an introduction to the Prospectus;</li> <li>• any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;</li> <li>• where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and</li> <li>• civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</li> </ul>	
A.2	Subsequent resale through financial intermediaries or final placement of securities	Not applicable. GRIT does not consent to the use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries.

<b>Section B – Issuer</b>		
B.1	Legal and commercial name	Global Resources Investment Trust Plc
B.2	Domicile, legal form, legislation and country of incorporation	Global Resources Investment Trust Plc is domiciled in the UK, incorporated in England and Wales as a public limited company and operates under the Companies Act 2006.
B.5	Group structure	Not applicable. GRIT is not part of a group.
B.6	Major shareholders	On the Latest Practicable Date, so far as the Directors are aware, the following are the names of any persons who will on Admission, directly or indirectly, have an interest in GRIT’s capital or voting rights which is notifiable under GRIT’s national law, together with the amount of each such person’s interest:

			<i>Number of Ordinary Shares</i>	<i>% of issued Ordinary Shares</i>
		<i>Name</i>		
		Alhambra Resources Ltd.	2,764,500	6.99
		Anglo-African Minerals PLC	1,970,000	4.98
		Apogee Silver Ltd.	1,977,462	5.00
		Arakan Resources Limited	5,485,500	13.86
		Black Star Petroleum Limited	1,321,440	3.34
		NuLegacy Gold Corporation	1,731,200	4.38
		Portex Minerals Inc.	1,443,348	3.65
		Siberian Goldfields Limited	1,970,000	4.98
		Tirex Resources Ltd.	2,948,991	7.45
		The Waterberg Coal Company Ltd.	2,335,220	5.90
		Each shareholder in GRIT has the same voting rights in respect of each holding of Ordinary Shares. GRIT is not directly or indirectly owned or controlled by any person whether natural or corporate.		
B.7	Historical financial information	Not applicable. GRIT has not traded.		
B.8	<i>Pro forma</i> financial information	Not applicable. No <i>pro forma</i> information is presented.		
B.9	Profit forecasts	Not applicable. No profit forecast or estimate made.		
B.10	Qualifications in the audit report	Not applicable. No audit reports are presented.		
B.11	Working capital explanation	Not applicable: working capital is sufficient.		
B.34	Investment objective, policy and restrictions	<p><i>Investment objective</i></p> <p>GRIT's investment objective is to generate medium and long-term capital growth through investing in a diverse portfolio of primarily small and mid-capitalisation natural resources and mining companies, which are listed/quoted on a Relevant Exchange.</p> <p><i>Investment policy</i></p> <p>GRIT will invest in companies globally which have a significant focus on natural resources and mining. GRIT will invest in companies that are in the field of the exploration and production of oil, gas, precious and industrial metals, and industrial and commercial minerals which, in the Investment Manager's opinion, have the potential to increase their value considerably. These companies may be producing companies with a historical track record of production or they may be development companies or companies with exploration potential. GRIT will seek to ensure, through active shareholder involvement, that investee companies act to maximise long-term shareholder value. GRIT will invest primarily in companies with shares and securities which are listed, quoted or are admitted to dealing, on a Relevant Exchange (including debt securities which are convertible into quoted equity securities). However, GRIT may also hold some investments in non-quoted, seed capital or pre-IPO companies. GRIT will seek to diversify its investments across a number of companies, with a range of natural resource assets, in jurisdictions globally. There are no restrictions as to the commodity classes and geographical regions in which GRIT may invest, however GRIT will invest and</p>		

		<p>manage its assets in a way which is consistent with the objective of spreading risk. GRIT will adhere to the following restrictions:</p> <ul style="list-style-type: none"> <li>• GRIT may only invest up to 10 per cent. of its Gross Asset Value (measured at the time of investment) in non-quoted, seed capital or pre-IPO companies;</li> <li>• GRIT will not invest more than 15 per cent. of its Gross Asset Value in any one company, (measured at the time of investment);</li> <li>• GRIT will not take legal or management control over investments in its portfolio;</li> <li>• GRIT will not invest more than 10 per cent., in aggregate, of its Gross Asset Value in other listed closed-ended investment funds;</li> <li>• distributable income (if any) will be principally derived from investments. GRIT will not conduct a trading activity which is significant in the context of the activities of GRIT as a whole;</li> <li>• GRIT will not enter into derivative transactions for speculative purposes. GRIT does not expect to enter into any hedging transactions, although it may do so for the purposes of efficient portfolio management and to hedge against exposure to changes in currency rates to the full extent of any such exposure.</li> </ul> <p>Any material changes to GRIT's investment policy will only be made with the approval of Shareholders by ordinary resolution.</p> <p>GRIT will hold any uninvested funds in cash, cash equivalents or other liquid instruments with a view to maximising the returns on any such funds.</p>
B.35	Borrowing limits	<p>GRIT's only external borrowings are the Loan Notes. Save for the Loan Notes, GRIT's borrowing policy is not to employ any further borrowing through long-term bank borrowings. Until the Loan Notes have been redeemed, on the third anniversary from issue GRIT has covenanted pursuant to the Loan Note Instrument not to incur any additional indebtedness, thereafter GRIT's policy is to incur no indebtedness other than short-term borrowings in the normal course of business (up to a maximum of five per cent. of its Gross Asset Value at any one time) such as to settle share trades.</p>
B.36	Regulatory Status	<p>GRIT is not authorised or regulated for the purposes of the provision of financial services.</p>
B.37	Typical investor	<p>Typical investors in GRIT are expected to be institutional investors, investment funds, private client fund managers and private client brokers.</p>

B.38	Investment of 20 per cent. or more of gross assets in: (i) single underlying asset; (ii) collective investment undertakings (“CIUs”) investing more than 20 per cent. of gross assets in other CIUs; or (iii) with a single counterparty	Not applicable. A maximum of 15 per cent. of the Gross Asset Value of GRIT may be invested by GRIT in the securities of any one issuer, (measured at the time of investment).
B.39	Investment of 40 per cent. or more of gross assets in a single collective investment undertaking	Not applicable. A maximum of 15 per cent. of the Gross Asset Value of GRIT may be invested by GRIT in the securities of any one issuer, (measured at the time of investment).
B.40	Service providers including maximum fees	<p>RDP Fund Management LLP, the Investment Manager, is a UK-based investment management company. The Designated members of the Investment Manager, Kjeld Thygesen and David Hutchins, have worked together for over 10 years and both have extensive fund management experience in the natural resource sector.</p> <p><i>Initial Fee</i></p> <p>The Investment Manager will receive an initial fee in respect of the establishment of GRIT which will be an amount equal to 8.33 per cent. of the annual periodic management fee, calculated by reference to the NAV at Admission.</p> <p><i>Management Fee</i></p> <p>The Investment Manager will receive a periodic management fee at the rate of 1.5 per cent. per annum of the preceding Monthly Average NAV up to £100 million and 0.75 per cent. per annum of the amount by which the preceding Monthly Average NAV exceeds £100 million. The periodic management fee accrues and is payable monthly in arrears.</p> <p>The NAV will be calculated in accordance with GRIT’s accounting policies as set out in its most recent audited accounts (or as otherwise agreed between GRIT and the Investment Manager) and valuations will be made in accordance with IFRS and the AIC guidelines or as otherwise determined by the Board.</p> <p><i>Performance Fee</i></p> <p>In addition, the Investment Manager will be entitled to receive a performance fee equal to 15 per cent. of the amount by which the Adjusted NAV exceeds the Target NAV. The calculation date will be the date to which financial statements for GRIT are made up, so that typically performance fees will be calculated and paid annually. The Target NAV is calculated by reference to the opening NAV or such higher NAV on which a performance fee has been paid, increased at an annualised rate of 7 per cent.</p> <p>At the request of the Investment Manager, GRIT may at its absolute discretion pay up to 75 per cent. of the performance fee by the allotment of new Ordinary Shares to the Investment Manager valuing each such share at the NAV on such calculation</p>

		<p>date less the performance fee divided by the number of Ordinary Shares in issue at that calculation date which shall exclude any Ordinary Shares to be issued pursuant to this paragraph for that calculation date.</p> <p>R&amp;H Fund Services Limited, the Administrator, is a UK-based provider of fund administration services. The Administrator will receive from GRIT a fee comprising 0.08 per cent. per annum of the Total Assets subject to an annual minimum payment of £85,000 being payable in each financial year such minimum to increase in accordance with the UK Retail Prices Index upon each anniversary of Admission, calculated and payable on a quarterly basis and based on the Total Assets at the end of the preceding quarter, plus value added tax. The Administrator is also entitled to be reimbursed by GRIT for its costs and additional fees in the event of significant extra work arising or, the capital re-organisation of or, creation and/or offering by, GRIT of new or additional classes of securities.</p> <p>BNP Paribas Securities Services has been appointed as Custodian to GRIT pursuant to a Custody Agreement dated 10 February 2014.</p> <p>Computershare Investor Services PLC has been appointed as Registrar to GRIT pursuant to a Registrars' Agreement dated 28 February 2014.</p>
B.41	Identity and regulatory status of service providers	<p>RDP Fund Management LLP, the Investment Manager, is a UK-based investment management company authorised and regulated by the FCA.</p> <p>R&amp;H Fund Services Limited, the Administrator, is a UK-based provider of fund administration services, and is a wholly owned subsidiary of R&amp;H Fund Services (Jersey) Limited which is authorised and regulated by the Jersey Financial Services Commission.</p> <p>BNP Paribas Securities Services, London, the Custodian, is authorised and regulated by the FCA.</p> <p>Computershare Investor Services PLC, the Registrar, is authorised and regulated by the FCA.</p>
B.42	Calculation of Net Asset Value	<p>The Net Asset Value per Share, will be calculated daily in accordance with IFRS and the AIC guidelines or as otherwise determined by the Board.</p> <p>Unquoted investments held by GRIT will be valued on a fair value basis by the Directors based on all available information on a quarterly basis.</p> <p>The Net Asset Value per Share will be announced daily via a Regulatory Information Service.</p>
B.43	Cross Liability	Not Applicable.
B.44	Statement confirming no financial statements are in existence	GRIT has not traded since incorporation and so has not prepared financial statements.
B.45	Description of Initial Portfolio	The Initial Portfolio comprises 41 companies, comprising 80.31 per cent. in shares, 19.69 per cent. in debt securities which are convertible into quoted equity securities and it is denominated

		12.76 per cent. in Sterling, 18.87 per cent. in US Dollars, 57.87 per cent. in Canadian Dollars, 1.25 per cent. in Euros and 9.25 per cent. in Australian Dollars. By location (listing), the Initial Portfolio is invested as to 57.87 per cent. in Canada, 10.97 per cent. in Australia, 26.17 per cent. in United Kingdom and 4.98 per cent. unquoted. GRIT also holds warrants in respect of 7 investee companies comprising the Initial Portfolio.
B.46	Net Asset Value	Not Applicable. No investments have been made at the date of this document.

<b>Section C – Securities</b>		
C.1	Description of securities	Ordinary Shares of £0.01 each are to be issued by GRIT with ISIN GB00BCKFVJ45.
C.2	Currency of securities	Pounds sterling (GBP).
C.3	Amount paid up and par value	Upon Admission, 39,570,012 Ordinary Shares will be in issue. The Ordinary Shares are of £0.01 par value and will each be issued at the issue price of £1.00 per share.
C.4	Rights attaching to the Ordinary Shares	The Ordinary Shares rank equally for voting purposes. On a show of hands, each Shareholder has one vote and on a poll each Shareholder has one vote per Ordinary Share held.  Each Ordinary Share ranks equally for any dividend declared. Each Ordinary Share ranks equally for any distributions made on a winding up.  Each Ordinary Share ranks equally in the right to receive a relative proportion of shares in case of a capitalisation of reserves.
C.5	Restrictions on free transferability of the Ordinary Shares	The Ordinary Shares are freely transferable and tradeable and there are no restrictions on transfer.
C.6	Admission to a regulated market	Applications have been made to the UK Listing Authority for all of the Ordinary Shares in issue and to be issued pursuant to the Share Exchange Issue to be admitted to listing on the premium listing segment of the Official List and to the London Stock Exchange for the same to be admitted to trading on the London Stock Exchange's main market for listed securities.
C.7	Dividend policy	The Directors intend to manage GRIT's affairs to achieve Shareholder returns through capital growth rather than income. It is therefore not expected that GRIT will pay an annual dividend.

<b>Section D – Risks</b>		
D.1	Key risks specific to GRIT and industry	<ul style="list-style-type: none"> <li>The junior mining and natural resource sectors experienced periods of extreme volatility in recent times which is expected to continue, at least in the short-term, which may mean that a substantial number of junior mining companies (which may include investee companies) will not survive.</li> <li>Companies comprising the Initial Portfolio are to varying extents relying on selling their shares in GRIT for their funding purposes and may have limited cash resources and little or no prospect of obtaining third party funding which</li> </ul>

		<p>may have a negative effect on their business and operational funding and ultimately determine whether they can continue to trade.</p> <ul style="list-style-type: none"> <li>Any issue of equity by investee companies could dilute GRIT's shareholding in such company, which could materially impact the value of such investments. In addition Shareholder's equity may be diluted by an adjustment to the conversion terms of the Loan Note and the holders' rights to participate in future fundraisings of GRIT.</li> <li>GRIT's investments may be in smaller capitalisation companies which may be illiquid, volatile and difficult to sell. There can be no guarantee that such investments can be exited on attractive terms or at all.</li> <li>A substantial proportion of the Initial Portfolio comprises companies quoted on the Toronto Stock Exchange's junior market for listed securities and other overseas exchanges which may not provide the same level of protections as may be expected of UK quoted/listed companies.</li> <li>GRIT's investments will be in companies in the natural resources and mining sectors which have inherent issues including but not limited to: geological and operational risks; uncertainty in reserves and assets; prohibitive costs of exploration and production; revocation or termination of governmental licences or concessions, and political problems, all or any of which could have a material adverse effect on the returns and financial performance of GRIT.</li> <li>A significant amount of the Initial Portfolio is in companies with listings overseas and therefore GRIT is exposed to exchange rate risks in calculating its NAV.</li> </ul>
D.3	Key risks specific to the Ordinary Shares	<ul style="list-style-type: none"> <li>There is no guarantee that the market price of the Ordinary Shares will fully reflect the underlying Net Asset Value. There is a greater risk that the Ordinary Shares may trade at a discount to their net asset value due to the fact that it is possible that a significant proportion of Shareholders on Admission may seek to realise their holdings in the short term, as a way of realising cash, thereby placing downward pressure on the price at which the Ordinary Shares trade.</li> <li>The exercise of the Warrants will result in a dilution of Shareholders' interests if the Net Asset Value per Share exceeds the subscription price payable on the exercise of a Warrant at the relevant time.</li> </ul>

<b>Section E – Offer</b>		
E.1	Net proceeds and expenses of the Share Exchange Issue	<p>The gross subscription value of the Share Exchange Issue is £39.5 million. The expenses of the Admission and the Issue are £2.4 million.</p> <p>No expenses are to be charged to any investors by GRIT.</p>
E.2a and E.2b	Reasons for the offer, use of proceeds, estimated net amount of the proceeds	<p>The Board believes that many junior companies in the natural resources and mining sector are at cyclical low points and that now is a good time to invest in the sector to seek to generate capital growth.</p>

		The proceeds of the Issue will on Admission be invested in accordance with GRIT's investment objective and policy.
E.3	Terms and conditions of the Share Exchange Issue	Completion of the Share Exchange Issue is subject to the Sponsor Agreement becoming unconditional in accordance with its terms; and Admission.
E.4	Interests material to the Share Exchange Issue	There are no interests which are material to the Issue. There are no conflicts of interest between (i) any duties to GRIT of any of the Directors and (ii) their private interests and/or other duties.
E.5	Name of the person making the offer	No offer is being made in respect of the Share Exchange Issue.
E.6	The amount and percentage of immediate dilution resulting from the offer	Not applicable as there is no immediate dilution.
E.7	Estimated expenses charged to the investors by GRIT	Not applicable as no expenses to be charged to the investors by GRIT.

## RISK FACTORS

**An investment in the Ordinary Shares involves a high degree of risk. Accordingly prospective investors should carefully consider the specific risk and other factors set out below in addition to the other information contained in this document before investing in the Ordinary Shares. The Board considers the risks and other factors set out below to be the material risks of which they are aware at the date of this document. Other risks and uncertainties which are not known to the Board, or which the Board currently deem immaterial may also have an adverse effect on GRIT's business and the information set out below does not purport to be an exhaustive list of the risks affecting GRIT.**

**If any of the risks set out below actually occur, GRIT's business, financial condition, capital resources and the results of its future operations could be materially adversely affected. In such a case, the price of Ordinary Shares, could decline and investors may lose all or part of their investment.**

**An investment in the Ordinary Shares is speculative. Potential investors are accordingly advised to consult a person authorised for the purposes of FSMA who specialises in advising on investments of this kind before making any investment decisions. A prospective investor should consider carefully whether an investment in GRIT is suitable in light of his or her personal circumstances and the financial resources available to him or her.**

### **Risks relating to GRIT and the investment strategy**

#### ***Difficult trading environment for junior mining and natural resource companies***

GRIT has been established to seek to exploit investment opportunities in the junior mining and natural resource sectors. The junior mining and natural resource sectors have experienced periods of extreme volatility in recent times and such volatility is expected to continue at least in the short term. It is widely anticipated therefore that a substantial number of junior mining companies will not survive the continuing difficult trading environment. Whilst the Investment Manager has conducted due diligence on investee companies comprising the Initial Portfolio to seek to limit investment risk, there may be a number of investee companies for which there is no alternative but to cease operations. In the event that a significant proportion of the Initial Portfolio companies are unable to continue operating, the returns and financial performance of GRIT could be materially adversely affected.

#### ***Initial Portfolio and potential for dilution and loss of value***

GRIT will be targeting investment in companies in the natural resource and mining sectors which may have limited cash resources which are insufficient for their funding requirements and without access to alternative sources of financing. The Initial Portfolio comprises companies which have entered into Share Exchange Subscription Agreements with GRIT, a key driver for which is the receipt of Ordinary Shares in GRIT, the sale of which may represent the only way in which such companies can raise cash. Whilst GRIT does anticipate making an additional investment in certain cases where it would be in accordance with GRIT's investment policy and beneficial to its strategy to do so, there may be circumstances where GRIT does not have the available funds to do so, or determines such follow-on investment is not appropriate, and the relevant company does not have access to third party funds, this may have a material adverse effect on the relevant company's operations and performance. In the event that an investee company conducts a fundraising such as a rights issue in which GRIT is unable or unwilling to invest, GRIT's holding in the relevant company may be diluted which could have a material adverse effect on the performance of the investment and therefore the returns to GRIT.

Furthermore, if the liquidity in the Ordinary Shares is insufficient to enable the Share Exchange Subscribers to realise their holdings of Ordinary Shares, this may give rise to the investee company needing to raise alternative funding which could, as set out above, increase the risk of dilution in the value of GRIT's portfolio interests. If such funding were not available, then the value of GRIT's investment could be substantially impaired and, if the investee company ceased to trade, be written off.

In addition, the four month holding period for GRIT's Canadian securities may limit its ability to raise sufficient funds to make follow-on investments and thus avoid dilution of its interests.

### ***Discount to Net Asset Value***

There is a greater risk, than may ordinarily be the case, of the market price of the Ordinary Shares trading at a discount to the Net Asset Value per Share. This is due to the fact that a key driver for many of the Share Exchange Subscribers, in subscribing for Ordinary Shares, is to obtain an alternative source of funding, i.e. the sale of their holding of Ordinary Shares in the market. It is therefore expected that a significant number of Shareholders upon Admission may seek to realise some or all of their holdings, which may in turn, exert downward pressure on the market price of the Ordinary Shares. Whilst the Share Exchange Subscribers are subject to orderly market undertakings (for six months from Admission), there can be no assurance that the market price per Ordinary Share will reflect the Net Asset Value per Share.

### ***Smaller capitalisation of companies***

A majority of the investments made by GRIT may be in the securities of small and medium sized companies. Such securities may involve a higher degree of risk than would be the case for securities of larger companies and the relatively small capitalisation of such companies could make the market in their ordinary or common shares less liquid and, as a consequence, their share price more volatile than investments in large companies. There can be no guarantee that such investments will be exited on attractive terms or at all.

### ***Risks associated with unlisted companies***

GRIT may invest up to ten per cent. of its Gross Asset Value (at the time of such investment) in securities which are not listed or admitted to trading upon a Relevant Exchange, and as a consequence such securities may not be readily tradable. Such investments may be illiquid and difficult to sell, more volatile than the securities of larger, longer-established businesses, and may not, for the purposes of the calculation of the Net Asset Value, be valued more than once every six months. As GRIT will be a minority investor in the entities in which it invests, its ability to promote and protect its interests will be limited. GRIT may not receive a return on such investments made by it for a number of years (if at all).

### ***Income***

GRIT's investment objective is to seek capital growth through its investments and as such does not intend to place any emphasis on income in the choice of its investments. As such it is not expected that GRIT will pay dividends in respect of the Ordinary Shares. As such, the Ordinary Shares are not suitable for an investor who wishes to rely on income from their investment.

### **Risks relating to the mining and natural resource sectors**

#### ***Volatility in commodity prices***

The market price of commodities has historically been subject to wide fluctuations and is affected by numerous factors beyond GRIT's control, including international economic and political conditions, levels of supply and demand, the availability of cost substitutes, inventory levels maintained by producers and actions of participants in the commodities markets. As GRIT's investments will be in companies with assets and operations in the mining and natural resource sectors, any decreases in the market prices of the relevant commodities could have a material adverse effect on GRIT's investee companies which in turn would have a material adverse effect on GRIT's financial performance and prospects.

#### ***Emerging market economies***

Many of GRIT's investee companies may have operations and/or assets which are located in emerging market economies. Emerging markets are generally considered to be riskier jurisdictions due to a range of factors such as adverse social and political circumstances. Political factors such as corruption, policies of expropriation, confiscatory taxation or nationalisation by governments may all adversely affect a company's assets or operations in a particular jurisdiction. Generally accepted accounting, auditing and financial reporting practices in emerging markets may be significantly different from those in developed countries which may mean that the accuracy of information may not be as reliable when compared with developed markets. Other factors such as social unrest, or terrorist or other hostilities may also have a material adverse effect on the assets and/or operations of GRIT's investee companies which in turn could materially adversely affect the value of GRIT's investments.

### ***Operational and geological risks***

Mining and natural resource companies are subject to specific operational and geological risks in addition to normal business and management risks. These can include, among others, environmental hazards, industrial accidents, the encountering of unusual or unexpected geological formations or seismic activity, cave-ins, flooding, earthquakes, periodic interruptions due to inclement or hazardous weather conditions, interruptions to power supplies, industrial action or disputes, technical failures, fires, explosions and other accidents at a mine, processing plant or related facilities. These risks and hazards could result in (*inter alia*) damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, business interruption and delays in mining and/or production. There can be no assurance that the realisation of operating risks of the companies in which GRIT invests and the costs associated with them will not materially adversely affect the financial performance and prospects of GRIT.

### ***Uncertainty in stated mineral reserves and resources and uncertainty of bringing a mine into production***

No assurance can be given that any production estimates in relation to projects owned by investee companies in which GRIT invests will be achieved, or that mineral reserves, resources and mineralised potential can be mined or processed profitably. Actual reserves, resources or mineralised potential may not conform to geological, metallurgical or other expectations and the volumes and grade of ore recovered may be below estimated levels. Lower market prices, increased production costs, reduced recovery rates and other factors may render the relevant company's reserves, resources or mineralised potential uneconomic to exploit and may result in the revision of its reserves from time to time. If the actual mineral reserves and resources of a company are less than current estimates or if the relevant company fails to develop its resources base through the realisation of identified or new mineralised potential, GRIT's results and financial condition may be materially and adversely affected.

