

**BLACKROCK**

**BlackRock Commodities  
Income Investment Trust plc**

Annual Report 30 November 2010

Registered No. 5612963

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# BlackRock Commodities Income Investment Trust plc

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

**aic**

The Association of  
Investment Companies

A MEMBER OF THE ASSOCIATION OF  
INVESTMENT COMPANIES

Details about the Company are available on the BlackRock Investment Management (UK) Limited website [www.blackrock.co.uk/its](http://www.blackrock.co.uk/its)

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# Performance Record

## Financial Highlights

	As at 30 November 2010	As at 30 November 2009	Change %
<b>Assets</b>			
Net assets (£'000)*	125,848	90,260	39.4
Net asset value per ordinary share	139.05p	120.63p	15.3
- with income reinvested	-	-	21.8
Ordinary share price (mid-market)	143.00p	119.75p	19.4
- with income reinvested	-	-	26.1
<b>Revenue</b>			
Net revenue after taxation (£'000)	4,480	4,230	5.9
Revenue return per ordinary share	5.85p	5.74p	1.9
<b>Interim dividends</b>			
1 <sup>st</sup> interim	1.375p	1.35p	1.9
2 <sup>nd</sup> interim	1.375p	1.35p	1.9
3 <sup>rd</sup> interim	1.375p	1.35p	1.9
4 <sup>th</sup> interim	1.475p	1.45p	1.7
	5.60p	5.50p	1.8
<b>Special dividends</b>			
1 <sup>st</sup> special	1.00p	-	100.0
2 <sup>nd</sup> special	0.52p	-	100.0
	1.52p	-	100.0
Total dividends paid and payable	7.12p	5.50p	29.5

\*The change in net assets reflects the additional £20 million raised through the C share issue £1 million raised through the sale of shares from treasury and market movements in the year

# Chairman's Statement

The year to 30 November 2010 was characterized by further positive performance for commodity markets within a volatile market environment

It is encouraging to report that the Company again performed well. The net asset value ("NAV") per share increased by 21.8% and the share price rose by 26.1%. Since the launch of the Company in December 2005 the NAV has increased by 76.1% and the share price by 77.2% (all percentages calculated in sterling terms with income reinvested)

Since the year end, the Company's NAV has increased by a further 11.6% and the share price by 13.1%

## Revenue return and dividends

Revenue return per share for the year was 5.85 pence (2009 5.74 pence). As set out in the Company's prospectus dated 22 November 2005, it is the Company's intention to pay four quarterly dividends, details of which are set out in note 8. It was the Company's aim to pay dividends amounting to at least 5.50 pence for the year ended 30 November 2010 and we are pleased to have exceeded this target by paying quarterly dividends amounting to 5.60 pence per share in total in respect of the year (2009 5.50 pence)

It is the Company's aim to pay dividends amounting to at least 5.60 pence per share for the year ending 30 November 2011. This is a target and should not be interpreted as a profit forecast. This represents a yield of 3.9% based on the share price as at the close of business on 30 November 2010.

The Board also determined to pay two special dividends during the year reflecting the accumulated revenue reserves at the time of the C share issue. These amounted to 1.52 pence in total.

## Share capital

### C Share issue

At a general meeting held on 28 September 2010, shareholders approved

- ▶ proposals for a placing and offer for subscription of C shares, and
- ▶ a continuation resolution

The placing and offer was proposed by the Board in response to demand from existing shareholders and potential new investors. The Board considered that it was an appropriate time to expand the Company's capital base.

Subscriptions for 1,383,545 and 18,616,455 C shares were received via the offer for subscription and placing respectively. On 30 September 2010, 20,000,000 C shares were admitted to the Official List and to trading on the London Stock Exchange. The C shares were converted into ordinary shares on 2 November 2010 at the rate of 0.7454 ordinary shares for every C share and 14,908,000 new ordinary shares were admitted to the Official List and to trading on the London Stock Exchange.

At the general meeting the Board also took the opportunity to propose that the Company continues as an investment company. The Continuation Resolution would otherwise have been proposed at the Annual General Meeting ("AGM") in 2011. The Company will now continue indefinitely and no such further resolution will be proposed automatically.

### Tender Offer

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

The Board announced on 21 June 2010 that it had decided not to proceed with the tender offer in August 2010.

On 9 December 2010 the Board announced that the semi-annual tender offer in February 2011 would not be implemented as its ordinary shares had traded at an average premium to NAV of 2% during the six months to 30 November 2010. Given that this is better than a discount of 2% to NAV, the price at which any tender offer would be made, the Board concluded that it would not be in the interests of shareholders to implement the tender offer as at 28 February 2011.

A resolution for the renewal of the Company's tender authorities will be put to shareholders at the forthcoming AGM.

### Discount and share buy backs

The Directors recognise the importance to investors of ensuring that any discount of the Company's share price to its underlying NAV is as small as possible. Accordingly, the Directors monitor the discount closely and will consider share repurchases in the market if the discount to NAV widens significantly.

The Directors have the authority from shareholders to buy back up to 14.99% of the Company's issued share capital. This authority, which has not so far been utilised, expires on the conclusion of the 2011 AGM, when a resolution will be put to shareholders to renew it.