Mineral exploration is highly speculative in nature, involves many risks and is frequently unsuccessful. Once mineralisation is discovered, it may take a number of years to complete the geographical surveys to assess whether production is possible and, even if production is possible, the economic feasibility of production may change during that time. Substantial capital expenditure is required to identify and delineate ore reserves through geological surveying and trenching and drilling, to determine metallurgical processes to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. There can be no assurance that the relevant companies will be able to identify future reserves or continue to extend the mine life of its existing operations.

### ***Risks and hazards of oil and gas exploration and production***

GRIT may make acquisitions in companies which have oil and gas exploration and production rights. There are risks inherent in the exploration and development of oil and gas reserves. There is no guarantee that exploration will lead to commercial discoveries. Drilling may involve unprofitable efforts, where wells are not sufficiently productive to justify commercial development or to cover operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs.

Risks such as delays in the construction and commissioning of drilling platforms or other technical difficulties, lack of access to key infrastructure, adverse weather conditions, environmental hazards, industrial accidents, occupational and health hazards, technical failures, labour disputes, unusual or unexpected geological formations, explosions and acts of God are inherent to the business. Whilst some of these are insurable risks, the companies in which GRIT invests may also become subject to other hazards (including pollution and oil seepage liability) against which they are not insured or are under insured. Industry operating risks include the risk of fire, explosions, blow-outs, pipe failure, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures or discharges or toxic gases, the occurrences of any of which could result in substantial losses to a company in which GRIT invests due to injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations.

### ***Infrastructure risk***

Mining, processing, development and exploration activities depend on adequate infrastructure. The regions where some of the projects owned by companies in which GRIT invests are located in sparsely populated and difficult to access. Any failure or unavailability of an adequate operational infrastructure could reduce mining volumes, increase mining costs or delay the supply of commodities to the relevant customer, which could have a material and adverse effect on the value of investments and therefore the NAV of GRIT.

### ***Implementation and expansion of development projects***

Successful implementation of the activities of companies in which GRIT invests is subject to various factors, which are not within GRIT's control. These factors include the granting of consents and permits from the relevant governmental departments, the availability, terms, conditions and timing of the delivery of plant, equipment and other materials necessary for the construction and/or operation of the relevant facility, the availability of acceptable arrangements for transportation and construction, the performance of engineering and construction contractors, mining contractors, suppliers and consultants and adverse weather conditions affecting access to the development site or the development process. The lack of availability of plant, equipment and other materials or acceptable contractual terms for transportation or construction, or a slower than anticipated performance by any contractor or a period of adverse weather could delay or prevent the successful completion of any of the projects in which GRIT invests.

### ***Governmental licences and permits***

The companies in which GRIT invests may be required to seek governmental licences and permits for the expansion of their existing operations or for the commencement of new operations in each of the jurisdictions where their operations or development projects are located. Obtaining the necessary governmental licences and permits is a complex and time-consuming process often involving public hearings and costly undertakings.

The duration and success of obtaining permits are contingent on many factors that are outside GRIT's control. The governmental approval process may increase costs and cause delays, depending on the nature of the activity to be permitted, and could cause a company in which GRIT invests not to proceed with the development of a mine.

### ***Possible termination of mining concessions***

Under the laws of many of the jurisdictions in which the assets of GRIT investee companies are located, mineral resources belong to the state and government concessions are required to explore for and exploit mineral reserves. The companies in which GRIT invests may hold mining, exploration and other related concessions in each of the jurisdictions where they operate and where they carry on development projects and prospects. The concessions held by a company in respect of its operations, development projects and prospects may be terminated under certain circumstances, including where minimum production levels are not achieved by the relevant company (or a corresponding penalty is not paid), if certain fees are not paid or if environmental and safety standards are not met. Termination of any one or more of these concessions could have a material adverse effect on the companies in which GRIT invests and therefore on GRIT's financial condition and prospects.

## **General risks relating to the Portfolio**

### ***Economic conditions***

Changes in economic conditions in the countries in which GRIT may invest (for example, interest rates, inflation, industry conditions, competition, tax laws, changes in the law and political and diplomatic events and other factors) could substantially affect the value and adversely affect GRIT's financial performance and prospects, which in turn could have a material adverse effect on the value of the Ordinary Shares.

### ***Political risk***

Changes in the political conditions in the countries in which GRIT may invest (or in which GRIT's investee companies may hold assets) may adversely affect GRIT's financial performance and prospects, which in turn could have a material adverse effect on the value of the Ordinary Shares.

### ***Market risk***

GRIT's investments are subject to normal market fluctuations and the risks inherent in the purchase, holding or selling of equity securities and related instruments, and there can be no assurance that appreciation in the value of those investments will occur. There can be no guarantee that the value of GRIT's investments would be realisable in the event of a sale.

GRIT may invest in securities that are not readily tradable (including approximately 15 per cent. of the Initial Portfolio which is either unlisted or suspended from trading), which may make it difficult for GRIT to sell its investments. Investors should not expect that GRIT will necessarily be able to realise, within a period which they would otherwise regard as reasonable, its investments, or that any realisation will be on a basis which necessarily reflects GRIT's valuation of those investments for the purposes of calculating the Net Asset Value.

A substantial proportion of the Initial Portfolio comprises companies which are quoted on the Toronto Stock Exchange's junior market for listed securities. The rules for this market (and other markets on which investee companies may be quoted) may not provide the same level of investor protections as may be expected of UK listed/quoted companies, for example pre-emption right protections, restrictions on entering into material transactions without shareholder consent and restrictions on transactions with related parties. As a result, GRIT may face increased investment risk arising from these regulatory differences, and specifically from the normal market rule for Canadian listed stocks to be held for a minimum of four months.

### ***Currency risks***

GRIT will invest in securities many of which are denominated or quoted in currencies other than in Sterling, the base currency of GRIT. GRIT's Net Asset Value will be reported in Sterling. It is not expected that GRIT will pay dividends, however, if any dividends are declared, they will be declared in Sterling and payment will also be made in Sterling. The movement of exchange rates between Sterling and any other currencies in which GRIT's investments are denominated may have a material adverse effect on the return on GRIT's investments. GRIT is not obliged to enter into any hedging arrangements in respect of foreign currency movements and hedging strategies, if employed, may not be successful in reducing exchange risks.

### ***Derivatives and hedging***

GRIT does not intend to use derivatives or hedging generally for speculative purposes. However, GRIT may enter into derivative transactions (including options, futures and contracts for difference, credit derivatives and interest rate swaps) for the purposes of efficient portfolio management. No assurance can be given that any derivatives or hedging strategies which may be used by GRIT will be successful and may result in GRIT incurring additional costs which, if material, could have a material adverse effect on the financial performance and prospects of GRIT.

### ***Interest rate risks***

The prices of securities in GRIT's portfolio will be susceptible in the short-term to decline when interest rates rise. Accordingly, the Net Asset Value of GRIT, in addition to its market price, may decline when interest rates rise. In addition, the costs associated with any borrowing used by GRIT may increase when interest rates rise. Any such increase would lead to an increase in the costs and expenses of GRIT which in turn could have a material adverse effect on the financial performance and prospects of GRIT.

### ***Concentration risk***

GRIT may have the majority of the value of its portfolio of investments represented by securities issued by a concentrated number of issuers. A decline or indeed increase in value of a particular investment in which GRIT holds a significant interest may have a material effect on the financial performance and prospects of GRIT.

### ***No index correlation***

As GRIT will seek to provide attractive long-term absolute returns, rather than returns relative to a particular index or benchmark, its portfolio of investments will be managed without reference to the composition of any stock market index. Therefore, it is likely that there will be periods when GRIT's performance will be

quite unlike that of any index (which may or may not be to the advantage of the Shareholders). The Ordinary Shares may therefore be an unsuitable investment for those who seek investments in some way correlated to a stock market index.

### ***Competition***

GRIT competes for investments in the natural resources and mining sectors with other investors. In the event that competition for investments which meet GRIT's investment policy increases, the ability for GRIT to make investments, or the terms on which it invests may be adversely affected. Accordingly there is no assurance that GRIT will be able to find suitable investments on favourable terms or at all which would be likely to have a material adverse effect on the financial performance and prospects of GRIT.

## **Risks relating to the Investment Manager**

### ***The Investment Manager***

The Investment Manager has the right to resign under the Investment Management Agreement by giving not less than 12 months' written notice to GRIT to commence no earlier than the second anniversary of Admission. GRIT's ability to identify suitable investment opportunities is substantially dependent on the services of the Investment Manager. It may not be possible to find a suitable replacement for the Investment Manager. Such resignation or termination could have an adverse effect on GRIT's performance and prospects.

### ***Key personnel***

GRIT's ability to meet its investment objective is substantially dependent on the services of a number of key personnel of the Investment Manager and the Investment Advisory Panel. The loss of such key personnel could have an adverse effect on the ability of the Investment Manager to provide the services pursuant to the Investment Management Agreement which in turn could have a material adverse effect on GRIT's performance and prospects. There is no guarantee that the personnel of the Investment Manager and the Investment Advisory Panel identified in this document will be involved in the management of GRIT's assets beyond the term of their respective contractual obligations to the Investment Manager, or in the case of the Investment Advisory Panel Members, their respective consultancy agreements with the Investment Manager.

### ***Conflicts of interest***

Many of GRIT's key strengths derive from the breadth and depth of the experience and skills of the Investment Manager and the Investment Advisory Panel.

The Investment Manager acts as investment manager to Grafton Resource Investments Ltd and may (subject to Board approval) act as investment manager in respect of other funds. GRIT's success in achieving its investment objective and policy is largely dependent on the Investment Manager devoting sufficient time and resources to GRIT and to any conflict of interest which may arise being fairly resolved. Whilst the Investment Manager is obliged under the Investment Management Agreement to devote sufficient resources and time to fulfil its duties under that agreement and to resolve any conflict fairly, there may be circumstances in which this may not be the case. It should also be noted that the members of the Investment Advisory Panel are not subject to restrictions under the conflicts policy and as such may have interests which conflict with services they provide to the Investment Manager.

### ***Performance fee***

In addition, the Investment Manager will be entitled to receive a performance fee equal to 15 per cent. of the amount by which the Adjusted NAV exceeds the Target NAV. The calculation date will be the date to which financial statements for GRIT are made up, so that typically performance fees will be calculated and paid annually. The Target NAV is calculated by reference to the opening NAV or such higher NAV on which a performance fee has been paid, increased at an annualised rate of seven per cent.

Any such increase in Net Asset Value per Share may not be realised in subsequent periods following the payment of a performance fee and in such circumstances the Investment Manager will be under no obligation to repay any performance fee earned in previous accounting periods.

## **General Risks**

### ***GRIT is a newly formed company***

GRIT is a newly established company with no operating history or revenue. GRIT's returns will depend on many factors, including (but not limited to) the availability of investment opportunities, the price and liquidity of investments, financial market conditions and the prices of commodities. There can be no assurance GRIT's investment objective and strategy will be met. Any failure in the investment objective and strategy of GRIT could have a material adverse effect on GRIT's returns which in turn could materially impact the value of the Ordinary Shares.

### ***Risks relating to the Ordinary Shares***

The value of the Ordinary Shares and income derived from them (if any) can fluctuate. There is no guarantee that the market price of the Ordinary Shares will fully reflect the underlying Net Asset Value. Owing to the presence of a discount or premium to Net Asset Value per Share, the realisable value of an Ordinary Share may not reflect its Net Asset Value per Share. GRIT does not have the ability to control any discount to Net Asset Value per Share.

### ***Dilution***

In the event that any of the Warrants are exercised or the Loan Notes are converted and the Net Asset Value per Share is higher than the subscription price for the Warrants or the conversion price of the Loan Notes (as the case may be), the interests of the Shareholders will be diluted. In addition, there are provisions in the terms of the Loan Notes for the subscription price to be adjusted downwards up to the end of the second year from issue which would potentially increase the dilution for Shareholders. Based upon the issued share capital on Admission, the Loan Notes could under these circumstances be converted into 20.2 per cent. of the issued share capital 27.5 per cent. after the exercise of Warrants.

### ***Marketability***

Although the Ordinary Shares will be traded on the London Stock Exchange it is possible that there may not be a liquid market in the Ordinary Shares and holders may have difficulty in selling them.

The value of the Ordinary Shares can go down as well as up, and investors may not realise the value of their initial investment.

It is noted that the orderly market arrangements only last for six months from Admission following which there will be no formal restrictions on the ability of any Share Exchange Subscriber to sell their Ordinary Shares, which may in the absence of GRIT being able to arrange sufficient buyers for such shares, result in downwards pressure on the Share price.

### ***Business risk***

Due to the risks set out under the heading 'Risks relating to the mining and natural resource sectors' as set out in this section below, there can be no guarantee that the investment objectives of GRIT will be met. Meeting its objectives is a target but the existence of such objectives should not be considered as an assurance or guarantee that they can or will be met. There can be no guarantee that any appreciation in the value of GRIT's investments will occur and investors in the Ordinary Shares may not get back any value or the full value of their investment.

### ***Discount management policy***

In the event of the Ordinary Shares trading at a discount to Net Asset Value per Share, the Board is not obliged to implement a discount management policy. Should, however, the Board (at its absolute discretion) determine that a discount management strategy be implemented, e.g. through the use of share buy-backs, there can be no assurance that such strategy would be successful in reducing or eliminating any discount. In addition, any cash used for the purposes of discount management would reduce the overall cash available to GRIT for investment and other purposes which could materially adversely affect GRIT's financial performance and prospects.

## **Risks relating to taxation and regulation**

### ***Taxation***

Any failure by GRIT to satisfy and to continue to satisfy the conditions necessary for GRIT to be approved by HM Revenue and Customs as an investment trust under both section 1158 of the CTA 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 or any change in GRIT's tax status or in taxation legislation could affect the value of the investments held by and the performance of GRIT, GRIT's ability to provide returns to its Shareholders, or alter the post-tax returns to its Shareholders. Representations in this document concerning the taxation of investors in Ordinary Shares are based upon current tax law and practice which are subject to change, possibly with retrospective effect. Prospective investors are advised to consult their tax advisers with respect to their own tax situation before investing in GRIT.

### ***Exchange controls and withholding tax***

GRIT may from time to time purchase investments that will subject GRIT to exchange controls or withholding taxes in various jurisdictions. In the event that exchange controls or withholding taxes are imposed with respect to any of GRIT's investments, the effect will generally reduce any income received by GRIT on its investments.

### ***AIFM Directive***

The AIFM Directive, which has been transposed into UK law in the form of the AIFM Regulations, seeks to regulate AIFMs established in the EU and prohibits such managers from managing any AIF or marketing shares in such funds to investors in the EU unless an AIFM Directive authorisation is granted to the AIFM. In order to obtain such authorisation, and to be able to manage the AIF, an AIFM will need to comply with various obligations in relation to the AIF and in relation to the conduct and operation of its own business, which may create significant additional compliance costs that may, where considered appropriate, be passed to investors in the AIFs managed by AIFMs.

Pursuant to the AIFM Regulations, an existing AIFM may continue to act as an AIFM and conduct marketing in respect of AIFs it manages during the transitional period, i.e. up to 22 July 2014 without having previously obtained AIFM Directive authorisation. As an existing AIFM, the Investment Manager will be relying on such transitional provisions to fulfil its obligations under the Investment Management Agreement during the transitional period i.e. up to 22 July 2014. Pursuant to the Investment Management Agreement, the Investment Manager has undertaken to use its reasonable endeavours to seek AIFM Directive authorisation, however there can be no assurance that it will receive such authorisation.

In the event that AIFM Directive authorisation is not granted to the Investment Manager or, if for any reason, the FCA determines that the Investment Manager is not entitled to rely on the transitional provisions, the Investment Management Agreement may be terminated.

In the event that the Investment Management Agreement is terminated, there can be no assurance that GRIT will be able to find a suitable investment manager to manage GRIT's investments on similar terms or at all. This would in turn materially affect the ability of GRIT to achieve its investment objective and strategy and therefore GRIT's financial performance and prospects.

In addition, if the Investment Manager does not or cannot obtain authorisation under the AIFM Directive, the marketing of shares in GRIT to investors in the EU may be prohibited or the ability to market shares in GRIT may be impaired. This may adversely impact GRIT's ability to raise further capital in the future.

In the event that the Investment Manager is successful in obtaining AIFM Directive authorisation, the Investment Manager is likely to be subject to additional operating costs which it may seek to recover from GRIT through revised management and performance fees under the Investment Management Agreement, which, if agreed by GRIT, would lead to increased operating costs for GRIT.

## **Forward-looking Statements**

All statements other than statements of historical facts included in this document, including, without limitation, those regarding GRIT's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to shareholder returns, dividends or any statements preceded by, followed by or that include the words 'targets', 'believes', 'expects', 'aims',

'intends', 'plans', 'will', 'may', 'anticipates', 'would', 'could' or similar expressions or the negative thereof, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond GRIT's control that could cause the actual results, performance, achievements of or dividends paid by, GRIT to be materially different from future results, performance or achievements, or dividend payments expressed or implied by such forward-looking statements. Such forward looking statements are based on numerous assumptions regarding GRIT's present and future business strategies and the environment in which GRIT will operate in the future.

These forward-looking statements speak only as of the date of this document. GRIT expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in GRIT's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority including FSMA, the Listing Rules, the Prospectus Rules and the Disclosure Rules.

## DIRECTORS, INVESTMENT MANAGER AND ADVISERS

Directors	Anthony Tudor St John, 22nd Baron St John of Bletso ( <i>Chairman</i> ) Haruko Fukuda ( <i>Non-Executive Director</i> ) Simon James Farrell ( <i>Non-Executive Director</i> ) James Frederick William Williams ( <i>Non-Executive Director</i> ) all of
Registered Office	6 New Street Square New Fetter Lane London EC4A 3AQ
Company Secretary	R&H Fund Services Limited 15-19 York Place Edinburgh EH1 3EB
Sponsor and Financial Adviser	Beaumont Cornish Limited 2nd Floor, Bowman House 29 Wilson Street London EC2M 2SJ
Broker	Keith Bayley Rogers & Co. Limited No. 1 Royal Exchange Avenue London EC3V 3LT
Solicitors to GRIT	DMH Stallard LLP 6 New Street Square New Fetter Lane London EC4A 3BF
Solicitors to Beaumont Cornish Limited	Lawrence Graham LLP 4 More London Riverside London SE1 2AU
Reporting Accountants & Auditors	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
Investment Manager	RDP Fund Management LLP Principal place of business and registered office 3rd Floor 49 Albemarle Street London W1S 4JR Tel: +44 (0)20 7290 8540
Solicitors to the Investment Manager and Broker	Sherrards Solicitors LLP 7 Swallow Place, London W1B 2AG
Custodian	BNP Paribas Securities Services, London 55 Moorgate London EC2R 6PA
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE

Administrator

R&H Fund Services Limited  
15-19 York Place  
Edinburgh EH1 3EB

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>2014</i>
Admission of Ordinary Shares to the Official List and commencement of dealings	7 March
Completion of Share Exchange Subscription Agreements	7 March
Delivery of Ordinary Shares into CREST	7 March
Ordinary Share certificates despatched by	21 March

## ADMISSION STATISTICS

Share Exchange Issue Price per Ordinary Share	£1.00
Number of Ordinary Shares issued under the Share Exchange Issue	39,520,012
Number of Ordinary Shares in issue on Admission	39,570,012
Number of Warrants	5,000,000
Amount of Loan Notes	£5 million

## DEALING CODES

### *Ordinary Shares:*

ISIN	GB00BCKFVJ45
SEDOL	BCKFVJ4
EPIC/TIDM	GRIT

# PART I

## INFORMATION ON GRIT

### **Introduction**

Global Resources Investment Trust Plc is a new investment trust established to seek to exploit investment opportunities in the junior mining and natural resource sectors. GRIT is conducting a share exchange issue pursuant to which GRIT will acquire the Initial Portfolio in return for the issue of Ordinary Shares.

Pursuant to the Share Exchange Issue, 39,520,012 Ordinary Shares will be issued credited as fully paid up at the Share Exchange Issue Price pursuant to the terms of the Share Exchange Subscription Agreements. The gross subscription value of the Share Exchange Issue will be £39,520,012.

GRIT has, conditional on Admission, raised £5,000,000 (gross proceeds) through the issue of Loan Notes, inclusive of up to £1.5 million issued and to be issued in respect of certain commissions owing in respect of the Share Exchange Issue, for working capital and investment purposes.

Application has been made for the Ordinary Shares to be admitted to the premium listing segment of the Official List and for the Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. The Ordinary Shares shall be denominated in Sterling.

### **Investment objective**

GRIT's investment objective is to generate medium and long-term capital growth through investing in a diverse portfolio of primarily small and mid-capitalisation natural resource and mining companies which are listed/quoted on a Relevant Exchange.

### **Investment policy of Global Resources Investment Trust Plc ("GRIT")**

GRIT will seek to achieve its investment objective through investment in companies globally which have a significant focus on natural resources and mining. GRIT will invest in companies that are in the field of the exploration and production of oil, gas, precious and industrial metals, and industrial and commercial minerals which, in the opinion of GRIT's investment manager, have the potential to increase their value considerably. These companies may be producing companies with a historical track record of production or they may be development companies or companies with exploration potential. GRIT will seek to ensure, through active shareholder involvement, that investee companies act to maximise long-term shareholder value. GRIT will invest primarily in companies with shares and securities which are listed, quoted or are admitted to dealing, on a relevant exchange (including debt securities which are convertible into quoted equity securities). For the purpose of this investment policy, a "relevant exchange" is (i) a regulated market, recognised investment exchange, recognised stock exchange, recognised overseas investment exchange or designated investment exchange, or (ii) a junior market operated by the operator of an exchange referred to in (i).

However GRIT may hold some investments in non-quoted, seed capital or pre-IPO companies.

Any material changes to GRIT's investment policy will only be made with the approval of Shareholders by ordinary resolution.

### ***Risk diversification, asset allocation and maximum exposures***

GRIT will seek to diversify its investments across a number of companies, with a range of natural resource assets, in jurisdictions globally. There are no restrictions as to the commodity classes and geographical regions into which GRIT may invest, however, GRIT will invest and manage its assets in a way which is consistent with its object of spreading risk. GRIT will adhere to the following investment restrictions:

- GRIT may only invest up to 10 per cent. of its Gross Asset Value (at the time of investment) in non-quoted, seed capital or pre-IPO companies;

- GRIT will not invest more than 15 per cent. of its Gross Asset Value in any one company (measured at the time of investment);
- GRIT will not take legal or management control over investments in its portfolio;
- GRIT will not invest more than 10 per cent., in aggregate, of its Gross Asset Value in other listed closed-ended investment funds;
- distributable income (if any) will be principally derived from investments. GRIT will not conduct a trading activity which is significant in the context of the activities of GRIT as a whole;
- GRIT will not enter into derivative transactions for speculative purposes. GRIT does not expect to enter into any hedging transactions, although it may do so for the purposes of efficient portfolio management and to hedge against exposure to changes in currency rates to the full extent of any such exposure.

GRIT will hold any uninvested funds in cash, cash equivalents or other liquid instruments with a view to maximising the returns on any such funds.

For the purpose of this investment policy, “Gross Asset Value” shall mean the aggregate value of the gross assets of GRIT, calculated in accordance with the accounting policies adopted by GRIT from time to time.

### ***Borrowings***

GRIT’s only external borrowings are £5 million of loan notes (“**Loan Notes**”) issued and to be issued by GRIT pursuant to a loan note instrument dated 27 February 2014 (“**Loan Note Instrument**”). Save for the Loan Notes, GRIT’s borrowing policy is not to employ any further borrowing through long-term bank borrowings. The Loan Notes are redeemable on the third anniversary of issue, and until the Loan Notes have been redeemed, GRIT has covenanted pursuant to the Loan Note Instrument not to incur any additional indebtedness. Once the Loan Notes have been redeemed, GRIT’s borrowing policy is to incur no indebtedness other than short-term borrowings in the normal course of business (up to a maximum of five per cent. of its Gross Asset Value at any one time, by reference to the Gross Asset Value at the time the borrowing is incurred) such as to settle share trades. The Loan Notes will provide GRIT with sufficient working capital for the purposes of its operations for at least twelve months from the date of Admission and may, dependent upon realisations of additional funds from the investment portfolio, also provide funds for further investment in accordance with the investment policy.

### **Investment strategy**

The investment strategy of GRIT is based on a ‘bottom-up’ approach focused on individual stock selection, with general economic factors and the geographic location of investee companies being of secondary importance.

The Investment Manager together with the Investment Advisory Panel will use both in-house expertise and external broker and industry-related research to help identify investments that it believes are undervalued – for example due to management issues, pricing anomalies or political risk factors, as well as to identify emerging growth companies. These could include companies with potential for cost cutting, management changes or administrative changes such as the ability to use new technology to improve or increase production levels.

The Investment Manager will target small and mid-capitalisation natural resource companies globally. The Directors believe, having been advised by the Investment Manager, that generally these stocks are under-researched and do not attract the attention of large investment institutions.

The Investment Manager will also seek to include an exposure to exploration companies, which in the Directors’ opinion, having been advised by the Investment Manager, offer the greatest leverage to metal price movements and therefore tend to be the most volatile stocks in the sector, reacting swiftly to positive and negative news.

The Investment Manager will seek to invest in companies that are or which have the potential to be well-managed, with appropriate standards of corporate governance and corporate responsibility, and which create

an appropriate culture to enhance long-term shareholder value. The Investment Manager's policy regarding corporate governance in investee companies is underpinned by the belief that shareholders have an important role to play in encouraging a higher level of corporate performance. One of the ways to achieve this is through responsible shareholding by adopting a positive approach to corporate governance and engagement. Consequently, the Investment Manager is open to seeking board representation in some of the underlying investments if it is deemed necessary to help achieve GRIT's investment objective. Other examples of shareholder engagement include, where possible, requisitioning, attending and voting at general meetings, participating in further equity issues, etc.

### **Investment process**

The Investment Manager will target investee companies through its extensive network of industry relationships established over many years in the investment business. Meetings are held with companies both in London and abroad, including attendance of mining conferences in a number of mineral producing countries. As appropriate, the Investment Manager will also undertake site visits to developing projects. The Investment Manager will undertake a due diligence process in respect of new potential investments which will include all or a combination (as appropriate) of the following:

- meetings with management;
- a technical assessment of the project (in conjunction with an independent consultant where appropriate);
- a financial evaluation of the target company in relation to the status of the project;
- an analysis of its cash position and ability to source external finance; and
- the market profile of the potential investee company, both stand alone and relative to its peer group.

While the Investment Manager will have discretion in respect to stock picking, attention will be given to the portfolio's exposure to both commodity classes and geopolitical areas so as to achieve and maintain a diversified mix of exposure to a variety of commodities via its investment in equities and in both developing and developed areas throughout the globe.

The Investment Manager will have discretion in respect of investments and will manage the portfolio on a day to day basis, save that the Board will be required to approve any potential investment in excess of ten per cent. of GRIT's Net Asset Value, or if an investment resulted in ownership of over ten per cent. of a company.

At the time an investment decision is made for any new investment, the Investment Manager will plan an exit strategy for the investment, based on the Investment Manager's view of the expected investment return. That strategy could include a market sale or institutional placement, following a market re-rating, or a potential corporate transaction.

### **The Investment Manager**

GRIT has appointed RDP Fund Management LLP as its investment manager. The designated members of the Investment Manager, Kjeld Thygesen and David ("Sam") Hutchins, have worked together for over 10 years and both have extensive fund management experience in the natural resource sector. Together they were also involved with the listing of the Resources Investment Trust plc ("**RIT**"), a specialist investment trust, on the Official List in January 2002. RIT had a similar investment objective and policy to GRIT in that its objective was to generate capital appreciation in the medium to longer term through investing in undervalued companies in the natural resource sector. Its shares were originally issued in January 2002 at 100p and achieved an all time high net asset value of 290.59p, following which shareholders adopted a resolution to voluntarily wind up that company.

Following the realisation of RIT's portfolio, £54.5 million was returned to shareholders of RIT, from an initial investment of £15 million, equalling an absolute return of 363 per cent.

The investment policy of RIT was comparable with that of GRIT and investments included; Cambrian Mining plc, Emerald Energy plc, Great Panther Resources Limited, Max Petroleum plc and Summit Resources Limited.

The Investment Manager has also (originally under its former name Newland Fund Management LLP) been the manager of Grafton Resource Investments Limited (Grafton) since its admission to listing on the Irish Stock Exchange in 2009. Grafton is an investment fund which invests in companies in the natural resource sector. As at 30 June 2013, it had 17 investments, of which 52.9 per cent. were unlisted and 47.1 per cent. were listed/quoted. Grafton was the subject of a shareholder vote in October 2013 which has been adjourned until further notice to extend its life for a further year or to be placed into voluntary liquidation in accordance with its offering memorandum.

The Investment Manager will be assisted by the Investment Advisory Panel, which comprises Merfyn Roberts and Miles Thompson, each of whom has extensive experience in the mining and natural resource sectors.

Further details on the Investment Manager and Investment Advisory Panel are set out in Part II of this document.

**Potential investors should note that past performance of funds or assets managed by the Investment Manager or its affiliates is not necessarily indicative of the future performance of GRIT.**

### **Investment case**

The Directors, as advised by the Investment Manager, all believe that the outlook for investments in natural resource companies remain positive. The Directors believe that whilst the economic problems of the last few years have had a negative effect on certain natural resource prices, the general growth in wealth in both middle income and developing countries will continue to drive overall demand for natural resources.

The Directors also believe that small and mid-cap resource stocks are trading at a periodical and cyclical low valuation point. As a result they believe that many development stage companies with good resources have no access to cash to support their projects and cannot generate income. Many listed resource companies are now too small to warrant an expensive administrative overhead despite having good projects and need to find partners to create efficient scale operations.

Further information on the investment case is set out in Part III of this document.

### **Initial Portfolio**

GRIT has conditionally agreed to purchase the Initial Portfolio from the Share Exchange Subscribers in return for the issue of Ordinary Shares. The acquisition of the underlying shares, securities and debt securities which are convertible into equity securities comprising the Initial Portfolio is conditional upon, *inter alia*, Admission.

The Board believes, having been advised by the Investment Manager, that the Initial Portfolio will enable investors in GRIT to obtain immediate exposure to a diversified portfolio of investments consistent with GRIT's investment policy.

The Initial Portfolio comprises 41 companies and has an aggregate value of £39.520 million, based on the Share Exchange Valuation and £35.892 million based on valuations as at the Latest Practicable Date. Further information on the Initial Portfolio is set out in Part III of this document.

### **Life of GRIT**

GRIT will not have a fixed life. However, the Board considers it desirable that Shareholders should have the opportunity to review the future of GRIT after an initial period of five years from the date of Admission. Accordingly, at the annual general meeting of GRIT in 2019 and at every fourth annual general meeting thereafter, the Directors will propose an ordinary resolution for the continuation of GRIT in its current form. If such resolution is not passed, the Directors will formulate proposals to be put to Shareholders to reorganise or reconstruct GRIT or for GRIT to be wound-up.

## **Dividend policy**

As GRIT's investment objective is to seek to achieve long-term capital growth, GRIT will not invest in companies for the purposes of seeking income and as such it is not expected that GRIT will pay dividends.

## **Discount management and repurchase of Ordinary Shares**

As GRIT will be a closed-ended investment company whose Ordinary Shares are traded on the London Stock Exchange's main market for listed securities, there is always the possibility of the Ordinary Shares trading at a discount to their Net Asset Value per Share. However, in structuring GRIT, the Directors have given consideration to the discount risk and how this may be managed. The Directors have been granted authority to buy back up to 14.99 per cent. of the Ordinary Shares in issue immediately following Admission. GRIT's authority to make purchases of its own issued Ordinary Shares will expire on the conclusion of the next annual general meeting of GRIT. A renewal of the authority to make purchases of Ordinary Shares will be sought from Shareholders at each annual general meeting of GRIT. The timing of any purchases by GRIT will be decided by the Board. The Directors intend that purchases will only be made, pursuant to this authority, through the market, for cash, at prices below the prevailing Net Asset Value per Share of the remaining Ordinary Shares and to assist in narrowing any discount to Net Asset Value per Share at which such Ordinary Shares may trade. The maximum price to be paid will be not more than five per cent. above the average of the mid-market values of the Ordinary Shares for the five Business Days before the purchase is made, and any purchases will be made in accordance with the Companies Act and the Listing Rules.

## **Further issues of Ordinary Shares**

Pursuant to the Articles, the issue of further Ordinary Shares is subject to pre-emption rights in favour of existing Shareholders as provided for in the Companies Act. Each year at GRIT's annual general meeting, a special resolution will be proposed by GRIT to disapply any pre-emption rights of the Shareholders for a set amount in a 12 month rolling period.

As at the date of this document, GRIT has authority to issue further Ordinary Shares on a non-pre-emptive basis: (a) for cash up to an aggregate nominal amount of £1,000,000; (b) in the satisfaction of the exercise of Warrant subscription rights; and (c) on conversion of the Loan Notes.

The authority to issue Ordinary Shares for cash other than *pro rata* to existing Shareholders has been taken to provide the Directors with the flexibility to issue new Ordinary Shares should they deem it in the interests of Shareholders to do so. Application will be made for the admission to the premium listing segment of the Official List and to trading on the London Stock Exchange of any new Ordinary Shares to be issued under this authority or in satisfaction of the exercise of Warrant subscription rights or conversion of the Loan Notes.

Other than in respect of the Warrants and conversion of the Loan Notes, the Directors intend to only issue Ordinary Shares on the basis that their issue does not dilute the prevailing Net Asset Value per Share.

## **Loan Notes and Warrants**

GRIT has, conditional on Admission, raised £5,000,000 (gross proceeds) through the issue of the Loan Notes inclusive of up to £1,500,000 issued and to be issued in respect of certain commissions owing in respect of the Share Exchange Issue. Of these commissions, KBR is receiving £1,381,600 of commission by way of £1,350,000 of Loan Notes and £31,600 of cash, and RDP will be subscribing for £150,000 of Loan Notes. Pursuant to the issue of the Loan Notes, the Warrants are being issued for nil consideration on the basis of one Warrant for every £1 of Loan Notes subscribed. Each Warrant will entitle its holder to subscribe for one Ordinary Share at a subscription price of £1.00 (subject to adjustment) from Admission until the fifth anniversary of Admission.

Based upon the Ordinary Shares in issue on Admission, the Loan Notes would convert into 11.2 per cent. of the issued share capital after such conversion and 20.2 per cent. adding in the effect of full exercise of the Warrants. The Loan Notes provide for the adjustment of the subscription price on a downwards only basis to the extent that there has been a reduction in the VWAP measured at the end of the first and second anniversaries of issue to a price representing in each case 75 per cent. and 50 per cent. of the subscription price. If the maximum reduction in the subscription price occurs, based on the number of Ordinary Shares

in issue on Admission, the Loan Notes would convert into 20.2 per cent. of the issued share capital after such conversion and 27.5 per cent. adding in the effect of full exercise of the Warrants.

Further details of the Loan Notes and the Warrants are set out in paragraphs 10.8 and 10.9 of Part V of this document.

### **Valuation**

GRIT's Net Asset Value, and the Net Asset Value per Share, will be calculated daily by the Administrator on behalf of the Investment Manager. Calculations will be made in accordance with IFRS and the AIC guidelines or as otherwise determined by the Board. Details of each valuation, and of any suspension in the making of such valuations, will be announced by GRIT via an RIS.

Unlisted investments will be valued on a fair value basis by the Directors on the basis of all the information available to them at the time of valuation. This will include a review of: the financial and trading information of the relevant company, covenant compliance, ability to repay the interest and cash balances. For convertible bonds this will include consideration of the discounted cash flows of the interest and principal and underlying equity value, based on the information provided by the Investment Manager.

Any investments which are marketable securities listed, quoted or which securities are admitted to dealing, on a Relevant Exchange will be valued at the relevant bid price on the relevant exchange or, where that price is not available, the closing price at the close of business on the calculation date.

Where trading in the securities of an investee company is suspended, the investment will be valued at the Board's estimate of its net realisable value. In making its valuations, the Board will take into account, where appropriate, latest dealing prices, valuations from reliable sources, asset values and other relevant factors.

If the Directors consider that any of the above bases of valuation are inappropriate in any particular case, or generally, they may with the approval of the auditors of GRIT adopt such other valuation procedures as they consider reasonable in the circumstances.

The Loan Notes will be valued at fair value in accordance with IFRS for the purposes of the Net Asset Value calculations.

The Directors may temporarily suspend the calculation, and publication, of the Net Asset Value in certain circumstances including during a period when, in the opinion of the Directors:

- the principal markets or stock exchanges on which a substantial part of the investments are quoted is closed, otherwise than for ordinary holidays, or during which dealings thereon are restricted or suspended;
- there are political, economic, military or momentary events or any circumstances outside the control, responsibility or power of the Board, and disposal or valuation of a substantial part of investments of GRIT is not reasonably practicable or if, in the opinion of the Board, the Net Asset Value cannot be fairly calculated;
- there is a breakdown of the means of communication normally employed in determining the value of the investments or when for any reason the current prices on any market of a substantial part of the investments cannot be promptly and accurately ascertained; or
- there is a proposal to put forward a resolution to wind up GRIT.

In these circumstances, an appropriate announcement will be made via an RIS.

### **Report and accounts**

Annual accounts of GRIT will be made up to 31 August in each year, the first audited annual accounts being prepared for the period to 31 August 2014. A copy of the annual report and accounts will be sent to each Shareholder within four months of GRIT's financial year end.

Shareholders will also receive an unaudited interim report covering the six month period to 28 February in each year, the first such report shall cover the period to 28 February 2014 and shall be sent to Shareholders within two months of such date.

### **Hedging and derivatives**

GRIT may enter into derivative transactions (including options, futures and contracts for difference, credit derivatives and interest rate swaps) for the purposes of efficient portfolio management. GRIT will not, however, enter into derivative transactions for speculative purposes. GRIT may hedge against exposure to changes in currency rates to the full extent of any such exposure.

### **ISAs and SIPPs**

Ordinary Shares acquired by a UK resident individual Shareholder in the secondary market (but not the Share Exchange Issue) should be eligible to be held in a stocks and shares ISA, subject to applicable annual subscription limits (£11,520 in the current tax year 2013 – 2014) and other matters detailed in the “Taxation” section of this document in paragraph 13 of Part V of this document.

The Ordinary Shares will constitute permitted investments for SIPPs.

Overseas investors

The attention of persons resident outside the UK is drawn to the paragraph headed ‘Overseas Investors’ on the front page of this document.

### **Taxation**

The Directors intend to conduct the affairs of GRIT so as to enable it to satisfy and to continue to satisfy the conditions for approval by HM Revenue and Customs as an investment trust under both section 1158 of CTA 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. Under current legislation, GRIT will be exempt from United Kingdom corporation tax on its capital gains.

Details regarding the taxation of GRIT and its Shareholders are contained in paragraph 13 of Part V of this document.

### **The Share Exchange Issue**

GRIT has conditionally issued an aggregate of £39.520 million (before expenses) of Ordinary Shares through the Share Exchange Issue. GRIT has also, conditional on Admission, raised £5 million (gross proceeds) through the issue of Loan Notes inclusive of up to £1.5 million issued and to be issued in respect of certain commissions owing in respect of the Share Exchange Issue. The total expenses relating to Admission (inclusive of those being settled by the issue of Loan Notes) and the Issue are estimated at £2.4 million.

On 27 February 2014, GRIT, the Investment Manager, the Directors and Beaumont Cornish entered into the Sponsor Agreement, under which Beaumont Cornish has agreed to act as GRIT’s sponsor for the purposes of the Listing Rules in relation into the Admission, on the terms and subject to the conditions set out in the Sponsor Agreement. Further details of the Sponsor Agreement are set out in paragraph 10.5 of Part V of this document.

The Share Exchange Issue is subject to the satisfaction of conditions contained in the Sponsor Agreement, including Admission occurring on or before 7 March 2014. The Sponsor Agreement contains provisions entitling Beaumont Cornish to terminate the Share Exchange Issue (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised prior to Admission, the Share Exchange Issue will lapse.

The Ordinary Shares have been issued only to the Share Exchange Subscribers. In accordance with Listing Rule 6.1.19, at least 25 per cent. of the Ordinary Shares will upon Admission be in public hands in one or more EEA States (as defined in the Listing Rules).

### **Use of Loan Note proceeds**

GRIT intends to use the gross proceeds of the Loan Notes, being £5 million, to cover the costs and expenses of Admission expected to be £2.4 million (of which up to £1.5 million will be satisfied by the direct issue of Loan Notes) and with the remaining £2.6 million, for the working capital requirements of GRIT and/or to make further investments in accordance with GRIT's investment policy.

### **Admission, settlement and dealings**

Applications have been made to the UK Listing Authority for all of the Ordinary Shares issued and to be issued pursuant to the Share Exchange Issue to be admitted to listing on the premium listing segment of the Official List and to the London Stock Exchange for the same to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will occur, and that dealings in the Ordinary Shares (including those to be issued pursuant to the Share Exchange Issue) will commence on 7 March 2014.

Application has been made for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within CREST if relevant Shareholders so wish. CREST is a paperless share transfer and settlement system which allows shares and other securities to be held in electronic rather than paper form. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

### **Orderly market arrangements**

Each Share Exchange Subscriber has undertaken in its Share Exchange Subscription Agreement to KBR and GRIT that except in certain limited circumstances it will not dispose of any interest in Ordinary Shares other than through such broker as is nominated by GRIT and in accordance with GRIT's and KBR's reasonable requirements (following consultation with Beaumont Cornish) so as to ensure an orderly market for the issued share capital of GRIT for a period of 6 months following Admission.

In addition, these orderly market provisions will not apply in the event of:

- an intervening court order; or
- in respect of an acceptance of a takeover offer for GRIT which is open to all Shareholders of GRIT.

Neither GRIT nor the Investment Manager has entered into any formal arrangements for the sale of the Ordinary Shares to be issued to each Share Exchange Subscriber.

### **Shareholder notification and disclosure requirements**

Shareholders are obliged to comply with the shareholding notification and disclosure requirements set out in Chapter 5 of the Disclosure Rules. A Shareholder is required pursuant to Rule 5 of the Disclosure Rules to notify GRIT if, as a result of an acquisition or disposal of shares or financial instruments, the Shareholder's percentage of voting rights of GRIT reaches, exceeds or falls below, 3 per cent., of the nominal value of GRIT's share capital or any 1 per cent., threshold above that.

The Disclosure Rules can be accessed and downloaded from the FCA's website at <http://fcahandbook.info/FS/html/handbook/DTR/5>. Shareholders are urged to consider their notification and disclosure obligations carefully as a failure to make a required disclosure to GRIT may result in disenfranchisement.

**Investor profile**

The Share Exchange Issue has been marketed to natural resource companies, principally those with public quotations for their shares. Typical investors in GRIT are expected to be institutional investors, investment funds, private client fund managers and private client brokers. An investment in GRIT is suitable only for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which might result from such an investment (taking into account the fact that those losses may be equal to the whole amount invested). An investment in GRIT will not be suitable for investors seeking an index-linked return on their investment. Investors should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before making an investment in GRIT. Investment in GRIT should be regarded as long-term in nature and may not be suitable as a short-term investment.

## PART II

### DIRECTORS AND THE INVESTMENT MANAGER

#### **The Board**

The Directors are responsible for the determination of GRIT's investment objective and policy and have overall responsibility for GRIT's activities but GRIT will delegate day-to-day investment management and administration of GRIT to the Investment Manager under the terms of the Investment Management Agreement. The Directors will supervise and review the performance of the Investment Manager on an on-going basis. The Board will meet at least four times a year to review the investment objective, policy and strategy and as necessary to approve investments.

The Directors, all of whom are non-executive and independent of the Investment Manager and of the other funds managed by the Investment Manager, are as follows:

#### **Anthony Tudor St. John, 22nd Baron St. John of Bletso** (*aged 56*) (*Independent Chairman*)

Anthony St. John is a hereditary member of the House of Lords (Crossbencher) specialising in African affairs. He was educated at the University of Cape Town, where he graduated with a Bachelor of Arts and Bachelor of Science, and at the University of South Africa, where he graduated with a Bachelor of Law. He was further educated at the London School of Economics and received a Master of Law.

Having past worked with Shell in South Africa Lord St. John joined County NetWest Securities as an oil analyst in 1986. He then worked for Smith New Court Plc and WMRC Plc until 2002 and thereafter served as a consultant to Merrill Lynch until 2008. He built up the Internet Datacentre business of Globix Corporation in the UK and served as a Non-Executive Director for the International Group. Between 2004 and 2010, he was Non-Executive Chairman of Spiritel Plc, a telecommunications service provider and served as a Non-Executive Chairman of Spiritel Plc, a telecommunications service provider and served as a Non-Executive Director at Regal Petroleum, Sharp Interpak, and Pecaso. He is currently Chairman of Estate & General (I.O.M.) Ltd as well as being a Non-Executive Director of Albion Enterprise VCT Plc and Chairman of the Governing Board of Certification International. Lord St. John is a member of the Advisory Board of Silicon Valley Bank and a Strategic Advisor on Africa to Milio International.

#### **Haruko Fukuda** (*aged 67*) (*Non Executive Director*)

Ms. Haruko Fukuda OBE, MA(Cantab), DSc is a Non-Executive Director of Investec PLC and Investec Ltd of South Africa and Aberdeen Asian Smaller Companies Investment Trust PLC. She is an Adviser to Braj Binani Group of India. She was the CEO and Board Director of the World Gold Council, having previously been Vice Chairman and Board Member of Nikko Europe PLC, a Partner of James Capel & Co, and Senior Adviser at Lazard. She has held many non-executive directorships of major public companies including AB Volvo of Sweden and the Foreign & Colonial Investment Trust PLC. She has published books on international trade policy, and has been a member of the Council of the Institute for Fiscal Studies.

#### **Simon James Farrell** (*aged 63*) (*Non Executive Director*)

Simon has a Bachelor of Commerce degree from the University of Western Australia and an MBA from the Wharton School of the University of Pennsylvania. He has held a number of senior management and board positions, principally in the natural resource sector over the past 30 years to include Bougainville Copper, Kalgoorlie Super Pit, Hamersley Iron, Woodie Woodie Manganese and Valiant Consolidated. He was a Non-Executive Director of Kenmare Resources plc, listed on the Main Market of the London Stock Exchange until 2013, and was also the Founding Managing Director and Chief Executive Officer of Coal of Africa Ltd. He is currently Chairman of AIM and ASX listed Vmoto Limited.

#### **James Frederick William Williams** (*aged 48*) (*Non Executive Director*)

James is a non-executive director who has been nominated to the Board by the holders of the Loan Notes, LIM Asia Special Situations Master Fund Limited and LIM Asia Multi-Strategy Fund Inc. Educated at the University of Oxford, he spent his investment banking career with ING Barings, ABN AMRO – where he

was Managing Director for investment banking in Thailand, and subsequently a Director in London – and Commerzbank Securities where he was Global Head of Media. He is currently a co-managing director of a Hong Kong-based company with natural resource expertise and investments.

### **The Investment Manager**

RDP Fund Management LLP, the Investment Manager, is a limited liability partnership incorporated and registered in England and Wales which is authorised and regulated by the FCA. The designated members of the Investment Manager, Kjeld Thygesen and David Hutchins, have worked together for over 10 years and both have extensive fund management experience in the natural resource sector.

Together they were also involved with the listing of RIT, a specialist investment trust, on the Official List in January 2002. RIT had a similar investment objective and policy to GRIT in that its objective was to generate capital appreciation in the medium to longer term through investing in undervalued companies in the natural resource sector. Its shares were originally issued in January 2002 at 100p and achieved an all time high net asset value of 290.59p, following which shareholders adopted a resolution to wind up that company.