**Gearing**

The Company operates a flexible gearing policy which depends on prevailing conditions. The maximum gearing used during the year was 4.3% and at 30 November 2010 the Company was not geared.

**AGM**

The AGM will be held at 10.30 a.m. on Tuesday 15 March 2011 at the offices of BlackRock at 33 King William Street, London EC4R 9AS. Following the AGM there will be a presentation by Richard Davis, the Portfolio Manager, on the outlook for the year ahead. All shareholders are encouraged to attend.

**Outlook**

We are a little cautious about the near term outlook for commodity markets as western economies recover from the financial crisis. Longer term, our positive outlook on the sector continues unchanged.

Alan Hodson  
Chairman  
20 January 2011



# Investment Manager's Report

The Investment Manager is pleased to report that for the year to 30 November 2010, the Company's NAV increased by 21.8% and the share price rose by 26.1%. Over the same period, the HSBC Global Mining and MSCI World Energy indices gained 25.2% and 9.0% respectively, while the FTSE All Share Index was up 11.5% (All data are in sterling with income reinvested)

## Commodity market overview

"Two steps forward, one step back" is the phrase that best describes this twelve month period in the commodity markets. The year started strongly, adding to the strong returns made in 2009. Global demand was showing signs of improvement while investors' fears of a double-dip recession were receding. The markets then suffered a sharp decline from their mid-April peaks as investors fretted about the Eurozone debt crisis and the implications of austerity measures on longer term consumption growth. By June, base metals had retreated 22% (all data in sterling terms, capital only unless otherwise stated) while oil had fallen from US\$87/Bbl to US\$67/Bbl. The market turned positive once again as the fundamentals showed ongoing signs of improvement. Consumption growth, for example, was well above trend for many commodities. The move was aided when the US Federal Reserve announced a further round of quantitative easing, earmarking an additional US\$600 billion worth of liquidity. From their summer lows, the MG Base Metals Price Index and oil had rallied 23% and 17% respectively, while mining and energy shares were respectively up 31% and 19% off their lows.

Commodity	30 November 2009	30 November 2010	% Change
<b>Base Metals (US\$/tonne)</b>			
Aluminium	2,029	2,255	11.1
Copper	6,903	8,418	21.9
Lead	2,316	2,214	-4.4
Nickel	16,335	22,998	40.8
Tin	15,183	24,497	61.3
Zinc	2,293	2,105	-8.2
<b>Precious Metals (US\$/oz)</b>			
Gold	1,177.7	1,358.2	17.6
Silver (US\$/oz)	1,814.0	2,713.0	49.6
Platinum	1,442.0	1,658.0	15.0
Palladium	360.5	697.0	93.3
<b>Energy</b>			
Oil (WTI) (US\$/Bbl) <sup>1</sup>	77.28	84.1	8.8
Natural Gas (US\$/MMBTU) <sup>2</sup>	4.40	4.15	-5.8
Uranium (US\$/lb) <sup>3</sup>	43.0	59.9	39.3
<b>Bulk Commodities (US\$/tonne)</b>			
Iron ore <sup>4</sup>	101.6	167.8	65.2
Coking coal <sup>5</sup>	162.5	228.0	40.3
Thermal coal <sup>6</sup>	81.0	108.5	34.0
Potash (US\$/st) <sup>7</sup>	467.0	473.0	1.3
<b>Equity Indices</b>			
HSBC Global Mining Index (US\$)	583.1	682.5	17.0
HSBC Global Mining Index (£)	355.3	438.2	23.3
MSCI World Energy Index (US\$)	221.0	222.6	0.7
MSCI World Energy Index (£)	134.7	142.9	6.1

<sup>1</sup> West Texas Intermediate

<sup>2</sup> Henry Hub

<sup>3</sup> Nuexco Restricted U3O8

<sup>4</sup> CFR China (Bloomberg)

<sup>5</sup> HCC CFR China (Macquarie)

<sup>6</sup> FOB Newcastle (Macquarie)

<sup>7</sup> Standard Muriate Saskatchewan

Source: Datastream. Data are on a capital basis only.

Another issue, specific to the Australian mining sector, which negatively impacted equity valuations was the proposed introduction of a Resource Super Profits Tax ("RSPT"). This followed an extensive review of the tax system, led by Ken Henry of the Treasury Department, which was initiated by the Australian government in 2008. The new tax structure included a 40% tax on EBIT (earnings before interest and tax) to be levied in addition to existing royalties and corporation taxes, thereby lifting the effective tax rate of the mining industry from around 43% to around 57%. Not surprisingly companies that operate in Australia, including Rio Tinto and BHP Billiton, strongly opposed the proposal.

On 24 June, in an historic moment for Australia, Prime Minister Kevin Rudd stepped down and was replaced by Julia Gillard. This was seen as a positive development for the mining sector as Ms Gillard had always been an advocate of consultation with the industry. In July, it was then announced that the new tax had been radically altered in favour of the mining sector. The renamed Mineral Resources Rent Tax (MRRT) is less onerous on the producers and now only applies to iron

ore and coal extraction. The MRRT is not set in stone – the government will now undertake further industry consultation. The government plans to draw up draft legislation by mid 2011 with the changes introduced in July 2012.