Following the realisation of RIT's portfolio, £54.5 million was returned to shareholders of RIT, from an initial investment of £14.7 million, equalling an absolute return of 363 per cent.

The investment policy of RIT was comparable with that of GRIT and investments included: Cambrian Mining plc, Emerald Energy plc, Great Panther Resources Limited, Max Petroleum plc and Summit Resources Limited.

The principals of the Investment Manager also launched Ocean Resources Capital Holdings plc onto AIM in 2003. That company wound up in September 2007 resulting in an absolute return of minus 62 per cent. However shareholders received an *in specie* dividend of shares in two major investee companies; Archipelago Resources and Rheochem plc. The *in specie* dividend for Archipelago Resources was based on an Archipelago share price of 28p per share. The Archipelago share price increased to a high of 79p per share in August 2011, and has since been delisted. The *in specie* dividend in respect of the Rheochem plc shares was based on a Rheochem share price of 15.25p, which subsequently peaked at 17.8p in December 2007.

The Investment Manager has also (originally under its former name Newland Fund Management LLP) been the manager of Grafton Resource Investments Limited ("Grafton") since its admission to listing on the Irish Stock Exchange in July 2009. Grafton is an investment fund which invests in companies in the natural resource sector. As at 30 June 2013, it had 17 investments, of which 52.9 per cent. were unlisted and 47.1 per cent. were listed/quoted. Based on its net asset value as at 31 August 2013, Grafton's net asset value from launch in 2008 has decreased by 89 per cent. due to difficult market conditions. Grafton was to be the subject of a shareholders' vote in October 2013 which has been adjourned until further notice to extend its life for a further year or to be placed into voluntary liquidation in accordance with its offering memorandum.

### **Investment Management Agreement**

Pursuant to the Investment Management Agreement, the Investment Manager has been appointed as investment manager of GRIT's assets. The appointment is for an initial period of two years and thereafter such appointment is terminable on 12 months' notice by either party which may be given no earlier than the second anniversary of Admission.

Pursuant to the Investment Management Agreement, the Investment Manager has been given responsibility for the day-to-day management of GRIT's portfolio of investments, including the acquisition and disposal of investments in accordance with GRIT's investment objective, policy and restrictions.

### ***Initial Fee***

The Investment Manager will receive an initial fee in respect of the establishment of GRIT which will be an amount equal to one-twelfth of the annual periodic management fee, calculated by reference to the NAV at Admission.

### ***Management Fee***

The Investment Manager will receive a periodic management fee at the rate of 1.5 per cent. per annum of the preceding Monthly Average NAV up to £100 million and 0.75 per cent. per annum of the amount by which the preceding Monthly Average NAV exceeds £100 million. The periodic management fee accrues and is payable monthly in arrears.

The NAV will be calculated in accordance with GRIT's accounting policies as set out in its most recent audited accounts (or as otherwise agreed between GRIT and the Investment Manager) and valuations will be made in accordance with IFRS and the AIC guidelines or as otherwise determined by the Board.

### ***Performance Fee***

In addition, the Investment Manager will be entitled to receive a performance fee equal to 15 per cent. of the amount by which the Adjusted NAV at the calculation date exceeds the Target NAV. The calculation date will be the date to which financial statements for GRIT are made up, so that typically performance fees will be calculated and paid annually. The Target NAV is calculated by reference to the opening NAV or such higher NAV on which a performance fee has been paid, increased at an annualised rate of seven per cent..

At the request of the Investment Manager, GRIT may at its absolute discretion pay up to 75 per cent. of the performance fee by the allotment of new Ordinary Shares to the Investment Manager valuing each such Ordinary Share at the NAV on such calculation date less the performance fee divided by the number of Ordinary Shares in issue at that calculation date which shall exclude any Ordinary Shares to be issued pursuant to this paragraph for that calculation date.

### ***Loan Notes***

The Investment Manager has agreed to subscribe for Loan Notes within 6 weeks of Admission to the extent that commissions due to KBR which themselves are to be satisfied by the issue of Loan Notes will be less than £1.5 million. In addition, the Investment Manager has entered into option arrangements as set out in paragraph 10.6 of Part V of this document whereby it might acquire the Loan Notes of up to £1.5 million issued to KBR.

Further details of the Investment Management Agreement are set out in paragraph 10.1 of Part V of this document.

### ***Investment Team***

As at date of Admission, it is expected that the following individuals will be principally responsible for the day-to-day management of GRIT's assets:

#### ***David ('Sam') Hutchins***

David has 30 years' experience as a resources analyst and fund manager. His career began with the Melbourne Stock Exchange in 1979 and he subsequently became an executive director of M&G Investment Management in London. He headed the International Desk at M&G Investment Management from 1995, where he was concurrently responsible for M&G's investments in the precious metals and commodities sector globally. He later became involved in Fund Management with Yorkton and AWI Administration Services. He was a founding director of RIT at its launch in January 2002, and Chief Executive of Ocean Resource Capital Holdings plc which was admitted to the AIM Market of the London Stock Exchange from 2003 to 2007. In 2008, he became a director and fund manager of Grafton Resource Investments Limited, a Cayman Island exempt company investing in the resource sector. David was also a founding partner of www.minesite.com, a resource industry specific news related website and conference business, and is a member of the FTSE gold mines index committee.

#### ***Kjeld Thygesen***

Kjeld is a graduate of the University of Natal in South Africa and has 30 years' experience as a natural resource analyst and fund manager. He joined African Selection Trust in 1970, researching and managing a portfolio of South African mining companies. In 1972 he joined James Capel and Co. in London as part of

their highly rated gold and mining research team, and subsequently became manager of N M Rothschild & Sons' Commodities and Natural Resources Department in 1979. In 1987 he became an executive director of N M Rothschild International Asset Management Limited, before co-founding Lion Resource Management Limited, a specialist investment manager in the mining and natural resource sector, in 1989. Kjeld was director of Ivanhoe Mines Ltd a Canadian mining company with investments in Asia from 2001 to 2011 and served as Investment Director for RIT from 2002 to 2006. From 2005 he has been a resource advisor to an European based family office.

### **Investment Advisory Panel**

The Investment Manager has constituted an Investment Advisory Panel which will assist in bringing and assessing investment opportunities and assist in the creation of strategies to seek to maximise the return for GRIT from its investments in particular companies. The fees of the members of the Investment Advisory Panel will be paid by the Investment Manager and will not be a cost to GRIT.

### ***Consultancy Agreements***

Each member of the Investment Advisory Panel will be engaged by the Investment Manager under consultancy agreements for an initial period of one year from Admission and thereafter terminable on three months notice on either side. Their consultancy fees will be paid by the Investment Manager.

In respect of conflicts of interest between the members of the Investment Advisory Panel and the Investment Manager, the consultancy agreements provide that each member of the Investment Advisory Panel shall, to the extent their other fiduciary appointments permit, act in the best interests of GRIT and shall notify the Investment Manager promptly of any potential conflict of interest between their other interests and/or appointments and their services under the consultancy agreements. Each member of the Investment Advisory Panel is also required to provide the Investment Manager the right of first notice in respect of any investments falling within GRIT's investment policy.

The initial Investment Advisory Panel will comprise:

### ***Merfyn Roberts***

Merfyn Roberts has been a fund manager and investment advisor for more than 25 years and has been closely associated with the mining industry. He is a graduate of Liverpool University (B.Sc., Geology) and the University of Oxford (M.Sc., Geochemistry) and a member of the Institute of Chartered Accountants in England and Wales. He was a founding director of RIT and is a director of a number of resource companies, including Agnico-Eagle Mines Ltd, Eastern Platinum Ltd and Rambler Metals & Mining Ltd.

### ***Miles Thompson***

Miles Thompson is a geologist with 28 years of technical and managerial experience in the mining and natural resource industries globally. An experienced CEO and Chairman of small-cap listed mining companies he is a British citizen, fluent in Portuguese and Spanish and currently resident in Brazil.

### **The Custodian**

The Custodian, BNP Paribas Securities Services, is a société en commandite par actions (partnership limited by shares) was incorporated and registered in France on 1 September 1955, with limited partners with limited liability and two general partners with unlimited liability, with its registered office at 3 rue d'Antin, 75002 Paris – Paris Trade and Companies Register 552 108 011 with telephone number +44 (0)207 410 3809. The Custodian is domiciled in France.

BNP Paribas Securities Services is authorised and supervised by the ACP (Autorité de Contrôle Prudentiel) and the AMF (Autorité des Marchés Financiers). BNP Paribas Securities Services London branch is subject to limited regulation by the Financial Conduct Authority and Prudential Regulatory Authority in the United Kingdom and is a member of the London Stock Exchange. BNP Paribas Securities Services, London Branch with a principal place of business of 55 Moorgate, London EC2R 6PA, was registered in England and Wales under No. FC023666 on 1 January 2002.

The principal business of the Custodian is the provision of custodial, banking and related financial services. Under the Custody Agreement, the Custodian has agreed to perform custody and related services for GRIT.

The Custodian is authorised to hold and safeguard the cash, securities, and other property in the accounts and to collect the income, interest and dividends arising thereon.

### **The Administrator**

The Administrator is a company incorporated under the laws of England and Wales with registered number 07777299. The Administrator, is a UK-based provider of fund administration services, and is a wholly owned subsidiary of R&H Fund Services (Jersey) Limited which is authorised and regulated by the Jersey Financial Services Commission. The principal business of the Administrator is the provision of fund administration services. Under the Administration Agreement, the Administrator has agreed to perform company secretarial, accounting and registered office services for GRIT.

### **The Registrar**

The Registrar is a company incorporated under the laws of England and Wales with registered number 3498808. The Registrar is authorised and regulated by the FCA. The principal business of the Registrar is the provision of registrar and associated services. Under the Registrar's Agreement, the Registrar has agreed to act as Registrar to GRIT.

### **Corporate Governance**

#### ***GRIT***

GRIT, with its premium listing and in accordance with the Listing Rules, must comply with the Corporate Governance Code.

As an investment trust, GRIT will also take into account the Code of Corporate Governance produced by the Association of Investment Companies (the "**AIC Code**"), which is intended as a framework of best practice specifically for AIC member companies.

The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Corporate Governance Code, and there are some areas where the AIC Code is more flexible than the Corporate Governance Code for investment trust companies.

The Financial Reporting Council (the "**FRC**") confirmed on 22 January 2013 that it remained the view of the FRC that by following the AIC Guide, boards of investment companies should fully meet their obligations in relation to the Corporate Governance Code and paragraph 9.8.6 of the Listing Rules.

The Board believes that reporting against the AIC Code by reference to the AIC Guide will provide the most appropriate information to Shareholders and will therefore follow the principles and recommendations set out in the AIC Code.

A copy of the AIC Code and the AIC Guide can be obtained via the AIC website, [www.theaic.co.uk](http://www.theaic.co.uk), and a copy of the Corporate Governance Code can be obtained at [www.frc.org.uk](http://www.frc.org.uk).

GRIT will not comply with the following provisions of the Corporate Governance Code:

- Due to the size of the Board, it is felt inappropriate to appoint a senior independent non-executive director (A.4.1).
- The Directors do not have service contracts, but all are required to retire and seek re-election at least once every three years. The recommendation of the Corporate Governance Code is for fixed term renewable contracts (D.1.5).
- As GRIT has no employees there are no procedures in place in relation to whistle-blowing (C.3.4).

### ***Audit Committee***

The audit committee comprises the entire Board and is chaired by Simon Farrell (the “**Audit Committee**”). The Audit Committee is independent of the Investment Manager. The Audit Committee will meet formally at least twice a year. The external auditor of GRIT will be invited to attend meetings of the Audit Committee on a regular basis, including one at the planning stage before the audit and once after the audit at the reporting stage, and at least once a year without management being present to discuss the auditor’s remit and any issues arising from the audit. The Audit Committee shall, *inter alia*:

- (a) consider the appointment of the external auditors and monitor and review the effectiveness of GRIT’s internal audit function, should one be deemed necessary, in the context of GRIT’s overall risk management system;
- (b) review the relationship, independence and objectivity of the external auditors (including the consideration of audit fees which should be paid as well as any other fees which are payable to auditors in respect of non-audit activities, discussions with the external auditors concerning such issues as compliance with accounting standards and any proposals which the external auditors have made *vis-à-vis* GRIT’s auditing standards);
- (c) review financial reporting, adequacy and effectiveness of internal control procedures, GRIT’s risk management systems and the risks identified for review by the Audit Committee;
- (d) review the consistency of accounting policies on a year-to-year basis;
- (e) give due consideration to the requirements of the FCA’s Listing Rules, Prospectus Rules and Disclosure Rules as well as any other applicable rules and regulations; and
- (f) ensure that the chairman of the Audit Committee attends the annual general meeting of GRIT prepared to respond to any Shareholder questions on the Audit Committee’s activities and their responsibilities.

### ***Nomination Committee***

The nomination committee comprises the entire Board and is chaired by Haruko Fukuda (the “**Nomination Committee**”). The Nomination Committee will meet not less than once a year and will, *inter alia*, have responsibility for considering the size, structure and composition of the Board and retirements and appointments of additional and replacement Board members and will make appropriate recommendations to the Board.

### ***Management Engagement Committee***

The management engagement committee comprises the entire Board and is chaired by Simon Farrell (the “**Management Engagement Committee**”). The Management Engagement Committee will meet at least once a year and will, *inter alia*, review the performance of, and fee paid to, the Investment Manager for the services provided under the Investment Management Agreement, together with the other terms of that agreement. It will also review the performance of the Administrator.

### ***Conflicts Committee***

The conflicts committee comprises the entire Board and is chaired by Anthony St. John (the “**Conflicts Committee**”), but is quorate with any two Directors. The Conflicts Committee will meet at least once a year and at such times as and when required. The Conflicts Committee is responsible for, *inter alia*, monitoring transactions by GRIT with related parties.

Given that all of the Directors are non-executive, the Board do not consider it necessary to have a separate remuneration committee and as such no such committee has been constituted. Remuneration matters will be dealt with by the Board as a whole.

## **Conflicts policy**

Under the Investment Management Agreement, the Investment Manager has undertaken to GRIT not to take on a new investment mandate in respect of a new or existing fund which has an investment objective and policy which is similar to that of GRIT without the prior written consent of the Board. For the avoidance of doubt, the Investment Manager may continue its existing investment mandate with Grafton.

Grafton, is an investment company listed on the Irish Stock Exchange since July 2009. Grafton's investment policy is to achieve capital returns in the medium term from investments in the natural resources sector. As at 30 June 2013, Grafton's investment portfolio comprised 52.9 per cent. listed investments and 47.1 per cent. unlisted investments. The board of directors of Grafton convened a general meeting of shareholders in October 2013, which was adjourned until further notice, where the shareholders of Grafton may resolve by ordinary resolution to extend the life of Grafton by another year or by special resolution to place Grafton into voluntary liquidation. There is no certainty as to what action the shareholders of Grafton may take and therefore there is the possibility that the Investment Manager will continue to provide investment management services to Grafton indefinitely.

The Investment Manager will have regard to its obligations under the Investment Management Agreement to act in the best interests of GRIT, so far as is practicable having regard to its obligations to Grafton (or other funds in the event that the Board has consented to the Investment Manager taking on such mandate) when potential conflicts arise. In the event of a conflict arising, the Investment Manager will ensure that it is fairly resolved in accordance with the COB Rules, which require an investment manager to ensure fair treatment of all its clients. The COB Rules also require that when an investment is made it should be fairly allocated amongst all of its clients for whom the investment is appropriate. In particular, the Investment Manager will use reasonable endeavours to ensure that GRIT has the opportunity to participate in potential investments identified by the Investment Manager which fall within GRIT's investment objective and policy on the best terms reasonably obtainable at the relevant time with the aim of ensuring that the principle of best execution is attained in accordance with the COB Rules.

There may be times when the Investment Manager deems it advisable for GRIT to transact in one direction (e.g. buy) when Grafton (or other funds in the event that the Board has consented to the Investment Manager taking on such mandate) may be transacting in the other direction (e.g. sell) or *vice versa*. The Investment Manager may determine that in such cases it is advantageous for both GRIT and the other relevant fund to "cross-trade" with each other. The Investment Manager will only cross-trade when it is in the best interest of all parties and subject to prior approval from the Conflicts Committee.

It should be noted, however, that the members of the Investment Advisory Panel are not considered to be the Investment Manager for the purposes of the conflicts policy and as such those individuals may have other interests which conflict with the interests of GRIT.

## **AIFM**

The AIFM Directive, which has been transposed into UK law in the form of the AIFM Regulations, seeks to regulate AIFMs established in the EU and prohibits such managers from managing any AIF or marketing shares in such funds to investors in the EU unless an AIFM Directive authorisation is granted to the AIFM. In order to obtain such authorisation, and to be able to manage the AIF, an AIFM will need to comply with various obligations in relation to the AIF and in relation to the conduct and operation of its own business, which may create significant additional compliance costs that may, where considered appropriate, be passed to investors in the AIFs managed by AIFMs.

Pursuant to the AIFM Regulations, an existing AIFM may continue to act as an AIFM and conduct marketing in respect of AIFs it manages during the transitional period, i.e. up to 22 July 2014 without having previously obtained AIFM Directive authorisation. As an existing AIFM, the Investment Manager will be relying on the transitional provisions to fulfil its obligations under the Investment Management Agreement during the transitional period. Pursuant to the Investment Management Agreement, the Investment Manager has undertaken to use its reasonable endeavours to seek AIFM Directive authorisation, however there can be no assurance that it will receive such authorisation.

In the event that AIFM Directive authorisation is not granted to the Investment Manager or, if for any reason, the FCA determines that the Investment Manager is not entitled to rely on the transitional provisions, the Investment Management Agreement may be terminated.

In the event that the Investment Management Agreement is terminated, there can be no assurance that GRIT will be able to find a suitable investment manager to manage GRIT's investments on similar terms or at all. This would in turn materially affect the ability of GRIT to achieve its investment objective and strategy and therefore GRIT's financial performance and prospects.

In addition, if the Investment Manager does not or cannot obtain authorisation under the AIFM Directive, the marketing of shares in GRIT to investors in the EU may be prohibited or the ability to market shares in GRIT may be impaired. This may adversely impact GRIT's ability to raise further capital in future.

In the event that the Investment Manager is successful in obtaining AIFM Directive authorisation, the Investment Manager is likely to be subject to additional operating costs which it may seek to recover from GRIT through revised management and performance fees under the Investment Management Agreement, which, if agreed by GRIT, would lead to increased operating costs for GRIT.

## PART III

### INVESTMENT CASE AND INITIAL PORTFOLIO

The commentary in this section refers to the opinion of the Board.

#### **Investment case**

The Directors, having been advised by the Investment Manager, believe that the outlook for investment in natural resources companies remains positive and that, whilst the economic problems of the last few years have had a negative effect on certain natural resource prices, the general growth in wealth in both middle income and developing countries will continue to drive overall natural resource demand.

The natural resource sectors include gold, platinum and other precious metals, diamonds and base metals. The energy sector includes oil and gas, coal and new technologies related to the development and production of these resources. The demand for natural resources is driven by the demand for physical goods and the development of countries' infrastructure.

The market prices for resources companies, based upon the specialist indices for the resources sector, peaked in mid 2008 and dropped over the next few months to bottom out in November 2008. The sector rebounded over the next three years tracking the rise in commodity prices driven primarily by the growth in the BRICS economies. Since mid 2011 commodity prices have been in general decline which has been matched by the performance of the companies in the sector.

The Directors consider the following trends to be of material importance to the future path of commodity prices and to the opportunities for investment in this sector:

#### ***Developing economies***

The size of the 'global middle class' will increase from 1.8 billion in 2009 to 3.2 billion in 2020 and 4.9 billion by 2030. The bulk of this growth will come from Asia; by 2030 Asia will represent 66 per cent. of the global middle class population and 59 per cent. of middle class consumption, compared to 28 per cent. and 23 per cent. respectively in 2009 (*Source: OECD 2012*). It is anticipated that such an increase will fuel demand for natural resources.

#### ***Infrastructure***

The so-called BRICS countries – Brazil, Russia, India, China and South Africa, together with other mineral-rich exporting countries such as Canada and Australia, are helping to keep the economic wheels turning. In South Africa, Transnet Freight Rail recorded a 10 per cent. increase in railfreight in the year to July 2012 aided by strong growth in export coal and iron-ore traffic. This is helping to drive a massive US\$26 billion investment programme in the railway – something which railway managers could have only dreamed of a couple of years ago.

The strong global demand for raw materials has encouraged major mining companies to invest heavily in developing new mines in several African countries resulting in the construction of heavy-haul railways. Indeed, heavy-haul railway construction is going through a mini boom around the world, with many projects either underway or planned. (*Source: International Railway Journal – September 2012*).

#### ***General metals and mining***

The global metals and mining industry (aluminium, iron and steel, precious metals and minerals, coal and base metals) production volumes increased with a compound annual growth rate ("CAGR") of 4.3 per cent. between 2007 and 2011 to reach a total of 9.9 billion tonnes in 2011. The industry's volume is expected to rise to 12 billion tonnes by the end of 2016 representing a CAGR of 3.8 per cent. for the 2011 to 2016 period. The CAGR by value of the industry in the period 2007 to 2011 was 11.6 per cent. and the forecast CAGR by value for 2011 to 2016 is 10.7 per cent. (*Source: Marketline: Global Metals and Mining – October 2012*).

## ***Oil***

The global oil and gas market experienced a substantial decline during 2009 before the market rebounded with strong growth during 2010 and 2011. The market is predicted to continue growing over the forecast period, however, due to the high sensitivity of prices, it is difficult to predict future trends. The global oil and gas market had total revenue of US\$3,223.1 billion in 2011, representing a CAGR of 6.4 per cent. between 2007 and 2011. In comparison, the European and Asia-Pacific markets grew with CAGRs of 4.5 per cent. and 13.2 per cent. respectively, over the same period, to reach respective values of US\$817.1 billion and US\$1,064.8 billion in 2011. Market production volumes increased with a CAGR of 0.9 per cent. between 2007 and 2011, to reach a total of 45,518.7 million BOE (barrels of oil equivalent) in 2011. The market's volume is expected to rise to 50,527.8 million BOE by the end of 2016, representing a CAGR of 2.1 per cent. for the 2011 to 2016 period.

Crude oil sales proved the most lucrative for the global oil and gas market in 2011, with total revenues of US\$2,826.9 billion, equivalent to 87.7 per cent. of the market's overall value. In comparison, sales of natural gas generated revenues of US\$396.2 billion in 2011, equating to 12.3 per cent. of the market's aggregate revenues.

The performance of the market is forecast to decelerate, with an anticipated CAGR of 3.1 per cent. for the five-year period 2011 to 2016, which is expected to drive the market to a value of US\$3,758.6 billion by the end of 2016. Comparatively, the European and Asia-Pacific markets will grow with CAGRs of 1.5 per cent. and 3.3 per cent. respectively, over the same period, to reach respective values of US\$880.5 billion and US\$1,254.5 billion in 2016. (*Source: Marketline: World Oil and Gas – June 2012*).

## ***Coal***

World coal trade continues to increase despite the variable economic situation with a total for 2011 of 1,142 million tonnes representing a growth of 4.1 per cent. over 2010 which was itself 17.7 per cent. over 2009. In 2011 coal provided 30.3 per cent. of global primary energy needs and generated 42 per cent. of the world's electricity. In 2011 coal was the fastest growing form of energy outside renewables (*Source: World Coal Association 2012*).

## ***Precious metals***

The global precious metals and minerals industry (gold, silver, platinum, palladium, rhodium and industrial and gem quality diamonds) has been growing revenue at a robust double digit rate. This trend, with only a minor deceleration, is expected to continue on the forecast period from 2011 to 2016. Industry production volume increased with a CAGR of 4 per cent. between 2007 and 2011 and is expected to have a CAGR of 3.7 per cent. for the 2011 to 2016 period. The total revenue had a CAGR of 20.8 per cent. between 2007 and 2011 and has an anticipated CAGR of 19.4 per cent. for 2011 to 2016. (*Source: Marketline: Global Precious Metals – May 2012*).

## ***Overall***

The Directors believe that small and mid-cap resource stocks are trading at a periodical and cyclical low valuation point. As a result they believe that many development stage companies with good resources have no access to cash to support their projects and cannot generate income. Many listed resource companies are now too small to warrant an expensive administrative overhead despite having good projects and need to find partners to create efficient scale operations.

The Directors believe that the outlook for the resource industry is positive. The Directors consider that commodity prices are likely to remain steady or to increase over the medium to long-term. The Directors consider that the world wide growth in the number of people achieving middle class incomes and aspirations, the continuing industrialisation of economies such as China and India and the demand for new and replacement infrastructure will continue to drive demand for metals and energy. The Directors also believe that there is currently a potential for constraints on the availability of finance for new projects and the depleting nature of reserves is likely to moderate growth in production.

It is anticipated that GRIT's investment in the Initial Portfolio may provide some liquidity to the Share Exchange Subscribers in an otherwise difficult market and provides GRIT with the opportunity to invest in a broad portfolio of companies at what the Directors believe to be a low valuation point.

## Initial Portfolio

### Acquisition of the Initial Portfolio

GRIT has conditionally agreed to purchase the Initial Portfolio from the Share Exchange Subscribers in return for the issue of Ordinary Shares. The acquisition of the underlying shares, securities and debt securities which are convertible into quoted equity securities comprising the Initial Portfolio is conditional upon, *inter alia*, Admission.

The Board believes, having been advised by the Investment Manager, that the Initial Portfolio will enable investors in GRIT to obtain immediate exposure to a diversified portfolio of investments consistent with GRIT's investment policy.

### Initial Portfolio

The summary information contained in the table below is unaudited.

Investment	Principal Commodity	Principal area of Operation	Market traded on	Market capitalisation	Percentage of company owned	Percentage of Initial Portfolio	Share Exchange Subscription Price (£)	Value as at Latest Practicable Date (£)
Arakan Resources Limited*	Coal	Kyrgystan	GXG Markets	US\$3,000,000	26	13.88	5,485,500	5,485,500
Anglo-African Minerals PLC	Bauxite	Africa	GXG Markets	£17,210,000	18.1	7.62	3,010,000	3,010,000
Alhambra Resources Ltd.*	Gold	Kazakhstan	TSX Venture Exchange	C\$17,181,790	n/a	7.00	2,764,500	2,705,000
The Waterberg Coal Company Ltd	Coal	South Africa	Australian Securities Exchange	A\$20,510,000	5.2	5.91	2,335,220	1,518,191
Siberian Goldfields Limited*	Gold	Russia	Unquoted	N/a	N/a	4.98	1,970,000	1,970,000
Apogee Silver Ltd.	Silver	South America	TSX Venture Exchange	C\$13,524,482	16.1	5.00	1,977,462	1,184,790
Tirex Resources Ltd.	Copper	Europe	TSX Venture Exchange	C\$35,564,216	13	7.46	2,948,991	2,948,991
Portex Minerals Inc.**	Lead/Zinc	Europe	Canadian National Stock Exchange	C\$13,120,000	19.5	3.65	1,443,348	1,081,607
NuLegacy Gold Corporation	Gold	North America	TSX Venture Exchange	C\$18,096,621	17.8	4.38	1,731,200	1,730,571
Black Star Petroleum Limited**	Oil	North America	Australian Securities Exchange	A\$16,350,000	13	3.34	1,321,440	1,341,972
Mineral Mountain Resources Ltd.	Gold	North America	TSX Venture Exchange	C\$10,038,784	19.9	2.84	1,121,128	928,019
Wishbone Gold Plc	Gold	Australia	AIM	£3,800,000	19.9	2.61	1,031,360	972,669
Merrex Gold Inc.	Gold	Africa	TSX Venture Exchange	C\$5,444,826	19.3	2.06	813,450	568,050
Archer Petroleum Corp.	Oil	North America	TSX Venture Exchange	C\$10,350,416	9.4	2.03	802,095	746,580
European Uranium Resources Ltd.**	Uranium	Europe	TSX Venture Exchange	C\$7,779,785	19.2	1.90	751,744	811,500
Inca One Resources Corp.	Gold	South America	TSX Venture Exchange	C\$5,848,644	17.1	1.85	733,007	616,740
Saturn Minerals Inc.	Oil	North America	TSX Venture Exchange	C\$15,413,807	10.2	1.78	704,301	946,750
Forté Energy NL	Uranium	Africa	Australian Securities Exchange & AIM	£3,860,000	12.4	1.72	680,000	527,000
Zadar Ventures Ltd.	Uranium	North America	TSX Venture Exchange	C\$5,066,280	9.8	1.71	676,129	540,134
Westminster Resources Ltd.	Silver	South America	TSX Venture Exchange	C\$4,811,532	18.7	1.67	659,880	486,918
Freyja Resources Inc.	Silver	Mexico	TSX Venture Exchange	C\$3,942,198	19.5	1.43	564,366	551,619
Bowmore Exploration Ltd.	Gold	North America	TSX Venture Exchange	C\$9,013,101	8.5	1.31	518,246	454,440
Incor Holdings PLC.	Nickel	North America	GXG Markets	€ 8,180,000	9.1	1.25	494,641	674,437
Oracle Energy Corp.	Oil	Africa	TSX Venture Exchange	C\$3,592,010	17	1.20	473,029	389,520
Elcora Resources Corp.**	Graphite	Asia	TSX Venture Exchange	C\$4,190,101	19.1	1.12	443,136	431,718
Global Met Coal Corporation	Coal	North America	TSX Venture Exchange	C\$2,628,237	18.5	1.05	414,937	324,600
Blue River Resources Ltd.	Copper	North America	TSX Venture Exchange	C\$2,441,556	18.5	0.91	359,515	297,550
Maxim Resources Inc.	Oil	South America	TSX Venture Exchange	C\$3,693,150	15.2	0.96	380,256	357,060
Nouveau Monde Mining Enterprises Inc.	Copper	North America	TSX Venture Exchange	C\$4,150,561	12.5	0.88	348,579	234,450
Phoenix Gold Resources Ltd.**	Gold	North America	TSX Venture Exchange****	Pre IPO	10.8	0.82	324,657	321,895
Sniper Resources Ltd	Gold	North America	TSX Venture Exchange	C\$3,027,172	18.8	0.82	323,904	297,550
IMC Exploration Group plc	Lead/Zinc	Europe	GXG Markets	£1,070,000	23	0.81	320,000	320,000
Discovery-Corp Enterprises Inc.	Copper	North America	TSX Venture Exchange	C\$7,491,894	5.6	0.71	280,449	243,450
Nitinat Minerals Corporation	Oil	Russia	TSX Venture Exchange	C\$823,246	18	0.63	248,962	121,680
Canoe International Energy Ltd.	Oil	Africa	TSX Venture Exchange	C\$2,319,609	15.2	0.56	222,000	160,136
Santa Fe Metals Corporation	Lead/Zinc	North America	TSX Venture Exchange	C\$1,185,722	17	0.46	179,920	131,463
Sage Gold Inc.	Gold	North America	TSX Venture Exchange	C\$2,479,825	4.6	0.42	165,975	64,920
Jaxon Minerals Inc.	Lead/Zinc	North America	TSX Venture Exchange	C\$1,454,220	17.2	0.40	159,016	135,250
Copper Cowboy Resources Inc	Gold	Africa	Canadian National Stock Exchange	C\$1,114,026	17.7	0.33	130,954	129,792
Parlane Resource Corp.	Gold	North America	TSX Venture Exchange	C\$1,629,938	8.6	0.31	123,728	81,150
Secova Metal Corp.	Uranium	North America	TSX Venture Exchange	C\$379,364	19.2	0.21	82,987	48,690
						100.00	39,520,012	35,892,352

#### Notes:

1. All figures have been converted at the exchange rate of 24 February 2014 (being the Latest Practicable Date).

2. The value of the holdings is based on the market capitalisation of the investments or in the case of unlisted investments, the value agreed in the Share Exchange Subscription Agreements on 24 February 2014 (being the Latest Practicable Date).
3. Figures quoted in the above table include an element of rounding and so may not correspond precisely with the totals provided.
4. The Share Exchange Subscription Price is the total price in respect of the shares, securities or loan notes conditionally acquired by or allotted to GRIT pursuant to the Share Exchange Subscription Agreements further described under the paragraph entitled 'Share Exchange Valuation' below.
5. The investments marked with an asterisk (\*) are debt securities which are convertible into quoted equity securities. In the case of Siberian Goldfields the percentage of ownership cannot yet be determined as the note converts at a 25 per cent. discount from eventual IPO price.
6. The information provided in the table above is unaudited.
7. The investments marked with a double asterisk (\*\*) are currently suspended from trading on their relevant exchanges.

Details of the suspensions are as follows:

<i>Investment</i>	<i>Details</i>
Portex Minerals Inc.	Suspended following announcement of signed binding letter of intent to merge with European Uranium Resources (see below).
Black Star Petroleum Limited	Voluntary suspension pending agreement of financing, which GRIT understands will be satisfied by the Share Exchange Agreement with this company.
European Uranium Resources	Suspended following announcement of issued binding letter of intent to merge with Portex Minerals Inc. (see above).
Elcora Resources Corporation	Suspended pending implementation of a corporate transaction.

8. Phoenix Gold Resources Corp., marked with a quadruple asterisk (\*\*\*\*) is subject to a reverse takeover by a TSX-V company.
9. 57.87 per cent. of the investments in the Initial Portfolio are listed in Canada and therefore will be subject to four months' mandatory hold periods from resale into the Canadian market. Other than this, there will be no restrictions on GRIT's ability to sell any of the above investments.
10. Grafton owns 14.4 per cent. of Anglo-African Minerals PLC, 25.9 per cent. of Martina Minerals Corp. and 19.7 per cent. of Siberian Goldfields Limited. Shares, securities and debt securities which are convertible into quoted equity securities in these companies will also form part of the Initial Portfolio, however GRIT is not acquiring any assets forming the Initial Portfolio from Grafton.
11. Resources Development Partners Limited, of which Mr. D Hutchins is a major shareholder and director, owns 20 per cent. of Arakan Resources Limited. Shares, securities and debt securities which are convertible into quoted equity securities in this company will also form part of the Initial Portfolio, however GRIT is not acquiring any assets forming the Initial Portfolio from RDP.

The Initial Portfolio comprises 80.31 per cent. in shares, 19.69 per cent. in debt securities which are convertible into quoted equity securities and it is denominated 12.76 per cent. in Sterling, 18.87 per cent. in US Dollars, 57.87 per cent. in Canadian Dollars, 1.25 per cent. in Euros and 9.25 per cent. in Australian Dollars. By location (listing), the Initial Portfolio is invested as to 57.87 per cent. in Canada, 10.97 per cent. in Australia, 26.17 per cent. in United Kingdom and 4.98 per cent. unquoted.

GRIT also holds warrants/options within the Initial Portfolio in respect of the following investee companies:

<i>Investment</i>	<i>Number of warrants/options</i>	<i>Percentage of company represented by warrants/ options</i>	<i>Exercise price</i>	<i>Duration from Admission</i>
Alhambra Resources Ltd.	5,000,000	4.8%	CDN\$0.30	36 months
Apogee Silver Ltd.	73,000,000	16.2%	CDN\$0.05	60 months
Global Met Coal Corporation	7,500,000	10.3%	CDN\$0.05	24 months
Nitinat Minerals Corporation	9,000,000	18.0%	CDN\$0.05	30 months
Phoenix Gold Resource Ltd	2,975,000	5.4%	CDN\$0.20	24 months
Sage Gold Inc.	6,000,000	4.8%	CDN\$0.05	60 months
Saturn Minerals Inc.	5,000,000	5.3%	CDN\$0.17	24 months

**Notes:**

1. The information provided in the table above is unaudited.
2. For further information on each of the above warrant/option holdings see also the inclusion of the company in the Initial Portfolio table set out on page 43 above.

3. The calculations of the percentages are by reference to the current total shares its issue at the Latest Practicable Date. For Phoenix Gold Resource Corporation – see note 8 above in the Initial Portfolio Table – based upon the expected shares upon reverse takeover being effected.

### ***Share Exchange Valuation***

The Share Exchange Subscription Price in respect of the shares, securities or debt securities conditionally acquired by or allotted to GRIT pursuant to the Share Exchange Subscription Agreements was reached by negotiation between the parties, but was primarily related to the bid market price for the relevant shares and securities on the market on which they are traded. The price was fixed on the date each Share Exchange Subscription Agreement was signed and GRIT has complied with section 593 of the Companies Act in respect of the corresponding allotments of Ordinary Shares pursuant to the Share Exchange Subscription Agreements.

## **PART IV**

### **THE SHARE EXCHANGE ISSUE**

#### **1. THE SHARE EXCHANGE ISSUE**

GRIT has entered into Share Exchange Subscription Agreements, further details of which are set out in Part III of this document.

Completion of the Share Exchange Issue is conditional, *inter alia*, on:

- 1.1 completion of the subscription for, and the issue of Loan Notes (subject only to Admission);
- 1.2 the Sponsor Agreement becoming wholly unconditional (save as to Admission) and not having been terminated in accordance with its terms prior to Admission; and
- 1.3 Admission occurring by 8.00 a.m. on 7 March 2014.

In the event that there are any significant changes affecting any of the matters described in this document or where any significant new matters have arisen after the publication of this document and prior to Admission, GRIT will publish a supplementary prospectus. The supplementary prospectus will give details of the significant change(s) or the significant new matter(s).

The Share Exchange Issue cannot be revoked or suspended after dealings in the Ordinary Shares have commenced on the London Stock Exchange.

#### **2. ISSUE PRICE, COMMISSIONS AND EXPENSES**

The Ordinary Shares have been conditionally placed at a Share Exchange Issue Price of £1.00 per Ordinary Share.

The commissions and other fees and expenses of the Share Exchange Issue and Admission are estimated to be £2.3 million in aggregate. The aggregate Gross Subscription Value of the Issue will be £39.520 million. All commissions and other estimated fees and expenses will be covered by the proceeds of the Loan Notes.

#### **3. SETTLEMENT**

Settlement for the Ordinary Shares should be made in accordance with settlement instructions to be provided by GRIT.

#### **4. TRANSFER OF THE ORDINARY SHARES**

The transfer of the Ordinary Shares outside the CREST system should be arranged directly through the Registrar by completing and lodging an appropriate stock transfer form. However, an investor's beneficial holding held through the CREST system may rematerialise, in whole or in part, only upon the specific request of a beneficial owner to CREST through submitting a stock withdrawal form for share certificates or an uncertificated holding in definitive registered form.

If a Shareholder or transferee requests Ordinary Shares to be issued in certificated form and is holding such Ordinary Shares outside CREST, a share certificate will be despatched either to them or their nominated agent (at their own risk) within 10 days of completion of the registration process or transfer, as the case may be, of the Ordinary Shares. Shareholders holding a definitive certificate may elect at a later date to hold their Ordinary Shares through CREST or in uncertificated form, provided they surrender their definitive certificates.

## PART V

### GENERAL INFORMATION

#### 1. RESPONSIBILITY

The Directors, whose names are set out on page 21 of this document, and GRIT each accept responsibility for the information contained in this document. To the best of their knowledge, having taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.

#### 2. GRIT

- 2.1 GRIT was incorporated in England and Wales under the Companies Act and registered as a private limited company on 16 October 2012 with the name 'Global Resources Investment Ltd' and with registered number 8256031. On 6 February 2014, GRIT was re-registered as a public limited company under the legal and commercial name 'Global Resources Investment Trust Plc'.
- 2.2 GRIT was incorporated with an indefinite life.
- 2.3 It is the intention of the Directors to conduct the affairs of GRIT so that it satisfies the requirements for qualification as an investment company under section 833 of the Companies Act and GRIT has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to that section.
- 2.4 GRIT intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of sections 1158 and 1159 (and regulations made thereunder) of the CTA 2010. In summary, the conditions that must be met for approval as an investment trust are that:
  - 2.4.1 GRIT must not be a 'close company' at any time during any accounting period in which it is approved as an investment trust;
  - 2.4.2 each class of GRIT's ordinary share capital is admitted to trading on a regulated market;
  - 2.4.3 GRIT must not retain in respect of any accounting period an amount greater than 15 per cent. of its income;
  - 2.4.4 the business of GRIT must consist of investing its funds in shares, land or other assets with the aim of spreading investment risk and giving Shareholders the benefit of the results of the management of its funds;
  - 2.4.5 GRIT must not be a venture capital trust or a UK REIT within the meaning of the CTA 2010; and
  - 2.4.6 any change to the published investment policy of GRIT is notified to HMRC.
- 2.5 GRIT is not authorised or regulated as a collective investment scheme by the FCA. However, from Admission, it will be subject *inter alia* to the Listing Rules and the Disclosure Rules.
- 2.6 The principal legislation under which GRIT operates is the Companies Act and GRIT is domiciled in the UK.
- 2.7 The principal activity of GRIT is to undertake and carry on the business of an investment trust company under Chapter 4 of Part 24 of the CTA 2010.
- 2.8 The liability of the members of GRIT is limited. GRIT's registered address is 6 New Street Square, New Fetter Lane, London EC4A 3AQ. GRIT's principal place of business is Third Floor, 49 Albemarle Street, London W1S 4JR and its telephone number is +44 (0) 20 7290 8540. GRIT's website is located at: [www.globalresourcesinvestments.com](http://www.globalresourcesinvestments.com).

- 2.9 The Ordinary Shares are in registered form and the Ordinary Shares ISIN code is GB00BCKFVJ45 and the SEDOL code is BCKFVJ4. The Ordinary Shares were created under the Companies Act.

### **3. CAPITAL**

- 3.1 GRIT does not have an authorised share capital.

- 3.2 On incorporation, one ordinary share of £1.00 in the capital of GRIT was issued, fully paid, to GRIT's subscriber, and such share was subsequently transferred to the Investment Manager, and sub-divided into 100 ordinary shares of £0.01 in the capital of GRIT.

- 3.3 On 19 August 2013, 49,900 Ordinary Shares and 50,000 Deferred Shares were allotted to the Investment Manager against its irrevocable undertaking to pay £0.01 and £0.99 in cash for each such Ordinary Share and each such Deferred Share respectively on or before the date of Admission (unless Admission does not become effective by 7 March 2014, in which case the Investment Manager undertook to pay up or procure payment of, one quarter of the nominal value of all such Ordinary Shares and Deferred Shares in cash on or before 7 March 2014 and the balance on demand thereafter).

- 3.4 On 31 January 2014, pursuant to a written resolution of GRIT:

- 3.4.1 the Directors were generally and unconditionally authorised pursuant to section 551 of the Companies Act to exercise all the powers of GRIT to:

- (i) allot Ordinary Shares up to an aggregate nominal amount of £500,000 pursuant to the Share Exchange Issue;
- (ii) grant rights in the form of the Warrants to subscribe for Ordinary Shares up to an aggregate nominal amount of £50,000; and
- (iii) allot Ordinary Shares on exercise of conversion rights pursuant to the Loan Notes up to an aggregate nominal amount of £100,000,

such authority to expire at the conclusion of the next annual general meeting of GRIT in 2014, but so that the Directors may at any time before such expiry make an offer or agreement which would or might require Ordinary Shares to be allotted after the expiry of such period and the Directors may allot the Ordinary Shares in pursuance of such offer or agreement as if the authority had not expired;

- 3.4.2 the Directors were generally and unconditionally authorised pursuant to section 551 of the Companies Act to exercise all the powers of GRIT to allot Ordinary Shares up to an aggregate nominal amount of £1,000,000 such authority to expire at the conclusion of the next annual general meeting of GRIT in 2014, but so that the Directors may at any time before such expiry make an offer or agreement which would or might require Ordinary Shares to be allotted after the expiry of such period and the Directors may allot the Ordinary Shares in pursuance of such offer or agreement as if the authority had not expired;

- 3.4.3 the Directors were empowered (pursuant to sections 570 and 573 of the Companies Act) to allot Ordinary Shares for cash pursuant to the authorities referred to in paragraphs 3.4.1 and 3.4.2 above as if section 561(1) of the Companies Act did not apply to any such allotment and to sell Ordinary Shares from treasury for cash, provided that such power shall expire in each case at the conclusion of the next annual general meeting of GRIT in 2014, but so that in respect of the authorities referred to at paragraphs 3.4.1 and 3.4.2 above, the Directors of GRIT may, at any time before such expiry, make an offer or agreement which would or might require Ordinary Shares to be allotted for cash after the expiry of such period and the Directors may allot Ordinary Shares for cash in pursuance of such offer or agreement as if the power had not expired;

- 3.4.4 conditional upon Admission and the approval of the Court, the amount standing to the credit of the share premium account of GRIT following completion of the Share Exchange Issue be cancelled; and
- 3.4.5 GRIT was authorised generally to purchase up to such number of Ordinary Shares which represents 14.99 per cent. of the issued Ordinary Share capital of GRIT immediately following Admission, such purchases to be made in accordance with the Listing Rules and the Companies Act, such authority to expire at the conclusion of the next annual general meeting of GRIT.
- 3.5 The following table shows the issued share capital as at the date of this document and as is expected to be immediately following Admission:

	<i>At the date of this document</i>		<i>Following Admission</i>	
	<i>Nominal</i>		<i>Nominal</i>	
	<i>Amount</i>	<i>Number</i>	<i>Amount</i>	<i>Number</i>
	<i>(£)</i>		<i>(£)</i>	
Ordinary Shares	500*	50,000	395,700.12	39,570,012
Deferred Shares	49,500*	50,000	49,500	50,000

\*Issued against the undertakings referred to at paragraph 3.3 above.

- 3.6 Under the Share Exchange Issue, Ordinary Shares will be issued fully paid or credited as fully paid and in registered form and may be held in either certificated or uncertificated form. Temporary documents of title will not be issued in respect of Ordinary Shares issued in certificated form under the Share Exchange Issue. Definitive certificates for such Ordinary Shares are expected to be despatched by 21 March 2014.
- 3.7 Save as disclosed in this paragraph 3, since the date of GRIT's incorporation, no share or loan capital of GRIT has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration, and no commissions, discounts, brokerages or other special terms have been granted by GRIT in connection with the issue or sale of any such capital; and save pursuant to the terms of the Warrant Instrument no share or loan capital of GRIT is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 3.8 GRIT does not have in issue any securities not representing share capital.
- 3.9 GRIT remains subject to the provisions of section 561 of the Companies Act which confer upon shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme, except to the extent disapplied by the resolutions referred to in paragraph 3.4 above or by future disapplications.
- 3.10 The Ordinary Shares are denominated in Sterling.

#### **4. INVESTMENT RESTRICTIONS**

In accordance with the requirements of the UKLA, any material changes in the principal investment policies and restrictions of GRIT (set out in Part I above) will only be made with the approval of Shareholders by ordinary resolution.

In the event of any breach of the investment restrictions applicable to GRIT, Shareholders will be informed of the actions to be taken by the Investment Manager by an announcement issued through a regulatory information service approved by the FCA.

#### **5. INDEBTEDNESS**

- 5.1 As at the date of this document, GRIT has not incurred any indebtedness other than pursuant to the Loan Note Instrument. GRIT has the power to incur short-term borrowings, details of which are set out in the section headed 'Borrowings' in Part I.

5.2 Save for the Loan Note Instrument set out in paragraph 10.8 of this Part V, as at the date of this document, GRIT has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness. As at the Latest Practicable Date, GRIT has cash or cash equivalents of approximately £Nil.

## 6. ARTICLES OF ASSOCIATION OF GRIT

The Articles contain (among others) provisions to the following effect:

### 6.1 *Objects*

The objects of GRIT, in accordance with section 31(1) of the Companies Act, are unrestricted.

### 6.2 *Limited liability*

The liability of the members is limited to the amount, if any, unpaid on the shares in GRIT respectively held by them.