Looking at the individual commodities, the base metals were a mixed bag. The chart above shows the performance of base metal prices and mining equities over the past year. Tin and nickel were the strongest performers during the period. The nickel market has been underpinned by strong stainless steel demand and disrupted supply. While copper demand is set to grow by 10% in 2010, the fact that prices have risen to US\$4/lb is largely a (lack of new) supply-side story. With falling head grades and few big projects coming into production, mine supply growth is insufficient to feed the demand from smelters and refiners. Meanwhile, London Metal Exchange (“LME”) copper inventories have been steadily declining all year. Aluminium has enjoyed double digit consumption growth this year, as sectors such as transport, construction and packaging, all sensitive to economic activity, post decent year-on-year growth numbers. LME inventory levels in aluminium have recently been in decline, albeit from record levels. The charts below show the trend in copper and aluminium LME inventories.

Zinc has been the worst performing base metal. Fundamentals remain poor, with a supply-side surplus resulting in a steady accumulation of metal inventory. The price of lead has fallen for similar reasons, although its fundamentals are not quite as poor. In the bulk commodity markets, iron ore prices have been driven by growth in Chinese steel production. One of the features of the bulk commodity market this year has been the move by producers away from the traditional annual contracts towards shorter term pricing systems.

In the precious metals sector, the strong uptrend in gold continued during the period with the metal reaching a new all-time high of US\$1,409/oz in November. The chart above shows the performance of gold and platinum prices. The key driver remains investment demand, which itself has been fuelled by several factors including the debt crisis in the Eurozone and a general loss of faith in fiat currencies. 2010 will be the ninth consecutive year of higher prices for the yellow metal. Platinum prices made modest gains on the back of a recovery in demand from the auto sector. Palladium has significantly outperformed platinum amid persistent rumours that the Russian stockpile has been depleted. Palladium demand has also benefitted from the rebound in the auto sector.

## Investment Manager's Report continued

### Portfolio review

At 30 November 2010, the portfolio held 55 investments in companies within the mining and energy sectors. The Investment Manager's investment philosophy is unchanged. These companies have quality assets and are highly profitable at current commodity prices. The portfolio remains well diversified from a geographic and commodity perspective. Around 43% of net investments are invested in integrated oil and diversified mining companies, which themselves provide good geographic and commodity diversification. A full breakdown of the Company's geographic and commodity allocation can be seen in the following charts.

Oil prices made modest gains on signs of improvement in the global economy. Towards the latter part of the period, weakness in the US dollar pushed oil above the US\$60-80/Bbl trading range. Gas prices fell during the period. Strong supply growth from unconventional sources such as shale gas has pushed North American gas prices lower. The chart above shows the performance of oil prices and energy equities.

In the energy sector, the newsflow has been dominated by the oil spill in the Gulf of Mexico. In April 2010, a tragic explosion on the Deepwater Horizon rig resulted in a leak of oil from the Macondo well. BP is the operator of the well, while Anadarko owns a 25% non-operating position. The other companies involved in the incident include Mitsui (owner of a 10% interest in the well), Transocean (the deepwater driller), Cameron International (the supplier of the blowout preventer that failed to contain the leak) and Halliburton (responsible for cementing the well). Finally in September, after intense media scrutiny and the resignation of the chief executive, BP announced the successful intercept and cementing of the Macondo Well. The episode's longer term implications on deepwater drilling remain uncertain.

The Company's most significant exposure to the oil spill is through its position in Anadarko. The Company also had a position in BP, although we did reduce our holding in the stock following the incident. There is no exposure to Transocean, Cameron International or Halliburton.

In terms of corporate activity, the highlight was BHP Billiton's bid for Potash Corporation of Saskatchewan. Potash Corp is, by capacity, the world's largest fertiliser company. The acquisition would diversify BHP's book of business and give them exposure to a 'tier one' potash asset base. BHP's bid was, however, blocked by the Canadian government, prompting BHP to launch a share buy-back programme instead. Elsewhere, Exxon completed its acquisition of XTO Energy and Vedanta Resources bid for Cairn Energy's stake in Cairn India.

## Outlook

Long term commodity market fundamentals are positive. Demand growth for most commodities, driven by economic development in emerging economies is likely to exceed supply growth. Commodity prices will trend higher as a result. Near term, we remain reasonably cautious. Inventory levels in some commodities are above average, while global demand is below average. Nevertheless, commodity producers are generally in good financial shape and have the ability to increase cash returns to shareholders in 2011. The Investment Manager will continue to focus on companies with quality assets that are in production. We view any pullback in the market as a good buying opportunity.

Richard Davis  
20 January 2011

# Ten Largest Investments

30 November 2010

**BHP Billiton – 4.5% (2009 5.4%, [www.bhpbilliton.com](http://www.bhpbilliton.com))** is the world's largest diversified natural resources company, formed in 2001 following the merger of UK's Billiton and Australia's BHP. The company is a major producer of aluminium, iron ore, copper, thermal and metallurgical coal, manganese, uranium, nickel, silver and titanium minerals. The company also has significant interests in oil, gas, liquefied natural gas and diamonds.