### 6.3 *Share rights*

Subject to applicable statutes, any resolution passed by GRIT under the Companies Act and other Shareholders' rights, shares may be issued with such rights and restrictions as GRIT may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide. Redeemable shares may be issued. Subject to the Articles, the Companies Act and other Shareholders' rights, unissued shares are at the disposal of the Board.

### 6.4 *Voting rights*

Subject to any rights or restrictions attaching to any class of shares, every member present in person at a general meeting or class meeting has, upon a show of hands, one vote, and every member (excluding any member holding shares as treasury shares) present in person or by proxy has, upon a poll, one vote for every share held by him.

In the case of joint holders of a share the vote of the senior 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 shall be determined by the order in which the names stand in the register in respect of the joint holding.

### 6.5 *Restrictions*

No member shall, unless the Board otherwise determines, be entitled in respect of shares held by him to vote at a general meeting or meeting of the holders of any class of shares of GRIT either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of GRIT or of the holders of any class of shares of GRIT, if any call or other sum presently payable by him to GRIT in respect of such shares remains unpaid.

If a Shareholder, or any other person appearing to be interested in shares held by that Shareholder, fails to provide the information requested in a notice given to him under section 793 of the Companies Act by GRIT in relation his interest in shares (the "**default shares**") within 28 days of the notice (or, where the default shares represent at least 0.25 per cent. of their class, 14 days of the notice), sanctions shall apply unless the Directors determine otherwise. The sanctions available are the suspension of the right to attend or vote (whether in person or by representative or proxy) at any general meeting or any separate meeting of the holders of any class or on any poll and, where the default shares represent at least 0.25 per cent. of their class (excluding treasury shares), the withholding of any dividend payable in respect of those shares and the restriction of the transfer of any shares (subject to certain exceptions).

## 6.6 *Dividends and other distributions*

GRIT may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Board. Subject to the Companies Act, the Board may pay interim dividends, and also any fixed rate dividend, whenever the financial position of GRIT, in the opinion of the Board, justifies its payment. If the Board acts in good faith, it is not liable to holders of shares with preferred or *pari passu* rights for losses arising from the payment of interim or fixed dividends on other shares. There are no fixed dates for the payment of dividends.

The Board may withhold payment of all or any part of any dividends or other moneys payable in respect of GRIT's shares from a person with a 0.25 per cent. interest if such a person has been served with a direction notice (as defined in the Articles) after failure to provide GRIT with information concerning interests in those shares required to be provided under the Companies Act.

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide, all dividends shall be apportioned and paid *pro rata* according to the amounts paid up on the share during any portion of the period in respect of which the dividend is paid. Except as set out above, dividends may be declared or paid in any currency.

The Board may if authorised by an ordinary resolution of GRIT offer ordinary Shareholders (excluding any member holding shares as treasury shares) in respect of any dividend the right to elect to receive Ordinary Shares by way of scrip dividend instead of cash.

Any dividend unclaimed after a period of 12 years from the date when it was declared or became due for payment shall be forfeited and revert to GRIT.

GRIT may stop sending cheques, or similar financial instruments in payment of dividends by post in respect of any shares or may cease to employ any other means of payment, including payment by means of a relevant system, for dividends if either (i) at least two consecutive payments have remained uncashed or are returned undelivered or that means of payment has failed or (ii) one payment remains uncashed or is returned undelivered or that means of payment has failed and reasonable inquiries have failed to establish any new address or account of the holder. GRIT may resume sending dividend cheques if the holder requests such resumption in writing.

On a liquidation, the liquidator may, with the sanction of a special resolution of GRIT and any other sanction required by the Companies Act, divide among the members (excluding any member holding shares as treasury shares) in kind all or part of the assets of GRIT (whether they shall consist of property of the same kind or not) and, for that purpose, set such values as the liquidator deems fair upon any property to be divided and determine how the division shall be carried out as between the members or different classes of members, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but no member shall be compelled to accept any shares or other assets upon which there is any liability.

## 6.7 *Variation of rights*

Subject to the Companies Act, rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class (calculated by excluding any shares held as treasury shares), or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting (except an adjourned meeting) the quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class (calculated by excluding any shares held as treasury shares).

The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them.

## 6.8 *Transfer of shares*

The shares are in registered form. Any shares in GRIT may be held in uncertificated form and, subject to the Articles, title to uncertificated shares may be transferred by means of a relevant system. Provisions of the Articles do not apply to any uncertificated shares to the extent that such provisions are inconsistent with the holding of shares in uncertificated form or with the transfer of shares by means of a relevant system.

Subject to the Articles, any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer must be executed by or on behalf of the transferor and (in the case of a partly-paid share) the transferee.

The transferor of a share is deemed to remain the holder until the transferee's name is entered in the register.

The Board may, in its absolute discretion (but subject to any rules or regulations of the London Stock Exchange or any rules published by the UKLA applicable to GRIT from time to time), decline to register any transfer of any share which is not a fully paid share. The Board may also decline to register a transfer of a certificated share unless the instrument of transfer:

- (A) is duly stamped or certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty and is accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require;
- (B) is in respect of only one class of share; and
- (C) if to joint transferees, is in favour of not more than four such transferees.

Registration of a transfer of an uncertificated share may be refused in the circumstances set out in the Regulations and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

The Board may decline to register a transfer of any of GRIT's certificated shares by a person with a 0.25 per cent. interest if such a person has been served with a direction notice (as defined in the Articles) after failure to provide GRIT with information concerning interests in those shares required to be provided under the Companies Act, unless (i) the person is not himself in default as regards supplying the information requested, and (ii) the transfer is of part only of the member's holding and when presented for registration is accompanied by a certificate by the member in a form satisfactory to the Board to the effect that after due and careful enquiry the member is satisfied that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer.

## 6.9 *Alteration of share capital*

GRIT may by ordinary resolution increase, consolidate, consolidate and then divide, or (subject to the Companies Act) sub-divide its shares or any of them. GRIT may, subject to the Companies Act, by special resolution reduce its share capital, share premium account, capital redemption reserve or any other undistributable reserve.

## 6.10 *General meetings*

Subject to the provisions of the Companies Act, an annual general meeting and a general meeting convened for the passing of a special resolution or a resolution of which special notice has been given to GRIT shall be called by not less than twenty-one clear days' notice in writing. All other meetings shall be called by not less than fourteen clear days' notice in writing.

The notice must specify the place, day and time of the meeting and the general nature of the business transacted.

Notices shall be given to the auditors of GRIT and to all members other than any who, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notice. Notice may be via electronic communication and publication on a website in accordance with the Companies Act.

Each director shall be entitled to attend and speak at any general meeting. The chairman of the meeting may invite any person to attend and speak at any general meeting where he considers that this will assist in the deliberations of the meeting.

The Board may direct that persons wishing to attend any general meeting should submit to such searches or other security arrangements or restrictions as the Board shall consider appropriate in the circumstances and shall be entitled in its absolute discretion to, or to authorise one or more persons who shall include a director or the secretary or the chairman of the meeting to, refuse entry to, or to eject from, such general meeting any person who fails to submit to such searches or otherwise to comply with such security arrangements or restrictions.

#### 6.11 **Directors**

(A) *Number of Directors*

The Directors shall be not less than two in number. GRIT may by ordinary resolution vary the minimum and/or maximum number of Directors.

(B) *Directors' shareholding qualification*

A Director shall not be required to hold any shares in GRIT.

(C) *Appointment of directors*

Directors may be appointed by GRIT by ordinary resolution or by the Board. A Director appointed by the Board holds office only until the next following annual general meeting of GRIT and is then eligible for election by Shareholders but is not taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting.

The Board or any committee authorised by the Board may from time to time appoint one or more Directors to hold any employment or executive office for such period (subject to the provisions of the Companies Act) and on such terms as they may determine and may also revoke or terminate any such appointment.

(D) *Retirement of Directors*

At every annual general meeting, there shall retire from office any Director who shall have been a Director at each of the two preceding annual general meetings and who was not appointed or re-elected by GRIT in a general meeting at, or since, either such annual general meeting. A retiring Director shall be eligible for re-election. A Director retiring at a meeting shall, if he is not re-elected at such meeting, retain office until the conclusion of the meeting or adjourned meeting at which he is due to retire. Where a Director is a non-executive director and has been in office for nine years or more, or a Director, partner, other officer or employee of or professional advisor to the Investment Manager or any other company in the same group as the Investment Manager, he shall retire from office at every annual general meeting.

Subject to the provisions of the Articles, at the meeting at which a Director retires GRIT can pass an ordinary resolution to re-elect the Director or to elect some other eligible person in his place.

(E) *Removal of Directors by special resolution*

GRIT may by special resolution remove any Director before the expiration of his period of office.

(F) *Vacation of office*

The office of a Director shall be vacated if:

- (i) (not being an executive Director holding office for a fixed term) he resigns his office by notice in writing delivered to the registered office of GRIT or submitted to a meeting of the Board or (being an executive Director holding office for a fixed term) his resignation in writing is accepted by the Board;
- (ii) either:
  - (a) a registered medical practitioner who is treating that person gives a written opinion to GRIT stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months; or
  - (b) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have.
- (iii) without leave, he is absent from meetings of the Board (whether or not any alternate Director appointed by him attends) for six consecutive months, and the Board resolves that his office is vacated;
- (iv) he becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (v) he is removed from office pursuant to the Articles or by virtue of any provision of statute or prohibited by law from being a Director;
- (vi) being an executive Director, he ceases to be the holder of executive office; or
- (vii) all the other Directors unanimously resolve that he be removed as a Director.

If the office of a Director is vacated for any reason, he must cease to be a member of any committee or sub-committee of the Board.

(G) *Alternate director*

Any Director may appoint any person to be his alternate and may at his discretion remove such an alternate Director. If the alternate Director is not already a Director, the appointment, unless previously approved by the Board, shall have effect only upon and subject to being so approved.

(H) *Proceedings of the Board*

Subject to the provisions of the Articles, the Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions vested in or exercisable by the Board.

The Board may appoint a Director to be the chairman or a deputy chairman. Questions arising at any meeting of the Board shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.

All or any of the members of the Board may participate in a meeting of the Board by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to speak to and hear each other. A person so participating shall be deemed to be present at the meeting and shall be entitled to vote and to be counted in the quorum.

The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to any committee, consisting of such person or persons as it thinks fit, provided that the majority of persons on any committee or sub-committee must be Directors. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in the Articles for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board.

(I) *Remuneration of Directors*

Each of the Directors shall be paid a fee at such rate as may from time to time be determined by the Board, but the aggregate of all such fees so paid to the Directors shall not exceed £200,000 per annum or such higher amount as may from time to time be decided by ordinary resolution of GRIT. Any Director who is appointed to any executive office shall be entitled to receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board or any committee authorised by the Board may decide, either in addition to or in lieu of his remuneration as a Director. In addition, any Director who performs services which in the opinion of the Board or any committee authorised by the Board go beyond the ordinary duties of a Director, may be paid such extra remuneration as the Board or any committee authorised by the Board may determine. Each Director may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board, or committees of the Board or of GRIT or any other meeting which as a Director he is entitled to attend, and shall be paid all expenses properly and reasonably incurred by him in the conduct of GRIT's business or in the discharge of his duties as a Director. GRIT may also fund a Director's expenditure on defending proceedings (whether civil or criminal) as provided in the Companies Act, or in connection with any application for relief from liability made by a Director under the Companies Act.

(J) *Pensions and gratuities for Directors*

The Board or any committee authorised by the Board may exercise the powers of GRIT to provide benefits either by the payment of gratuities or pensions or by insurance or in any other manner for any Director or former Director or his relations, dependants or persons connected to him, but no benefits (except those provided for by the Articles) may be granted to or in respect of a Director or former Director who has not been employed by or held an executive office or place of profit under GRIT or any of its subsidiaries or their respective predecessors in business without the approval of an ordinary resolution of GRIT.

(K) *Permitted interests of Directors*

Subject to the provisions of the Companies Act, and provided he has declared the nature of his interest to the Board as required by the Companies Act, a Director is not disqualified by his office from contracting with GRIT in any manner, nor is any contract in which he is interested liable to be avoided, and any Director who is so interested is not liable to account to GRIT or the members for any benefit realised by the contract by reason of the director holding that office or of the fiduciary relationship thereby established.

A Director may hold any other office or place of profit with GRIT in conjunction with his office of Director and may be paid such extra remuneration for so doing as the Board may decide, either in addition to or in lieu of any remuneration provided for by other Articles. A Director may also be or become a director or other officer of, or otherwise interested in, or contract with any company promoted by GRIT or in which GRIT may be interested and shall not be liable to account to GRIT or the members for any benefit received by him, nor shall any such contract be liable to be avoided.

A Director may act by himself or his firm in a professional capacity for GRIT (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services.

(L) *Restrictions on voting*

No Director may vote on or be counted in the quorum in relation to any resolution of the Board concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment, as the holder of any office or place of profit with GRIT or any other company in which GRIT is interested save to the extent permitted specifically in the Articles.

Except as mentioned below, no Director may vote on, or be counted in a quorum in relation to, any resolution of the Board in respect of any contract in which he is to his knowledge materially interested and, if he does so, his vote shall not be counted. These prohibitions do not apply where that material interest arises only from one or more of the following matters:

- (i) the resolution relates to the giving to him of a guarantee, security, or indemnity in respect of money lent to, or an obligation incurred by him for the benefit of, GRIT or any of its subsidiary undertakings;
- (ii) the resolution relates to the giving to a third party of a guarantee, security, or indemnity in respect of an obligation of GRIT or any of its subsidiary undertakings for which the Director has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- (iii) the resolution relates to the giving to him of any other indemnity which is on substantially the same terms as indemnities given or to be given to all of the other Directors and/or to the funding by GRIT of his expenditure on defending proceedings or the doing by GRIT of anything to enable him to avoid incurring such expenditure where all other directors have been given or are to be given substantially the same arrangements;
- (iv) the resolution relates to the purchase or maintenance for any Director or Directors of insurance against any liability;
- (v) his interest arises by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any shares in or debentures or other securities of GRIT for subscription, purchase or exchange;
- (vi) the resolution relates to an arrangement for the benefit of the employees and Directors and/or former employees and former Directors of GRIT or any of its subsidiary undertakings, and/or the members of their families (including a spouse or civil partner or a former spouse or former civil partner) or any person who is or was dependent on such persons, including but without being limited to a retirement benefits scheme and an employees' share scheme, which does not accord to any Director any privilege or advantage not generally accorded to the employees and/or former employees to whom the arrangement relates; or
- (vii) the resolution relates to a transaction or arrangement with any other company in which he is interested, directly or indirectly (whether as director or shareholder or otherwise) provided that he is not the holder of or beneficially interested in 1 per cent. or more of any class of the equity share capital of that company and not entitled to exercise 1 per cent. or more of the voting rights available to members of the relevant company (and for the purpose of calculating the said percentage there shall be disregarded (i) any shares held by the Director as a bare or custodian trustee and in which he has no beneficial interest, (ii) any shares comprised in any authorised unit trust scheme in which the Director is interested only as a unit holder, and (iii) any shares of that class held as treasury shares).

Subject to the Companies Act, GRIT may by ordinary resolution suspend or relax the above provisions to any extent or ratify any transaction not duly authorised by reason of a contravention of such provisions.

(M) *Borrowing powers*

Subject to the Articles and the Companies Act, the business of GRIT will be managed by the Board who may exercise all the powers of GRIT, whether relating to the management of the business of GRIT or not. In particular, the Board may exercise all the powers of GRIT to borrow money and to mortgage or charge any of its undertaking, property, assets (present and future) and uncalled capital and to issue debentures and other securities and to give security for any debt, liability or obligation of GRIT or of any third party. The Board must restrict the borrowings of GRIT and exercise all voting and other rights or powers of control exercisable by GRIT in relation to its subsidiary undertakings so as to secure that the aggregate principal amount from time to time outstanding of all borrowings by the group (exclusive of borrowings within the group) shall not, without the previous sanction of an ordinary resolution of GRIT, exceed an amount equal to 100 per cent. of GRIT's Net Asset Value (as defined in the Articles) from time to time.

(N) *Indemnity of Directors*

Subject to the provisions of the Companies Act, GRIT may indemnify any Director of GRIT against any liability and may purchase and maintain for any Director of GRIT insurance against any liability.

6.12 *Reserves*

The Directors shall establish a reserve to be called the 'Capital Reserve', and shall either carry to the credit of such reserve from time to time all capital appreciations arising on the sale, transposition, payment off of or revaluation of any investments or other capital assets of GRIT in excess of the book value thereof or apply the same in providing for depreciation or contingencies. There shall also be carried to the credit of such reserve any receipts of a capital nature or anything received by GRIT by way of reduction or other return of capital or share premium account by way of capitalisation or reserves of any company in which GRIT holds securities. Any losses realised on the sale, revaluation or payment off of any investments or other capital assets may be carried to the debit of the Capital Reserve except in so far as the Board may in its discretion decide to make good the same out of other funds of GRIT. The Board may, before recommending any dividend, whether preferential or otherwise, carry to reserve out of the profits of GRIT which would otherwise be available for dividend (including any premiums received upon the issue of debentures or other securities of GRIT) such sums as they think proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of GRIT may be properly applied, and pending such application may, at the like discretion, either be employed in the business of GRIT or be invested in such investments as the Board may from time to time think fit. The Board may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.

6.13 *Dividends*

The profits of GRIT available for dividend in accordance with the Companies Act and determined to be distributed shall be applied in the payment of dividends to the members in accordance with their respective rights and priorities. GRIT may by ordinary resolution declare dividends accordingly. Subject to the rights of persons (if any) entitled to ordinary shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid up on the Ordinary Shares in respect whereof the dividends are paid, but no amount paid up on a share in advance of calls shall be treated as paid up on the Ordinary Shares; all dividends shall be apportioned and paid *pro rata* according to the amounts paid up on the Ordinary Shares during any portion or portions of the period in respect of which the dividend is paid, except that if any share is issued on terms providing that it shall rank for dividend as if paid up (in whole or in part) as from a particular date such share shall rank for dividend accordingly.

6.14 *Untraced shareholders*

GRIT may sell any certificated shares in GRIT on behalf of the holder of, or person entitled by transmission to, the shares at the best price reasonably obtainable at the time of sale if:

- (i) the shares have been in issue throughout the period of 12 years immediately preceding the date of publication of the advertisements referred to in paragraph 6.14(iii) below or the first of the two advertisements to be published if they are published on different dates (the “**qualifying period**”) and at least three cash dividends have become payable on the shares during that period and no cash dividend payable on the shares has either been claimed or satisfied in the manner specified in the Articles at any time during the period beginning at the commencement of the qualifying period and ending on the date when the requirements of paragraphs 6.14(i) to (iii) have been satisfied (the “**relevant period**”);
- (ii) GRIT has not at any time during the relevant period received any communication from the holder of, or person entitled by transmission to, the shares; and
- (iii) GRIT has published two advertisements, one in a newspaper with a national circulation and the other in a newspaper circulating in the area in which the last known postal address of the holder of, or person entitled by transmission to, the shares (or the postal address at which service of notices may be effected under the Articles) is located, giving notice of its intention to sell the shares and a period of three months has elapsed from the date of publication of the advertisements or of the last of the two advertisements to be published if they are published on different dates.

The net proceeds of sale shall belong to GRIT and, upon their receipt, GRIT shall become indebted to the former holder of, or person entitled by transmission to, the shares for an amount equal to the net proceeds.

#### 6.15 *Ownership threshold*

There are no provisions in the Articles governing the ownership threshold above which Shareholder ownership must be disclosed. Shareholders will, however, be required to disclose Shareholder ownership in accordance with the Companies Act and the Disclosure Rules.

#### 6.16 *Deferred Shares*

The Deferred Shares confer an entitlement to a dividend at a fixed rate of 0.01 per cent. of their nominal value so that they are not treated as ordinary share capital for the purpose of the Investment Trust Rules and to ensure that there would be no requirement for the Deferred Shares to be listed. Except as provided above, the Deferred Shares will carry no right to participate in the profits or assets of GRIT.

#### 6.17 *Duration*

The Board shall procure that, at the annual general meeting of GRIT in 2019 and at every fourth annual general meeting thereafter, an ordinary resolution will be proposed to the effect that GRIT shall continue in being as an investment trust. If, at any such meeting, such resolution is not passed the Board shall, within three months of such meeting, convene a general meeting of GRIT at which a special resolution shall be proposed requiring GRIT to be wound up voluntarily. In connection with, or at or around the same time as, the proposal that GRIT be wound up voluntarily the Board shall be entitled to make proposals for the reconstruction of GRIT provided that: (i) such proposals would, if approved, provide Shareholders with the opportunity to realise their investment in GRIT; and (ii) such proposals are put to Shareholders in a separate resolution from the special resolution to wind up GRIT voluntarily.

## 7. MANDATORY BIDS, SQUEEZE-OUT AND SELL-OUT RULES

### 7.1 *Mandatory bid*

The City Code on Takeovers and Mergers (the “**City Code**”) will apply to GRIT. Under the City Code, if an acquisition of shares were to increase the aggregate holding of the acquirer and its concert parties to shares carrying 30 per cent. or more of the voting rights in GRIT, the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in that company at

a price not less than the highest price paid for shares by the acquirer or its concert parties during the previous 12 months. A similar obligation to make such a mandatory cash offer would also arise on the acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 to 50 per cent. of the voting rights in GRIT if the effect of such acquisition were to increase that person's percentage of the voting rights.

### 7.2 *Squeeze-out*

Under the Companies Act, if a person who has made a general offer to acquire shares were to acquire 90 per cent. of the shares to which the offer relates and 90 per cent. of the voting rights carried by those shares before the expiry of three months from the last day on which the offer can be accepted, it could then compulsorily acquire the remaining ten per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, executing a transfer of the outstanding shares in its favour and paying the consideration to GRIT, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

### 7.3 *Sell-out*

The Companies Act gives minority Shareholders in GRIT a right to be bought out in certain circumstances by a person who has made a general offer as described in paragraph 7.2 above. If, at any time before the end of the period within which the offer can be accepted, the offeror holds or has agreed to acquire not less than 90 per cent. of the shares in GRIT and 90 per cent. of the voting rights in GRIT, any holder of shares who has not accepted the offer can, by a written communication to the offeror, require it to acquire those shares.

The offeror is required to give such Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

## **8. DIRECTORS' AND OTHER INTERESTS**

- 8.1 As at the date of this document, no Director has any beneficial or non-beneficial interest in the share capital of GRIT.
- 8.2 So far as is known to each of the Directors or could with reasonable diligence be ascertained by each of the Directors, no person connected with the Directors has any beneficial or non-beneficial interest in the share capital of GRIT.
- 8.3 No Director has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or issued to, GRIT and no Director is materially interested in any contract or arrangement subsisting at the date hereof which is unusual in its nature and conditions or significant in relation to the business of GRIT.
- 8.4 As at the date of this document, there are no potential conflicts of interest between any duties to GRIT of any of the Directors and their private interests and/or other duties save in respect of their interests and duties as Directors of GRIT.
- 8.5 The Directors were appointed as directors of GRIT between 17 September 2013 and 31 January 2014. Save as set out in paragraph 8.7, there are no service contracts in existence between GRIT and any of the Directors and no such contracts have been entered into or amended or replaced within the six months preceding the date of this document and no such contracts are proposed.

8.6 The Directors have been appointed subject to the Articles and will be entitled to an annual fee for their services. The total aggregate remuneration payable and benefits in kind to be granted to the Directors by GRIT for the financial period ending 31 August 2014 will be approximately £87,000 (plus expenses). The maximum remuneration permitted under the Articles is £200,000. No amount has been set aside or accrued by GRIT to provide pension, retirement or similar benefits. Each of the Directors is entitled to receive £20,000 per annum, except for the Chairman who is entitled to receive £25,000 per annum, and the chairman of the Audit Committee who is entitled to receive £22,000 per annum.