**Freeport McMoRan Copper & Gold – 4.4% (2009 5.7%, [www.fcx.com](http://www.fcx.com))** following the acquisition of Phelps Dodge in 2007, Freeport became the world's largest publicly traded copper company. The company's assets include the Grasberg mine in Indonesia, the world's largest copper and gold mine. The company also operates copper mines in the US, Chile and Peru. The Company has positions in Freeport's equity and bond.

**Anadarko Petroleum – 4.3% (2009 3.2%, [www.anadarko.com](http://www.anadarko.com))** is one of the largest independent oil and gas E&P (Exploration & Production) companies in the world. The company assets include 10 major onshore US natural gas plays. Anadarko is the largest independent producer in the deepwater Gulf of Mexico. The company also operates in Alaska, Algeria, Brazil, China, Ghana, Indonesia and Mozambique.

**Total – 4.1% (2009 3.3%, [www.total.com](http://www.total.com))** based in France, Total is one of the world's largest international oil and gas companies with operations covering the entire energy chain, from oil exploration and production to trading, shipping and refining and marketing of petroleum products.

**ExxonMobil – 3.9% (2009 2.7%, [www.exxonmobil.com](http://www.exxonmobil.com))** is the world's largest publicly traded international oil and gas company and the largest refiner and marketer of petroleum products.

**Kumba Iron Ore – 3.8% (2009 3.3%, [www.kumba.co.za](http://www.kumba.co.za))** is the world's fourth largest supplier of sea-borne iron ore. Based in South Africa, the company accounts for over 80% of the country's iron ore production, most of which is exported to Europe and Asia. Anglo American plc owns 65% of the outstanding shares in Kumba.

**Occidental Petroleum – 3.5% (2009 2.6%, [www.oxy.com](http://www.oxy.com))** is the fourth largest US exploration and production company engaging in oil and gas exploration, production, transportation and marketing. It operates in three core regions of the world: the US, Middle East/North Africa and Latin America. The company is also a major producer of a variety of chemicals, petrochemicals, polymers and plastics.

**Vale – 3.4% (2009 6.0%, [www.vale.com](http://www.vale.com))** based in Brazil, the company is the second largest mining company in the world and the largest producer of iron ore. The company has significant interests in other commodities including aluminium, coal, copper and gold. Since the 2006 acquisition of Inco, Vale is also a leading producer of nickel. In addition to its mining interests, Vale owns and operates transport infrastructure.

**Rio Tinto – 3.4% (2009 4.1%, [www.riotinto.com](http://www.riotinto.com))** is one of the world's leading mining companies. The company produces aluminium, copper, diamonds, gold, industrial minerals, iron ore and energy products.

**Schlumberger – 3.1% (2009 1.6%, [www.slb.com](http://www.slb.com))** is the world's leading oilfield services company supplying technology, information solutions and integrated project management to the oil and gas industry.

All percentages reflect the value of the holding as a percentage of total investments.

# Investments

as at 30 November 2010

	Main geographic exposure	Market value £ 000	% of investments
<b>Integrated Oil</b>			
Total	Global	5,146	4.1
ExxonMobil	Global	4,870	3.9
Occidental Petroleum	USA	4,473	3.5
Statoil	Europe	3,437	2.7
Chevron	Global	2,912	2.3
Conocophillips	USA	2,666	2.1
Eni	Europe	2,588	2.0
BP	Global	2,436	1.9
Repsol	Europe	2,018	1.6
Marathon Oil	USA	1,482	1.2
Hess	USA	1,124	0.9
		<b>33,152</b>	<b>26.2</b>
<b>Diversified</b>			
BHP Billiton	Global	5,690	4.5
Vale <sup>1</sup>	Latin America	4,372	3.4
Rio Tinto	Global	3,505	2.8
Teck Resources	Canada	1,986	1.6
Teck Resources 10.75% 15/05/19	Canada	1,669	1.3
Xstrata	Global	1,615	1.3
Vedanta Resources	Asia	794	0.6
Rio Tinto Finance 8.95% 01/05/14	Global	786	0.6
Sterlite Industries	Asia	645	0.5
Vale call option 22/01/11	Latin America	(27)	0.0
Vedanta Resources put option 18/03/11	Asia	(59)	0.0
Teck Resources put option 22/01/11	Canada	(74)	(0.1)
		<b>20,902</b>	<b>16.5</b>
<b>Exploration &amp; Production</b>			
Anadarko Petroleum	USA	5,438	4.3
Peyto Energy Trust	Canada	3,212	2.5
Niko Resources	Asia	2,794	2.2
Crescent Point Energy Trust Units	Canada	2,344	1.9
Vermillion Energy	Canada	1,828	1.5
Nexen	Canada	1,666	1.3
Denbury Resources	USA	1,050	0.8
Encana	Canada	976	0.8
Anadarko Petroleum call option 22/01/11	USA	(49)	(0.0)
		<b>19,259</b>	<b>15.3</b>

## Investments continued

as at 30 November 2010

	Main geographic exposure	Market value £'000	% of investments
<b>Copper</b>			
Freeport McMoRan Copper & Gold*	Asia	5,528	4.4
Southern Copper	Latin America	3,904	3.1
Norddeutsche Affinerie	Europe	1,875	1.5
Katanga Mining 14% S/Nts 30/11/13	Africa	694	0.5
Southern Copper call option 46 22/01/11	Latin America	(19)	(0.0)
Southern Copper call option 45 22/01/11	Latin America	(25)	(0.0)
		<b>11,957</b>	<b>9.5</b>
<b>Coal</b>			
Coal & Allied	Australia	2,360	1.9
Straits Asia Resources	Asia	2,330	1.8
China Shenhua Energy	China	1,925	1.5
		<b>6,615</b>	<b>5.2</b>
<b>Oil Services</b>			
Schlumberger	USA	3,921	3.1
SBM Offshore	Europe	1,053	0.8
Precision Drilling Trust	Canada	549	0.5
		<b>5,523</b>	<b>4.4</b>
<b>Fertilizers</b>			
Potash Corporation of Saskatchewan	Canada	2,537	2.0
Agrium	USA	2,163	1.7
Mosaic	Canada	347	0.2
Potash Corporation of Saskatchewan call option 22/01/11	Canada	(47)	(0.0)
		<b>5,000</b>	<b>3.9</b>
<b>Iron Ore</b>			
Kumba Iron Ore	South Africa	4,748	3.8
		<b>4,748</b>	<b>3.8</b>
<b>Aluminium</b>			
Alcoa	USA	2,435	1.9
Alumina	Australia	1,768	1.4
		<b>4,203</b>	<b>3.3</b>
<b>Nickel</b>			
International Nickel Indonesia	Asia	1,908	1.5
Eramet	Europe	774	0.6
		<b>2,682</b>	<b>2.1</b>

	Main geographic exposure	Market value £'000	% of investments
<b>Gold</b>			
Petropavlovsk	Russia	935	0.8
Kinross	Canada	782	0.6
IAMGOLD	Africa	736	0.6
High River Gold 8% Convertible Bonds 31/12/11*	Africa	344	0.3
IAMGOLD put option 22/01/11	Africa	(82)	(0.1)
Kinross put option 22/01/11	Canada	(84)	(0.1)
		<b>2,631</b>	<b>2.1</b>
<b>Zinc</b>			
Nyrstar	Europe	2,266	1.8
		<b>2,266</b>	<b>1.8</b>
<b>Platinum</b>			
Impala Platinum	South Africa	2,236	1.8
		<b>2,236</b>	<b>1.8</b>
<b>Tin</b>			
Minsur	Latin America	2,233	1.8
		<b>2,233</b>	<b>1.8</b>
<b>Distribution</b>			
Enbridge Income Fund Trust	Canada	1,844	1.5
		<b>1,844</b>	<b>1.5</b>
<b>Oil Sands</b>			
Cenovus Energy	Canada	1,034	0.8
		<b>1,034</b>	<b>0.8</b>
<b>Total investments</b>		<b>126,285</b>	<b>100.0</b>
† Ordinary and preference shares			
* Unquoted investments at Directors' valuation			

All investments are in equity shares unless otherwise stated. The total number of holdings as at 30 November 2010 was 55 (2009: 49).

The total number of open options as at 30 November 2010 was 9 (2009: 10).

The negative valuations of £466,000 in respect of options held represent the notional cost of repurchasing the contracts at market prices as at 30 November 2010.

## Directors

**Alan Hodson\*** (appointed 4 November 2005)  
(Chairman)

joined SG Warburg (subsequently UBS) in 1984, rising to Global Head of Equities, a member of the Executive Committee of UBS Investment Bank and of the UBS AG Group Managing Board until his retirement in June 2005. He is a trustee of the Roundhouse Trust, a trustee of the Funding Network, chairman of Great Ormond Street Hospital Children's Charity special trustees and a member of the Norges Bank Investment Management Advisory Board.

**David Gibbs\*** (appointed 4 November 2005)

is a director of J O Hambro Investment Management where he is responsible for their fixed income and cash related investment business. He was formerly a managing director of Salomon Brothers and Citigroup in the Global Corporate and Investment Banking division.

**Humphrey van der Klugt\*** (appointed 4 November 2005)

was previously a director of Schroder Investment Management Limited. In a 22 year career until his retirement in 2004, he was a member of the Group Investment and Asset Allocation Committees. Prior to joining Schrodgers, Mr van der Klugt qualified as a chartered accountant with KPMG. He is currently a non-executive director of Murray Income Trust plc, JPMorgan Claverhouse Investment Trust Plc and Fidelity European Values PLC, of which he is Chairman. He is also a member of the Investment Committee of St John Ambulance. Mr van der Klugt is Chairman of the Company's Audit & Management Engagement Committee.

**Michael Merton\*** (appointed 13 July 2010)

was previously Head of Global Business Services at Rio Tinto and a member of its Executive Committee. Mr Merton has considerable experience in the commodities sector. Until 2009 he was a non-executive director of Quadrem International. He is a non-executive director of Cape plc, a trustee of the HALO Trust and the Rio Tinto Pension Fund, and will become Chairman of the J Sainsbury Pension Scheme on 1 March 2011.

**Jonathan Ruck Keene** (appointed 13 March 2009)

is a managing director of BlackRock Investment Management (UK) Limited with over 30 years' experience in the financial sector. He joined the BlackRock group in 1986 through one of its predecessor companies, Mercury Asset Management, where he was a portfolio manager until 1997. Following senior management roles in communications and marketing, he was appointed to his current position as head of Investment Companies in 2004. He is also a director of BlackRock Absolute Return Strategies Ltd, The Great Turk Fund and BlackRock Hedge Selector Ltd.