8.7 GRIT has entered into the letters of appointment with each of the Directors as described in paragraphs (i) to (iv) below:

- (i) a letter of appointment dated 27 February 2014 between GRIT and Anthony St. John whereby Anthony St John was appointed as Chairman and a Director. The appointment is for an initial fixed term of 3 years and thereafter may be terminated by either party serving at least 3 months' written notice on the other. The letter contains provisions for early termination in the event, *inter alia*, of serious or repeated breaches by the Director and, where the Director ceases to be a Director for any reason. The basic annual fee payable to Anthony St John is £25,000 per annum to be reviewed annually (without any obligation to increase the same). There is no right to any further benefits;
- (ii) a letter of appointment dated 27 February 2014 between GRIT and Haruko Fukuda whereby Haruko Fukuda was appointed as a Director. The appointment is for an initial fixed term of 3 years and thereafter may be terminated by either party serving at least 3 months' written notice on the other. The letter contains provisions for early termination in the event, *inter alia*, of serious or repeated breaches by the Director and, where the Director ceases to be a Director for any reason. The basic annual fee payable to Haruko Fukuda is £20,000 per annum to be reviewed annually (without any obligation to increase the same). There is no right to any further benefits;
- (iii) a letter of appointment dated 27 February 2014 between GRIT and Simon Farrell whereby Simon Farrell was appointed as a Director. The appointment is for an initial fixed term of 3 years and thereafter may be terminated by either party serving at least 3 months' written notice on the other. The letter contains provisions for early termination in the event, *inter alia*, of serious or repeated breaches by the Director and, where the Director ceases to be a Director for any reason. The basic annual fee payable to Simon Farrell is £22,000 per annum to be reviewed annually (without any obligation to increase the same). There is no right to any further benefits; and
- (iv) a letter of appointment dated 27 February 2014 between GRIT and James Williams whereby James Williams was appointed as a Director. The appointment is for an initial fixed term of 3 years and thereafter may be terminated by either party serving at least 3 months' written notice on the other. The letter contains provisions for early termination in the event, *inter alia*, of serious or repeated breaches by the Director and, where the Director ceases to be a Director of for any reason. The basic annual fee payable to James Williams is £20,000 per annum to be reviewed annually (without any obligation to increase the same). There is no right to any further benefits.

8.8 Over the five years preceding the date of this document, the Directors have been a member of the administrative, management or supervisory bodies (apart from their directorships of GRIT) or partner of the following:

<i>Director</i>	<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships</i>
Anthony St John	Afrika Tikkun UK Christel House Europe Alexandra Rose Charities Ltd Albion Enterprise VCT plc	Regal Petroleum plc Spiritel Limited Pharmasys Limited Sharp Interpack Limited

<i>Director</i>	<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships</i>
Anthony St John (continued)	Hunter Gibson Group LLP African Business Solutions Limited Estate & General (I.O.M.) Ltd	Carbondesk Group plc Obtala Services Limited (formerly Obtala Resources plc) Tudor Consultancy Services Limited
Simon Farrell	Karratta Pty Ltd Cherek Pty Ltd Longford Investments Pty Ltd Vmoto Limited Ondine Nominees Pty Ltd Limpopo Eco-Industrial Park Eco-Industrial Solutions	Bellzone Mining plc Coal of Africa Limited Kenmere Resources plc Skin Cancer Analysis Technologies Limited Cove Mining Pty Ltd Evoc Mining Pty Ltd Greenstone Gold Mines Pty Ltd Golden Valley Services Pty Ltd Bellzone Mining plc Anglo-African Minerals plc Nimag (Pty) Ltd SA Minerals Corporation Ltd
Haruko Fukuda	Investec plc Investec Bank plc Investec Ltd Aberdeen Asian Smaller Companies Investment Trust plc Wolfdale Limited KB Re Limited Arab International Women's Forum	None
James Williams	Half Brother Capital Ltd	None

8.9 At the date of this document, none of the Directors:

- (i) has had any convictions in relation to fraudulent offences within the previous five years prior to the date of this document;
- (ii) has been declared bankrupt or has been a director of a company or been a member of an administrative, management or supervisory body or a senior manager of a company within the previous five years prior to the date of this document which has entered into any bankruptcy, receivership or liquidation proceedings;
- (iii) has been the subject of any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) within the previous five years prior to the date of this document;
- (iv) has been disqualified by a court from acting as a director of any company or as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of the affairs of an company within the previous five years prior to the date of this document;
- (v) has any family relationship with any of the other Directors; and
- (vi) has had any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by or to the Company, or any such interest in any contract or arrangement subsisting at the date of this Agreement and which is significant to the business of the Company.

- 8.10 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by GRIT. No Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of GRIT which has been effected by GRIT since its incorporation.

## 9. SUBSTANTIAL SHARE INTERESTS

- 9.1 Save as disclosed in the table below, on the Latest Practicable Date, GRIT is not aware of any persons who, immediately following the Share Exchange Issue, will be interested directly or indirectly in three per cent. or more of the issued share capital of GRIT:

<i>Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued ordinary share capital on Admission</i>
Alhambra Resources Ltd.	2,764,500	6.99
Anglo-African Minerals PLC	1,970,000	4.98
Apogee Silver Ltd.	1,977,462	5.00
Arakan Resources Limited	5,485,500	13.86
Black Star Petroleum Limited	1,321,440	3.34
NuLegacy Gold Corporation	1,731,200	4.38
Portex Minerals Inc.	1,443,348	3.65
Siberian Goldfields Limited	1,970,000	4.98
Tirex Resources Ltd.	2,948,991	7.45
The Waterberg Coal Company Ltd.	2,335,220	5.90

**Note:** As at the date of this document the Investment Manager held all of the Ordinary Shares and Deferred Shares in issue being 50,000 Ordinary Shares and 50,000 Deferred Shares.

- 9.2 So far as GRIT is aware, on Admission, GRIT will not be directly or indirectly owned or controlled.
- 9.3 Each of GRIT's major Shareholders will have the same voting rights as all other holders of the same class of share.

## 10. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by GRIT since their incorporation which are, or may be, material:

### 10.1 *Investment Management Agreement*

The Investment Management Agreement dated 27 February 2014 between GRIT and the Investment Manager, pursuant to which GRIT has appointed the Investment Manager to provide, or procure the provision of, investment management services for GRIT.

The Investment Management Agreement will continue for an initial term of 2 years from Admission, and thereafter such appointment is terminable by either party giving the other not less than 12 months' prior written notice (or such shorter period of written notice as the other party may accept) which may be given no earlier than the second anniversary of Admission or at any time thereafter. In certain circumstances the Investment Management Agreement may be terminated forthwith by notice in writing by either party to the other.

Under the Investment Management Agreement GRIT agrees to indemnify the Investment Manager and its employees against any costs, loss, liability or expense whatsoever which may be suffered or incurred by any of them directly or indirectly in connection with or as a result of any of their services under the Investment Management Agreement, except to the extent that the cost, loss, liability or expense is due to the negligence, wilful default or fraud of the Investment Manager or, as the case may be, the custodian or their respective employees or any nominee appointed by the custodian.

The fees payable to the Investment Manager under the Investment Management Agreement for investment management services are summarised in the sub-section headed 'Investment Management Agreement' in Part II of this document.

#### 10.2 *Custody Agreement*

The Custody Agreement dated 11 February 2014 between GRIT and the Custodian pursuant to which the Custodian has agreed to perform custody and related services for GRIT. The Custodian is authorised to hold and safeguard the cash, securities, and other property in the accounts and to collect the income, interest and dividends arising thereon.

The Custodian's remuneration is calculated at a rate determined by the territory or country in which the relevant assets are held, subject to minimum fees of £30,000 per annum. Currently, settlement charges range from £8-£116 per transaction, and safekeeping charges from £0.75 to £65 per annum.

GRIT may terminate the appointment of the Custodian under the Custody Agreement by giving not less than 30 days' prior written notice to the Custodian, and the Custodian may terminate the appointment of the Custodian under the Custody Agreement by giving not less than 90 days' prior written notice to GRIT.

#### 10.3 *Administration Agreement*

The Administration Agreement dated 27 February 2014 between GRIT and the Administrator, pursuant to which the Administrator has agreed to act as administrator of GRIT and to provide or procure the provision of company secretarial, accounting, and registered office services to GRIT.

The Administrator will receive from GRIT a fee comprising 0.08 per cent. per annum of the Total Assets subject to an annual minimum payment of £80,000 being payable in each financial year such minimum to increase in accordance with the UK Retail Prices Index upon each anniversary of Admission, calculated and payable on a quarterly basis and based on the Total Assets at the end of the preceding quarter, plus value added tax.

The Administrator shall be paid an initial one off transaction fee in consideration for services to GRIT in connection with the establishment of GRIT of £15,000 exclusive of value added tax, such fee shall become payable upon Admission.

The Administrator is also entitled to be reimbursed by GRIT for its costs and additional fees in the event of significant extra work arising or, the capital re-organisation of or, creation and/or offering by, GRIT of new or additional classes of securities.

GRIT or the Administrator may terminate the appointment of the Administrator under the Administrator Agreement by giving not less than six months' prior notice in writing with effect not earlier than the first anniversary of Admission.

#### 10.4 *Registrar's Agreement*

The Registrar will receive from GRIT register maintenance fees, subject to an annual minimum fee of £4,300 (together with VAT thereon if applicable) payable monthly in arrears, calculated by reference to the number of Shareholders on the register and the number of transfers undertaken where these exceed 0.025 per cent. of the number of accounts maintained. The Registrar is also entitled to be reimbursed by GRIT for their reasonable disbursement costs, storage costs and forged transfer insurance costs. All fees, out-of-pocket expenses and disbursements are subject to the addition of VAT, where applicable.

#### 10.5 *Sponsor Agreement*

The Sponsor Agreement dated 27 February 2014 between GRIT (1) the Investment Manager (2) the Directors (3) and Beaumont Cornish (4), pursuant to which, subject to certain conditions, Beaumont Cornish agreed to act as GRIT's sponsor, for the purposes of the application for Admission.

The Sponsor Agreement may be terminated by Beaumont Cornish in certain customary circumstances prior to Admission. GRIT has appointed Beaumont Cornish as sole sponsor and financial adviser to GRIT in connection with Admission and the Share Exchange Issue.

The obligation of GRIT to issue the Ordinary Shares is conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, *inter alia*: (i) the Share Exchange Subscription Agreements remaining in full force and effect and not having been terminated; (ii) a minimum of £5 million being raised from the proceeds of the Loan Notes, (iii) the Sponsor Agreement not having been terminated in accordance with its terms, (iv) compliance with section 593 of the Companies Act in respect of the allotments of Ordinary Shares pursuant to the Share Exchange Subscription Agreements, and (v) Admission occurring and becoming effective by 8.00 a.m. on or prior to 7 March 2014.

In consideration for its services in relation to the Share Exchange Issue and Admission and conditional upon completion of the Share Exchange Issue and Admission, Beaumont Cornish will be paid a fee of £150,000.

For acting as ongoing financial adviser following Admission, Beaumont Cornish will be paid (a) an annual retainer of £40,000 plus VAT (such figure to be adjusted quarterly subject to a minimum annual rate of £40,000 so as to be not less than 0.1 per cent. of the net asset value of GRIT as reported by GRIT from time to time per annum) together with (b) such fees as Beaumont Cornish and GRIT may agree between themselves for any specific items of work which will include advisory/sponsorship fees at the rate of not less than 1.0 per cent. of (i) the gross value of the assets and/or portfolios of assets acquired otherwise than by cash from existing resources or (ii) the gross amount raised by means of equity, debt or other instruments, such arrangements to continue for at least a period of three years.

GRIT, the Directors and the Investment Manager have given warranties to Beaumont Cornish concerning, *inter alia*, the accuracy of the information contained in this document. GRIT and the Investment Manager have also given indemnities to Beaumont Cornish. The Warranties and indemnities given by GRIT, the Directors and the Investment Manager are standard for an agreement of this nature.

#### 10.6 **Broker Agreement**

The Broker Agreement dated 27 February 2014 between GRIT (1) and KBR (2) (as amended), pursuant to which KBR has agreed to assist in co-ordinating the Share Exchange Issue including introducing potential Share Exchange Subscribers and to act as corporate broker to GRIT following Admission.

In consideration of its services in relation to the Share Exchange Issue and Admission and conditional upon completion of the Share Exchange Issue and Admission KBR shall be paid a commission in Loan Notes equal to 4 per cent. of the aggregate value at the Share Exchange Issue Price of the Ordinary Shares in cash issued pursuant to the Share Exchange Subscription Agreements to Share Exchange Subscribers introduced by KBR out of which it shall be responsible for sub-commissions payable. No commission will be payable by GRIT in respect of any Share Exchange Subscription Agreement where the Share Exchange Subscriber has been introduced to GRIT by RDP as a company in which Grafton is already a shareholder prior to Admission.

The Investment Manager and KBR entered into a put and call option dated 27 February 2014 pursuant to which either the Investment Manager can acquire KBR's Loan Notes being up to £1.5 million for up to £1.5 million on or before 4 April 2014 or, if the Investment Manger does not exercise such option, KBR can require the Investment Manager to acquire such Loan Notes from 4 April 2014 to 11 April 2014.

In consideration of its services as corporate broker to GRIT, KBR shall be entitled to an annual retainer of £25,000 per annum.

## 10.7 *Share Exchange Subscription Agreements*

Share Exchange Subscription Agreements (as amended) variously dated between 13 November 2013 and 27 February 2014 between various Share Exchange Subscribers (1) and GRIT (2) pursuant to which such Share Exchange Subscribers have agreed to subscribe for Ordinary Shares at the Share Exchange Issue Price, conditional on *inter alia* Admission, and to satisfy the subscription amounts by the issue or transfer of shares, securities or debt securities which are convertible into quoted equity securities in companies in the global natural resources sector to the Custodian on behalf of GRIT.

Each Share Exchange Subscriber has undertaken to GRIT and KBR that it shall not directly or indirectly, transfer, sell, mortgage, charge, assign, issue options in respect of, or otherwise dispose of or announce an offering or transfer of the legal and/or beneficial ownership of, or of any other interest in, any of Ordinary Shares owned by it (or in which it is otherwise interested) for the period of six months commencing on Admission, otherwise than through such broker as nominated by GRIT and in accordance with GRIT's and KBR's reasonable requirements (following consultation with Beaumont Cornish) so as to ensure an orderly market for the issued share capital of GRIT except:

- (a) where made with the prior written approval of GRIT and KBR (following consultation with Beaumont Cornish) (which approval may be granted or declined at their absolute discretion); or
- (b) in acceptance of any takeover offer made for the entire issued share capital of GRIT in accordance with the City Code or otherwise where such offer relates to the entire issued share capital of GRIT (other than any shares held by the offeror or persons acting in concert with the offeror for the purposes of the City Code in relation to such offer) or the acceptance of a partial offer or tender offer (in accordance with the City Code) for part of the share capital of GRIT where the offeror may come to hold 30 per cent. or more of the voting rights of GRIT as a result of the offer or, if the offeror already holds between 30 per cent. and 50 per cent. of the voting rights of GRIT, the offeror may come to consolidate its voting rights of GRIT as a result of the offer, or the execution of an irrevocable commitment, deed or undertaking to accept any such offer; or
- (c) pursuant to an offer by or an agreement with GRIT to purchase Ordinary Shares which is made on identical terms to all the shareholders of GRIT and otherwise complies with the Companies Act and the Listing Rules; or
- (d) pursuant to any compromise or arrangement under the Act providing for the acquisition by any person (or group of persons acting in concert) of 50 per cent. or more of the equity share capital of GRIT and which compromise or arrangement has been sanctioned by the court; or
- (e) pursuant to any sale or transfer required by an order made by a court with competent jurisdiction; or
- (f) pursuant to any decision or ruling a liquidator appointed to GRIT in connection with a winding up or liquidation of GRIT.

## 10.8 *Loan Note Instrument*

Pursuant to a loan note instrument dated 27 February 2014 and executed by GRIT, GRIT will issue, conditional on Admission, £5 million Loan Notes. The Loan Notes are unsecured and interest is payable on the Loan Notes at the rate of 9 per cent. per annum. The Loan Notes will be repayable on the third anniversary of Admission, but shall become immediately repayable upon the occurrence of certain events, including, *inter alia*, non-payment of interest or capital, or if an order is made or an effective resolution passed for winding up GRIT (except for the purpose of a reconstruction or amalgamation previously approved by holders of the Loan Notes).

The Loan Notes are convertible at any time into Ordinary Shares at the rate of 1 Ordinary Share for each £1 of Loan Notes.

GRIT has also provided a number of undertakings to the holders of the Loan Notes until the Loan Notes have been repaid or converted (unless there is a written resolution to the contrary) which include, *inter alia*, that GRIT shall:

- (a) not incur any additional indebtedness;
- (b) not create or allow to subsist any security or encumbrance (or any arrangement having a similar effect) over its tangible or intangible assets, save such security or encumbrance as is usual in the operation of brokerage accounts for investment entities in such jurisdictions as are required to enable the investment function to be performed and save such security or encumbrance as is usual in the operation of custodian and bank accounts for investment entities;
- (c) not sell, assign, transfer, or dispose of all or any of its assets except disposals in the ordinary course of business;
- (d) not make any substantial change to the general nature of its business;
- (e) keep an amount equal to 12 months' interest on the Loan Notes in escrow, save for the period of six months' expiring on the redemption date in which case the amount shall equal six months' interest on the Loan Notes; and
- (f) following expiry of the Working Capital Period, ensure that the ratio ("**Coverage Ratio**") of the value of GRIT's investment portfolio to the principal amount of outstanding Loan Notes is at all times no less than 4:1 at the end of each calendar month from the date of issue of the Loan Notes.

The principal moneys outstanding on each Loan Note in issue shall become repayable immediately together with interest accrued up to and including the date of repayment if GRIT fails to perform or observe its material obligations, including the undertakings set out above and such failure is not remedied within ten working days of the earlier of (a) a holder of Loan Notes notifying GRIT of the default and the remedy required and (b) GRIT becoming aware of the default. The Loan Note Instrument also contains other standard lending events of default.

The Loan Notes are convertible in amounts of multiples of £50,000 nominal of Loan Notes in to Ordinary Shares at the option of the holder of the Loan Notes at the conversion price per Ordinary Share, which is (a) £1 per Ordinary Share from the date of the Loan Note Instrument until the Business Day preceding the first anniversary of the Loan Note Instrument, (b) the higher of (i) the 15-day VWAP for the Ordinary Shares calculated on the first anniversary of Loan Note Instrument capped at £1.00 per Ordinary Share and (ii) the sum of £0.75, from the first anniversary of the Loan Note Instrument until the Business Day preceding the second anniversary of Loan Note Instrument, and (c) the higher of (i) the 15-day VWAP for the Ordinary Shares calculated on the second anniversary of Loan Note Instrument capped at £1.00 per Ordinary Share and (ii) the sum of £0.50, from the second anniversary of Loan Note Instrument until the redemption date of the Loan Notes.

The Loan Notes are transferable to any person who is not an individual, a US Person or a person in Australia, Canada, New Zealand, Japan or the Republic of South Africa without the consent of GRIT. The Loan Notes have been and will be issued to: (1) LIM Asia Multi-Strategy Fund Inc. – as to £3.5 million, of 171 Main Street, P.O. Box 4041, Road Town, Tortola VG1110, British Virgin Islands (2) KBR as referred to in paragraph 10.6 above as to up to £1.5 million and (3) RDP as to any shortfall from £1.5 million issued to KBR in respect of commissions, to be subscribed on the earlier of 6 weeks from Admission or the exercise of the options referred to in paragraph 10.6 above.

## 10.9 *Warrant Instrument*

Pursuant to a warrant instrument dated 27 February 2014 and executed by GRIT, GRIT will issue, conditional on Admission, 5,000,000 Warrants to the holders of the Loan Notes on the basis of 1 Warrant for every £1 of Loan Notes. The Warrants are unlisted and are exercisable up to the fifth anniversary of Admission in amounts or multiples of 50,000 Warrants at £1.00 per Ordinary Share. The Warrants are transferable to any person who is not an individual, a US Person or a person in Australia, Canada, New Zealand, Japan or the Republic of South Africa without the consent of GRIT.

10.10 Subscription agreement dated 26 February 2014 between LIM Asia Multi-Strategy Fund Inc. (1) and GRIT (2) pursuant to which LIM Asia Multi-Strategy Fund Inc. has agreed to subscribe for, and GRIT has agreed to issue £3.5 million of Loan Notes, conditional on Admission.

10.11 Side letter dated 26 February 2014 from GRIT to LIM Asia Multi-Strategy Fund Inc. pursuant to which GRIT has, in consideration for LIM Asia Multi-Strategy Fund Inc. entering into the subscription agreement referred to at paragraph 10.10 above, agreed that for so long as LIM Asia Multi-Strategy Fund Inc. and/or its nominees hold not less than 50 per cent. of the Loan Notes outstanding:

- (a) they shall have the right to appoint and maintain in office such natural person as they may from time to time nominate as a director of GRIT and as a member of each and any committee of the board of directors of GRIT (including without limitation the annual expense and budgeting committee) and, upon his removal or resignation, to appoint another director of GRIT in his place; and
- (b) to the extent that GRIT is offered or identifies an investment opportunity which it intends to invest in, but does not have the resources or the ability due to its investment restrictions to make the whole of the available investment, GRIT shall instruct its investment manager from time to time to offer, on a first right of refusal basis, a co-investment opportunity in respect of that part which GRIT is itself unable to invest.

James Williams was appointed as a director of GRIT in accordance with the above side letter.

10.12 Subscription agreement dated 27 February 2014 between the Investment Manager (1) and GRIT (2) pursuant to which Investment Manager has agreed to subscribe for, and GRIT has agreed to issue Loan Notes to the extent that the commissions due to KBR are less than £1.5 million, conditional on Admission, within 6 weeks of Admission.

## 10.13 *Other agreements*

GRIT has not entered into any other contract (not being a contract entered into in the ordinary course of business) which contains any provision under which GRIT has any obligation or entitlement which is material to GRIT as at the date of this document.

## 11. **RELATED PARTY TRANSACTIONS**

Save as referred to in paragraphs 10.1, 10.5 and 10.12 above, GRIT is not a party to any related party transactions as at the date of this document, and has not entered into any related party transactions since incorporation.

## 12. **CANADIAN SECURITIES COMPLIANCE**

In order for GRIT to distribute its Ordinary Shares to Share Exchange Subscribers resident in Canada (“**Canadian Share Exchange Subscribers**”), GRIT has made certain representations and covenants with applicable Canadian securities regulators, including that:

- GRIT is not a reporting issuer in any jurisdiction of Canada and has no present intention of becoming a reporting issuer in any jurisdiction in Canada.

- The only distribution of Ordinary Shares in Canada will be to the Canadian Share Exchange Subscribers. GRIT has not conducted any other offerings of its securities in Canada nor does GRIT intend to conduct any other offerings of its securities in Canada. No securities of GRIT have ever been traded on a marketplace in Canada and GRIT has no present intention of trading securities on any marketplace in Canada.
- Any resale of Ordinary Shares by the Canadian Share Exchange Subscribers is expected to be effected through the facilities of the London Stock Exchange as there is no market for the GRIT Shares in Canada and none is expected to develop.
- GRIT will deliver to Canadian Share Exchange Subscribers all disclosure materials required to be delivered to holders of Ordinary Shares resident in the UK, in the manner required by UK securities law and the requirements of the London Stock Exchange.
- All marketing materials to be used by GRIT and its agents in connection with the resale of Ordinary Shares held by Canadian Share Exchange Subscribers will contain language to the effect that such shares may not be acquired by Canadian residents, or person controlled, directly or indirectly, by Canadian residents, and may not be acquired for the purposes of resale to Canadian residents.
- GRIT is aware of and will comply with all applicable Canadian securities obligations pertaining to holding more than 10 per cent. of the outstanding shares of a Canadian Share Exchange Subscriber including: (i) filing all necessary insider reports; and (ii) filing early warning reports and disseminating corresponding news releases.