\* Member of the Audit and Management Engagement Committee

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

# Directors' Report

The Directors present the annual report and financial statements of the Company and its subsidiary for the year ended 30 November 2010

## Business Review

### Principal activity

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

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

### Status of the Company

In the opinion of the Directors, the Company has conducted its affairs during the year under review, and subsequently, so as to qualify as an investment trust for the purposes of Chapter 4 of Part 24 of the Corporation Tax Act 2010. The last accounting period for which the Company has been treated as approved as an investment trust by HM Revenue & Customs was for the year ended 30 November 2009. It is the Company's intention to continue to seek approval under Chapter 4 of Part 24 of the Corporation Tax Act 2010.

The Company is registered as an investment company as defined in section 833 of the Companies Act 2006 and operates as such.

The Company is not a close company within the meaning of the provisions of the Corporation Tax Act 2010 and has no employees.

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

### Continuation of the Company

At the general meeting of the Company held on 28 September 2010, shareholders voted in favour of the continuation of the Company as an investment company. The continuation resolution would otherwise have been proposed at the annual general meeting in 2011. The Company will now continue indefinitely and no such further resolutions will be proposed automatically.

### Investment policy

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

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

There are no restrictions on investment in terms of geography or sub-sector and, in addition to equities, other types of securities, such as convertible bonds and debt issued primarily by mining or energy companies, may be acquired. Although most securities will be quoted, listed or traded on an investment exchange, up to 10% of the gross assets of the Company and its subsidiary ("the Group"), at the time of investment, may be invested in unquoted securities.

Investment in securities may be either direct or through other funds, including other funds managed by BlackRock Investment Management (UK) Limited ("BlackRock") or its associates, with up to 15% of the portfolio being invested in other listed investment companies, including listed investment trusts.

Up to 10% of the gross assets of the Group, at the time of investment, may be invested in physical assets, such as gold.

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

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

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

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

No material change will be made to the investment policy without the approval of shareholders by ordinary resolution.

### Portfolio analysis

A detailed analysis of the portfolio has been provided on pages 11 to 13.

### Performance

In the year to 30 November 2010, the Company's NAV per share increased by 21.8% and the share price by 26.1%, (both percentages calculated in sterling terms with income reinvested).

The Investment Manager's report on pages 6 to 9 includes a review of the main developments during the year, together with information on investment activity within the Company's portfolio.

### Results and dividends

The results for the Group are set out in the Consolidated Statement of Comprehensive Income on page 30. The total return for the year, after

## Directors' Report continued

taxation, was £20,258,000 (2009 £33,821,000) of which the revenue return amounted to £4,480,000 (2009 £4,230,000), and the capital return £15,778,000 (2009 £29,591,000)

It is the Company's objective to pay dividends quarterly and for the year ended 30 November 2010 it was the Company's aim to pay dividends amounting to at least 5.50 pence in total (2009 target of 5.40 pence). The first three quarters' dividends of 1.375p per share were paid on 23 April 2010, 23 July 2010 and 22 October 2010. A fourth quarterly dividend of 1.475 pence per share will be paid on 21 January 2011 to shareholders on the register of members at the close of business on 24 December 2010. This makes a total of 5.60 pence per share which exceeds the target for the year of 5.50 pence per share.

The Board also determined to pay two special dividends during the year reflecting the accumulated revenue reserves at the time of the C share issue. These amounted to 1.52 pence in total.

It is the Company's aim to pay dividends amounting to at least 5.60 pence per share for the year ending 30 November 2011. This represents a yield of 3.9% based on the share price as at close of business on 30 November 2010.

### Key performance indicators

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

	Year ended 30 November 2010	Year ended 30 November 2009
Net asset value movement <sup>1</sup>	21.8%	59.4%
Share price movement <sup>2</sup>	26.1%	74.9%
Premium/(discount) to NAV	2.8%	(0.7%)
Revenue return per share	5.9p	5.7p
Total expense ratio <sup>3</sup>	0.9%	1.1%

<sup>1</sup> Calculated in accordance with Association of Investment Companies ("AIC") guidelines

<sup>2</sup> Calculated on a mid to mid basis with income reinvested

<sup>3</sup> Operating expenses (excluding interest costs after relief for taxation) as a % of average net assets

The Board monitors the above KPIs at each meeting. Additionally, it regularly reviews a number of indices and ratios in order to understand the impact on the Company's relative performance of the various components such as asset allocation and stock selection. The Board also assesses the Company's performance against its peer group of investment trusts with similar investment objectives.

The Directors recognise that it is in the long term interests of shareholders that shares do not trade at a significant discount or premium to their prevailing NAV. The Board continues to believe this may be achieved through the use of share issues and the sale of shares from treasury, regular tender offers and the use of share buyback powers. In the year to 30 November 2010, the Company's

shares traded in the range of a discount of 5.8% and a premium of 6.9% with the average being a premium of 1.2%.

To enable the Board to take action to deal with any overhang or shortage of stock on the market, it seeks approval from shareholders each year to buyback and issue shares. The Board is mindful of the level of any discount to NAV and will act when it feels that it is in the interests of shareholders to do so.

### Principal risks

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

- ▶ **Performance risk** – The Board is responsible for deciding the investment policy to fulfil the Company's objectives and monitoring the performance of the Investment Manager. An inappropriate strategy may lead to poor performance. To manage this risk the Investment Manager provides an explanation of significant stock selection decisions and the rationale for the composition of the investment portfolio. The Board monitors and maintains an adequate spread of investments in order to minimise the risks associated with particular countries (including the risk of government intervention and confiscation of assets) or factors specific to particular sectors, based on the diversification requirements inherent in the Company's investment policy.
- ▶ **Income/dividend risk** – The amount of dividends and future dividend growth will depend on the Company's underlying portfolio. Any change in the tax treatment of the dividends or interest received by the Company (including as a result of withholding taxes or exchange controls imposed by jurisdictions in which the Company invests) may reduce the level of dividends received by shareholders. The Board monitors this risk through the receipt of detailed income forecasts and considers the level of income at each meeting.
- ▶ **Regulatory risk** – The Company operates as an investment trust in accordance with the requirements of Chapter 4 of Part 24 of the Corporation Tax Act 2010. As such, the Company is exempt from capital gains tax on the profits realised from the sale of its investments. The Investment Manager monitors investment movements, the level and type of forecast income and expenditure and the amount of quarterly dividends to ensure that the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 are not breached and the results are reported to the Board at each meeting.
- ▶ **Operational risk** – In common with most other investment trust companies, the Company has no employees. The Company therefore relies upon the services provided by third parties and is dependent on the control systems of the Investment Manager and the Company's other service providers. The security, for example, of the Company's assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements, depend on the effective operation of these systems. These are regularly

tested and monitored and an internal control report, which includes an assessment of risks together with procedures to mitigate such risks, is prepared by the Investment Manager and reviewed by the Audit and Management Engagement Committee at least twice a year. The custodian, Bank of New York Mellon ("BNYM") and the Investment Manager also produce annual internal controls reports which are reviewed by their respective auditors and give assurance regarding the effective operation of controls.

- ▶ **Market risk** – Market risk arises from volatility in the prices of the Company's investments. It represents the potential loss the Company might suffer through holding investments in the face of negative market movements. The Board considers asset allocation, stock selection, unquoted investments and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager. The Board monitors the implementation and results of the investment process with the Investment Manager.
- ▶ **Financial risks** – The Company's investment activities expose it to a variety of financial risks that include foreign currency risk and interest rate risk. In addition, it should be noted that investments in the Company's portfolio are subject to liquidity risk, particularly any unquoted investments. This is taken into consideration by the Directors when determining the valuation of unquoted holdings. Further details are disclosed in note 19, together with a summary of the policies for managing these risks and liquidity and credit risks.

#### **Social and community issues**

As an investment trust, the Company has no direct social or community responsibilities. However, the Company believes that it is in shareholders' interests to consider environmental, social and governance factors when selecting and retaining investments. Details of the Company's policy on socially responsible investments are set out on page 27.

#### **Future prospects**

The Board's main focus is the achievement of an annual dividend target together with the generation of long term capital growth. The future of the Company is dependent upon the success of the investment strategy. The outlook for the Company is discussed in the Investment Manager's report on page 9.

#### **Investment management and administration**

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

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

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

BlackRock is a subsidiary of BlackRock, Inc. which is a publicly traded corporation on the New York Stock Exchange operating as an independent firm. The Bank of America Corporation, The PNC Financial Services Corporation, Inc and Barclays PLC each has a significant economic interest in BlackRock, Inc. PNC Financial Services Corporation, Inc and Bank of America Corporation are both US public companies.

BNYM is the custodian of the Company's assets. BNYM receives a fee payable at rates dependent on the number of trades effected and the location of securities held. The custodian agreement is subject to 30 days' notice by either party.

#### **Appointment of the Investment Manager**

The Board has concluded that it is in the interests of shareholders as a whole that BlackRock should continue as Investment Manager of the Company on the terms set out in the management agreement dated 21 November 2005. The Board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis and a formal review is conducted annually.

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

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

#### **Change of control**

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

#### **Voting policy**

The exercise of voting rights attached to shares in the Company's portfolio has been delegated to the Investment Manager, whose voting policy states:

- ▶ we intend to vote at all shareholder meetings of companies in which our clients are invested. In cases where there are significant obstacles to voting such as share-blocking or requirements for a power of attorney we will review the resolutions to assess the extent of the restrictions on voting against the potential benefits,

## Directors' Report continued

- ▶ we will vote in favour of proposals which we expect to enhance shareholder value, and on routine issues where we are supportive of a company's management,
- ▶ we will vote against proposals which we believe may damage shareholders' rights or economic interests,
- ▶ we will abstain on proposals where we wish to indicate to the company issues over which we have some concerns, and
- ▶ In all situations the economic interests of our clients will be paramount

### Going concern

The financial statements of the Company and the Group have been prepared on a going concern basis. The Directors believe that this is the appropriate basis as forecast projections and actual performance are reviewed on a regular basis throughout the year and the Company has adequate resources to continue in operational existence for the foreseeable future and is financially sound. The Company is able to meet all of its liabilities from its assets and the ongoing expenses are approximately 0.9% of the net assets.