Based on the above, GRIT obtained a discretionary exemption order from the relevant Canadian securities regulatory authorities enabling GRIT to distribute its Ordinary Shares in Canada and allowing the Canadian Share Exchange Subscribers to resell their Ordinary Shares through the London Stock Exchange without restriction under Canadian securities legislation.

## **13. TAXATION**

### **13.1 Introduction**

The following statements are based upon current UK tax law and what is understood to be the current practice of HM Revenue and Customs, both of which are subject to change, possibly with retrospective effect. The statements are intended only as a general guide and are not intended to provide, and should not be relied upon as, legal or tax advice to any Shareholders or other persons. The statements below may not apply to certain Shareholders, such as dealers in securities, insurance companies, collective investment schemes or Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment, who may be subject to special rules. They apply only to Shareholders resident for UK tax purposes in the UK (except in so far as express reference is made to the treatment of non-UK residents) and who, if individuals, are domiciled in the UK. It is assumed that a Shareholder is the absolute beneficial owner of the Ordinary Shares and holds those Ordinary Shares as an investment rather than trading stock.

All potential investors, and in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers on the potential tax consequences of subscribing for, purchasing, holding or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.

### **13.2 GRIT**

It is the intention of the Directors to conduct the affairs of GRIT so that it satisfies and continues to satisfy the conditions necessary for it to be approved by HM Revenue and Customs as an investment trust. However, neither the Investment Manager nor the Directors can guarantee that this approval will be maintained. Under legislation that has effect for accounting periods commencing on or after 1 January 2012, a “one-off” application is made to HM Revenue and Customs for approval as an investment trust. Once such approval is obtained, GRIT will continue to have investment trust status

in respect of its future accounting periods provided GRIT continues to satisfy the eligibility conditions contained in section 1158 of the Corporation Tax Act 2010 and other requirements outlined in the Investment Trust (Approved Company) (Tax) Regulations 2011.

In respect of each accounting period for which GRIT qualifies as an investment trust GRIT will be exempt from UK taxation on its chargeable gains. GRIT will, however, (subject to what follows) be liable to UK corporation tax on its income in the normal way. UK or overseas dividends received by GRIT will not be liable to UK corporation tax provided those dividends qualify to be treated as exempt under Part 9A of the Corporation Tax Act 2009. Income arising from overseas investments may be subject to foreign withholding tax at the applicable rate of the jurisdiction in question. However, relief may be available under the terms of an applicable double tax treaty. A company that is an investment trust, or intends to become an investment trust, in respect of an accounting period, is able to elect to take advantage of modified UK tax treatment in respect of its “qualifying interest income” for an accounting period (referred to here as the “streaming” regime) pursuant to which GRIT may, if it so chooses, designate as an “interest distribution” all or part of the amount it distributes to its Shareholders as dividends, to the extent that it has “qualifying interest income” for the accounting period. Were GRIT to designate any dividend it pays in this manner, it would be able to deduct such interest distributions from its income in calculating its taxable profit for the relevant accounting period.

### 13.3 *The Ordinary Shares – Taxation of chargeable gains*

Individual Shareholders who are resident in the UK for tax purposes will generally be subject to capital gains tax in respect of any gain arising on a disposal of their Ordinary Shares. Each such individual has an annual exemption, such that capital gains tax is only chargeable on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £10,900 for the tax year 2013-2014. The exemption may not be transferred between spouses. Capital gains tax will be charged at 18 per cent. for basic rate tax payers and 28 per cent. for higher and additional rate tax payers in respect of the tax year 2013-2014 subject to the availability of relief for capital losses. No indexation allowance will be available to such Shareholders.

Corporate Shareholders who are resident in the UK will generally be subject to corporation tax on chargeable gains arising on a disposal of their Ordinary Shares. The indexation allowance may reduce the amount of the chargeable gain that is subject to corporation tax but cannot create or increase an allowable loss.

### 13.4 *The Ordinary Shares – Taxation of dividends*

#### (i) *Dividend distributions (non “interest distributions”)*

The following statements summarise the UK tax treatment of individuals who receive dividends not subject to the streaming regime.

GRIT will not be required to withhold tax at source when paying a dividend.

An individual Shareholder who is resident in the UK for tax purposes should generally be entitled to a notional tax credit which may be set off against the Shareholder’s total income tax liability on the dividend. An individual UK resident Shareholder will be liable to income tax on the sum of the tax credit and the dividend (the “**gross dividend**”) which will be treated as the top slice of the individual’s income for UK income tax purposes. The tax credit equals 10 per cent. of the gross dividend. The tax credit therefore also equals one-ninth of the cash dividend received.

A UK resident individual Shareholder who is liable to income tax at the basic rate will be subject to tax on the dividend at the rate of 10 per cent. of the gross dividend. This means that the tax credit will satisfy in full such a Shareholder’s liability to income tax on the dividend.

The rate of income tax applied to dividends received by a UK resident individual liable to income tax at the higher rate will be 32.5 per cent. to the extent that such dividends, when treated as the top slice of the Shareholder’s income, fall above the threshold for higher rate

income tax but below the threshold for additional rate income tax. To that extent, the tax credit will be set against, but will not fully match, their tax liability on the gross dividend. After taking account of the 10 per cent. tax credit, such Shareholder will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which equals 25 per cent. of the cash dividend received).

A dividend tax rate of 37.5 per cent. applied from 6 April 2013, to the extent that dividends, when treated as the top slice of the Shareholder's income, fall above the threshold for additional rate income tax. After taking into account the 10 per cent. tax credit, such Shareholders will have an effective dividend tax rate of approximately 30.56 per cent. of the cash dividend received.

There will be no repayment of all or part of the tax credit to an individual Shareholder whose liability to income tax on all or part of the gross dividend is less than the amount of the tax credit. This will include a Shareholder who holds Ordinary Shares through an ISA.

(ii) *“Interest distributions”*

Should the Directors elect to apply the “streaming” regime to any dividends paid by GRIT, a UK resident individual Shareholder in receipt of such a dividend would be treated as though they had received a payment of interest to the extent that the dividend (or a proportion of that dividend) was designated as an interest distribution by GRIT. Such a Shareholder would be subject to UK income tax at the current rates of 20 per cent., 40 per cent. or 45 per cent., depending on the level of the Shareholder's income. Such distributions would generally be paid to the individual Shareholder after the deduction of 20 per cent. income tax.

(iii) *Other Shareholders*

UK resident corporate Shareholders will not be subject to UK corporation tax on dividends paid by GRIT provided that the dividends fall to be treated as exempt under Part 9A of the Corporation Tax Act 2009, but will be unable to claim a repayment of the tax credit attaching to the dividends. If, however, the Directors did elect for the new “streaming” rules to apply, and such corporate Shareholders were to receive dividends designated by GRIT as “interest distributions”, they would be subject to corporation tax on any such amounts received. Such Shareholders are generally entitled to receive dividends designated as “interest distributions” without deduction of 20 per cent. income tax.

UK resident Shareholders who are not liable to UK tax on dividends (including registered pension schemes and charities) will not be entitled to claim a repayment of the tax credit attaching to dividends paid by the company. Certain UK resident Shareholders who benefit from various exemptions from tax (for example, registered pension schemes and charities) may be entitled to receive dividends designated as “interest distributions” without deduction of 20 per cent. income tax.

### 13.5 *UK Inheritance Tax (“IHT”)*

UK domiciled individuals are chargeable to IHT in respect of property situated anywhere in the world. Non-UK domiciled individuals are chargeable only to IHT in respect of property situated in the UK. Registered shares are generally situated where they are registered unless they are transferrable to more than one jurisdiction (and in such cases they are situated in the country in which they are likely to be dealt with in the normal course of affairs). Where property is regarded as situated in the UK for IHT purposes, a gift of such property by, or on the death of an individual holder of such property may (subject to certain exemptions and reliefs) give rise to a liability to IHT. This is regardless of whether or not the individual holder is domiciled or deemed to be domiciled in the UK and whether or not the holder is resident in the UK for tax purposes. For IHT purposes, a transfer of assets at less than full market value will be treated as a gift and particular rules apply where the donor reserves or retains some interest or benefit in the property being transferred. A gift of an asset in certain circumstances

is potentially exempt from IHT and falls outside the individual's estate provided the donor lives for seven years.

### 13.6 *Stamp duty and stamp duty reserve tax*

Neither UK stamp duty nor SDRT should arise on the issue of the Ordinary Shares.

Transfers on sale of Ordinary Shares will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer. The purchaser normally pays the stamp duty.

An agreement to transfer Ordinary Shares will normally give rise to a charge to stamp duty reserve tax ("**SDRT**") at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser. Paperless transfers of Ordinary Shares within the CREST system will generally be liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration.

### 13.7 *ISAs*

Ordinary Shares acquired by a UK resident individual Shareholder on the secondary market (but not the Share Exchange Issue) should be eligible to be held in a stocks and shares Individual Savings Account ("**ISA**"), subject to applicable annual subscription limits (£11,520 in the tax year 2013–2014) and the composition of GRIT's portfolio. The Directors intend to manage GRIT's portfolio so that the Ordinary Shares continue to qualify for inclusion within the stocks and shares component of an ISA.

The opportunity to invest in shares through an ISA is restricted to certain UK resident individuals aged 18 or over. Investments held in ISAs are free of UK tax on both capital gains and income. Sums received by a Shareholder on a disposal of shares held in an ISA do not count towards the Shareholder's annual limit; but a disposal of shares held in an ISA will not serve to make available again any part of the annual subscription limit that has already been used by the Shareholder in that tax year.

### 13.8 *Self-Invested Personal Pensions ("SIPPs")*

The Ordinary Shares will constitute permitted investments for SIPPs.

## 14. GENERAL

- 14.1 Since incorporation, GRIT has not commenced operations and no audited financial statements have been made up as at the date of this document.
- 14.2 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which GRIT is aware) since incorporation which may have or have had in the recent past significant effects on GRIT's financial position or profitability.
- 14.3 Other than the subscription for 50,000 Ordinary Shares and 50,000 Deferred Shares by the Investment Manager to comply with the legal requirements as to the capital of a public company, there has been no significant change in the financial or trading position of GRIT since its date of incorporation.
- 14.4 GRIT intends that its income will derive wholly or mainly from shares or securities.
- 14.5 GRIT is of the opinion that, on the basis of the receipt of proceeds from the issue of the Loan Notes, the working capital available to GRIT is sufficient for its present requirements, that is for at least the next 12 months from the date of this document.

- 14.6 As at the date of this document, GRIT has no guaranteed, secured, unguaranteed or unsecured debt (other than the Loan Notes) and no indirect or contingent indebtedness and GRIT's issued share capital consists of 50,000 Ordinary Shares and 50,000 Deferred Shares with no legal reserve or other reserves.
- 14.7 Upon Admission, GRIT's gross assets will increase by £42.1 million, comprising £39.5 million through the issue of Ordinary Shares pursuant to the Share Exchange Issue and £2.6 million through the issue of Loan Notes (net of costs and expenses of the Issue and Admission). It is not expected that there will, be a material impact on the earnings per Ordinary Share as the net cash proceeds from the Issue will, after deducting all expenses of the Issue and applicable operating expenses, be all or substantially invested in accordance with GRIT's investment objective and policy. GRIT's investment objective is to seek capital growth through its investments and as such does not intend to place any emphasis on income in the choice of its investments.
- 14.8 GRIT does not have, nor expects that it will have, nor has it had since its incorporation, any employees.
- 14.9 Beaumont Cornish is acting as sponsor and financial adviser to GRIT in relation to Admission and has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 14.10 KBR is acting as broker to GRIT in relation to the Share Exchange Issue and has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 14.11 The Directors are not aware of any environmental issues which may affect GRIT's utilisation of its tangible fixed assets (if any).
- 14.12 The Directors are not aware of any patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are or may be of fundamental importance to GRIT's business.
- 14.13 It is estimated that the total expenses payable by GRIT in connection with the Share Exchange Issue and Admission will amount to approximately £2.4 million.
- 14.14 The information sourced from external sources in Part I and Part III of this document has been accurately reproduced and, as far as GRIT and the Directors are aware and are able to ascertain from information published by the respective third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The third parties referred to are: OECD; International Railway Journal; Marketline: Global Metals and Mining; Marketline: World Oil and Gas; and Marketline: Global Precious Metals.
- 14.15 R&H Fund Services Limited has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which they appear.
- 14.16 RDP Fund Management LLP is the legal and commercial name of the Investment Manager. On 6 October 2005, RDP Fund Management LLP was incorporated as a limited liability partnership, under registered partnership number OC315527 with the name 'Resources Services Capital LLP'. On 24 January 2007, the Investment Manager changed its name to Newland Fund Management LLP and on 28 January 2013, it changed its name to RDP Fund Management LLP. The Investment Manager operates under the Companies Act and is domiciled in England. The Investment Manager has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

## **15. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected during usual business hours on any Business Day (Saturdays and public holidays excepted) at the offices of DMH Stallard LLP, 6 New Street Square, New Fetter Lane, London EC4A 3BF and at the registered office of GRIT, 6 New Street Square, New Fetter Lane, London EC4A 3AQ, for at least 12 months from the date of this document:

- (a) the Articles;
- (b) the Directors' letters of appointment referred to in paragraph 8.7 above;
- (c) the material contracts referred to in paragraph 10 above;
- (d) the written consents referred to in paragraphs 14.9, 14.10, 14.15 and 14.16 above; and
- (e) this document.

28 February 2014

## PART VI

### DEFINITIONS

In this document, the words and expressions listed below have the meanings set out opposite them, except where the context otherwise requires:

“Adjusted Net Asset Value”	the audited Net Asset Value of GRIT adjusted to add back the value of any distributions paid during the relevant performance period
“Administrator” or “Secretary”	R&H Fund Services Limited
“Administrator Agreement”	the administrator agreement between GRIT and the Administrator, a summary of which is set out in paragraph 10.3 of Part V of this document
“Admission”	admission of the existing 50,000 issued Ordinary Shares and the 39,520,012 new Ordinary Shares to be issued pursuant to the Share Exchange Subscription Agreements to the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities becoming effective
“AIC”	the Association of Investment Companies
“AIC Code”	the Code of Corporate Governance published by the AIC
“AIC Guide”	the Corporate Governance Guide for Investment Companies published by the AIC, as amended from time to time
“AIF”	an ‘AIF’ within the meaning of the AIFM Regulations
“AIFM”	an ‘AIFM’ within the meaning of the AIFM Regulations
“AIFM Directive”	the EU Directive on Alternative Investment Fund Managers (2011/61/EU)
“AIFM Regulations”	the Alternative Investment Fund Managers Regulations 2013
“Articles”	the articles of association of GRIT, as amended from time to time
“Benchmark”	(a) as at the first calculation date the NAV on Admission as increased by the Benchmark Hurdle Rate in respect of the period from Admission to such calculation date and (b) on each subsequent calculation date the Target NAV on the immediately preceding calculation date, increased by the Benchmark Hurdle Rate, in respect of the period from the immediately preceding calculation date to the relevant calculation date
“Benchmark Hurdle Rate”	a rate of 7 per cent. per period between calculation dates save that where such period is more or less than 12 months the rate shall be increased or decreased <i>pro rata</i> by the amount the period is greater or less than 12 months
“Beaumont Cornish”	Beaumont Cornish Limited, a company incorporated in England and Wales with registered number 03311393 and registered with the FCA with number 184753
“Board” or “Directors”	the directors of GRIT from time to time, the names of who, at the date of this document, are set out on page 21

<b>“BRICS”</b>	Brazil, Russia, India, China and South Africa
<b>“Broker” or “KBR”</b>	Keith Bayley Rogers & Co. Limited, a company incorporated in England and Wales with registered number 3676540 and registered with the FCA with number 197385
<b>“Broker Agreement”</b>	the agreement between GRIT and the Broker, a summary of which is set out in paragraph 10.6 of Part V of this document
<b>“Business Day”</b>	a day (excluding Saturdays and Sundays or public holidays in England and Wales) on which banks generally are open for business in London for the transaction of normal business
<b>“City Code”</b>	the City Code on Takeovers and Mergers
<b>“Companies Act”</b>	the Companies Act 2006, as amended
<b>“Corporate Governance Code”</b>	the UK Corporate Governance Code published by the UK Financial Reporting Council, the latest edition of which was published in September 2012
<b>“CREST”</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK and Ireland Limited in accordance with the CREST Regulations
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 ( <i>SI 2001 No. 2001/3755</i> )
<b>“CTA 2010”</b>	the Corporation Tax Act 2010 and any statutory modification or re-enactment thereof for the time being in force
<b>“Custodian”</b>	BNP Paribas Securities Services
<b>“Custody Agreement”</b>	the custody agreement between GRIT and the Custodian, a summary of which is set out in paragraph 10.2 of Part V of this document
<b>“Deferred Shares”</b>	deferred shares of £0.99 each in the capital of GRIT
<b>“Disclosure Rules”</b>	the Disclosure and Transparency Rules made by the FCA under section 73A of FSMA, as amended from time to time
<b>“FCA”</b>	the Financial Conduct Authority
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 and any statutory modification or re-enactment thereof for the time being in force
<b>“Grafton”</b>	Grafton Resource Investments Limited
<b>“GRIT”</b>	Global Resources Investment Trust Plc, a company incorporated in England and Wales with registered number 8256031
<b>“Gross Asset Value”</b>	the aggregate value of the gross assets of GRIT, calculated in accordance with the accounting policies adopted by GRIT from time to time
<b>“Gross Proceeds of the Share Exchange Issue”</b>	the value of the Initial Portfolio based on the Share Exchange Valuations
<b>“IFRS”</b>	International Financial Reporting Standards

<b>“Initial Portfolio”</b>	the portfolio of investments details of which are set out in Part III of this document, which are expected to comprise GRIT’s initial portfolio of investments on Admission
<b>“Investment Advisory Panel”</b>	the advisory panel comprising Merfyn Roberts and Miles Thompson, further information on which is set out in Part II of this document
<b>“Investment Management Agreement”</b>	the investment management agreement between GRIT and the Investment Manager, a summary of which is set out in paragraph 10.1 of Part V of this document
<b>“Investment Manager” or “RDP”</b>	RDP Fund Management LLP, whose details are set out in Part II of this document
<b>“Investment Trust Rules”</b>	the conditions necessary for GRIT to be approved by HM Revenue and Customs as an investment trust under section 1158 of the CTA 2010
<b>“ISA”</b>	an individual saving account
<b>“Issue”</b>	the issue of Ordinary Shares pursuant to the Share Exchange Issue and the issue of the Loan Notes
<b>“Latest Practicable Date”</b>	24 February 2014, being the latest practicable date prior to the date of this document for ascertaining certain information contained herein
<b>“Listing Rules”</b>	the Listing Rules made by the FCA under section 73A of FSMA, as amended from time to time
<b>“Loan Notes”</b>	the £5 million of Loan Notes to be issued by GRIT pursuant to the Loan Note Instrument
<b>“Loan Note Instrument”</b>	the loan note instrument executed by GRIT constituting the Loan Notes described in paragraph 10.8 of Part V
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Month”</b>	calendar month
<b>“Monthly Average NAV”</b>	the aggregate daily NAVs for each Month divided by the number of Business Days in that Month adjusted to add back the value of any distributions paid during the relevant performance period
<b>“Net Asset Value” or “NAV”</b>	the value of the assets of GRIT less its liabilities in total calculated in accordance with the accounting policies adopted by GRIT from time to time
<b>“Net Asset Value per Share”</b>	NAV divided by the number of Ordinary Shares in issue from time to time
<b>“Official List”</b>	the Official List of the UK Listing Authority
<b>“Ordinary Shares”</b>	ordinary shares of £0.01 each in the capital of GRIT
<b>“Portfolio”</b>	the portfolio of investments of GRIT from time to time
<b>“pre-IPO”</b>	prior to the admission of the principal securities of the respective entity to trading on an established public market
<b>“Prospectus”</b>	this document

<b>“Prospectus Directive”</b>	the EU Prospectus Directive (2003/71/EC) as amended
<b>“Prospectus Rules”</b>	the Prospectus Rules made by the FCA under section 73A of FSMA, as amended from time to time
<b>“Registrar”</b>	Computershare Investor Services PLC
<b>“Registrar’s Agreement”</b>	the registrar’s agreement between GRIT and the Registrar, a summary of which is set out in paragraph 10.4 of Part V of this document
<b>“Relevant Exchange”</b>	(i) a regulated market, recognised investment exchange, recognised stock exchange, recognised overseas investment exchange or designated investment exchange, or (ii) a junior market operated by the operator of an exchange referred to in (i)
<b>“RIS”</b>	Regulatory information service approved by the FCA
<b>“RIT”</b>	Resources Investment Trust plc
<b>“SIPP”</b>	a self-invested personal pension
<b>“Share Exchange Issue”</b>	the issue of Ordinary Shares to the Share Exchange Subscribers, as described in this document
<b>“Share Exchange Issue Price”</b>	£1.00 per Ordinary Share
<b>“Share Exchange Subscribers”</b>	companies which have agreed pursuant to Share Exchange Subscription Agreements to subscribe for Ordinary Shares at the Share Exchange Issue Price, conditional on <i>inter alia</i> Admission, and to satisfy the subscription amounts by the issue or transfer of shares, securities or debt securities which are convertible into quoted equity securities in companies in the global natural resources sector to the Custodian on behalf of GRIT
<b>“Share Exchange Subscription Agreements”</b>	the subscription agreements dated variously between 13 November 2013 and 27 February 2014 and entered into between various Share Exchange Subscribers (1) and GRIT (2), further details of which are set out in paragraph 10.7 of Part V of this document
<b>“Share Exchange Subscription Price”</b>	the price of the shares, securities or debt securities which are convertible into quoted equity securities conditionally acquired by or allotted to GRIT by Share Exchange Subscribers pursuant to Share Exchange Subscription Agreements, further details of which are set out under the paragraph entitled ‘Share Exchange Valuation’ in Part III of this document
<b>“Share Exchange Valuation”</b>	the methodology for valuing the investments comprising the Initial Portfolio pursuant to the Exchange Subscription Agreements as set out in Part III
<b>“Shareholder”</b>	a holder of Ordinary Shares, as the context requires
<b>“Sponsor Agreement”</b>	the agreement between GRIT (1) the Investment Manager (2) the Directors (3) and Beaumont Cornish (4), a summary of which is set out in paragraph 10.5 of Part V of this document
<b>“Sterling” or “£”</b>	pounds sterling, being the lawful currency of the UK
<b>“Target NAV”</b>	at any calculation date the higher of the (a) NAV, and (b) the Benchmark, as at the preceding calculation date as increased by the

	Benchmark Hurdle Rate in respect of the period from the preceding calculation date to the relevant calculation date
<b>“Total Assets”</b>	the total asset value of GRIT, calculated in accordance with GRIT’s accounting policies
<b>“UK” and “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK Listing Authority” or “UKLA”</b>	the FCA in its capacity as the competent authority for the purposes of Part VII of FSMA
<b>“UK Stewardship Code”</b>	the UK Stewardship Code published by the UK Financial Reporting Council, the latest edition of which was published in September 2012
<b>“US Commodity Exchange Act”</b>	the United States Commodity Exchange Act of 1936, as amended
<b>“US Person”</b>	a citizen or resident of the United States, a corporation, partnership or other entity created or organised in or under the laws of the United States or any person: (i) falling within the definition of the term “United States Person” in Regulation S promulgated under the US Securities Act; or (ii) who is not a “Non-United States person” as that term is defined in Rule 4.7 promulgated under the US Commodity Exchange Act
<b>“US Securities Act”</b>	the United States Securities Act of 1933, as amended
<b>“VAT”</b>	value added tax
<b>“VWAP”</b>	volume-weighted average price
<b>“Warrantholders”</b>	holders of Warrants
<b>“Warrant Instrument”</b>	the warrant instrument executed by GRIT constituting the Warrants described in paragraph 10.9 of Part V
<b>“Warrants”</b>	warrants created pursuant to the Warrant Instrument to be issued by GRIT to subscribe for Ordinary Shares on the terms and conditions set out in the Warrant Instrument
<b>“Working Capital Period”</b>	12 months from the date of this document