### Directors

The Directors of the Company on 30 November 2010 are set out in the table below together with their interests in the ordinary shares of the Company. All of the Directors, except as disclosed below, held office throughout the year under review.

	30 November 2010	30 November 2009
A C Hodson	150,000	150,000
D A S Gibbs	22,454	15,000
M R Merton*	-	n/a
J G Ruck Keene	14,000	14,000
H van der Klugt	28,727	25,000

Mr Merton was appointed as a Director on 13 July 2010

All of the holdings of the Directors and their families are beneficial. No changes to these holdings had been notified up to the date of this report.

Mr Merton, having been appointed to the Board since the last AGM, is subject to election by shareholders at the forthcoming AGM. In accordance with the Company's Articles of Association, one-third of the Directors will also retire from office and offer themselves for re-election. In addition, any Director who was a Director at the preceding two AGMs and who has not retired in the interim, will offer himself for re-election so that each Director is re-elected every three years. At the AGM in 2011, Mr Hodson will retire by rotation and, being eligible, offer himself for re-election. Additionally, in accordance with the UK Listing Authority's Listing Rules, as an employee of the Investment Manager, Mr Ruck Keene is subject to annual re-election.

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

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

Biographies of the Directors are detailed on page 14.

### Directors' Indemnity

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

### Conflicts of Interest

The Company changed its Articles of Association in 2008 to reflect the codification of certain directors' duties arising from the Companies Act 2006 (the "Act") and in particular the duty for Directors to avoid conflicts of interest which became effective on 1 October 2008.

The Board has put in place a framework in order for Directors to report conflicts of interest, or potential conflicts of interest. The Directors are required to notify the Company Secretary of any situations, or potential situations where they consider that they have or may have a direct or indirect interest or duty that conflicted or possibly conflicted with the interests of the Company.

All existing situations were duly authorised by the Board prior to 1 October 2008 and all new situations, or changes to previously reported situations are reviewed on an individual basis and reviewed annually. Directors are also reminded at each meeting that there remains a continuing obligation to notify the Company Secretary of any new situations that may arise or any changes that may occur to a previously notified situation.

It is the Board's intention to continue to review all existing situations on an annual basis.

### Articles of Association

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

### Directors' Remuneration Report

The Directors' Remuneration Report is set out on pages 22 and 23. An ordinary resolution to approve this report will be put to members at the 2011 AGM. No person's entitlement to remuneration is conditional upon the resolution being approved.

### Substantial share interests

As at 6 January 2011, the Company had received notification in accordance with the FSA's Disclosure and Transparency Rule 5.1.2.R of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital

	Number of Ordinary Shares	% of Issued Share Capital
Rensburg Sheppards Investment Management Limited	7,753,113	8.57%
BlackRock, Inc	5,712,953	6.31%
Rathbone Investment Management Limited	4,478,753	4.95%
Reliance Mutual Insurance Society Limited	3,750,000	4.14%
Legal & General Group Plc	2,984,614	3.30%

The Board is also aware that 2.1% of the Company's share capital is held through the BlackRock Investment Trusts Savings Plan and ISA

No other shareholder has notified an interest of 3% or more in the Company's shares up to 6 January 2011

### Derivative transactions

During the year the Group entered into a number of derivative option contracts generating option premium income of £2,183,000 (2009 £2,466,000). 9 contracts remained open at 30 November 2010, details of which are given in the investment listing on pages 11 to 13. All open call options were fully covered.

### Donations

The Company made no political or charitable donations during the year.

### Payment of suppliers

It is the policy of the Group to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. Suppliers of goods and services are generally paid within 30 days of the date of any invoice. At 30 November 2010 the Company had no trade creditors.

### Share capital and share issues

Full details of the Company's issued ordinary shares and voting rights are given in note 15 on page 42. Details of the voting rights in the Company's shares as at the date of this report are also given in note 16 to the Notice of Annual General Meeting on page 59. The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. There are no restrictions on the voting rights or on the transfer of the ordinary shares. There are no shares which carry specific rights with regard to the control of the Company.

The Directors consider that it is in the interests of shareholders as a whole that the price of the ordinary shares reflects, as closely as possible, the NAV per share. The Directors will consider the issue at a premium or repurchase at a discount of ordinary shares to correct any

supply/demand imbalance in the market. Any such issues or repurchases will enhance the net asset value for continuing shareholders.

During the year 774,338 ordinary shares were sold from treasury at an average price of 132p per share for a total consideration of £1,028,000 net of issue costs (2009 3,015,000 ordinary shares were sold from treasury for a consideration of £2,864,000). There are no shares currently held in treasury (2009 774,338).

### C Shares

During the year the Company issued 14,908,000 ordinary shares following the conversion of existing C shares into ordinary shares. The C shares were issued through a placing and offer for subscription and 20,000,000 C shares were admitted to the Official List and to trading on the London Stock Exchange on 30 September 2010 at 100p per C share and were converted into ordinary shares on 2 November 2010 at a rate of 0.7454 ordinary shares for every C share held.

The number of ordinary shares in issue at the year end was 90,508,000 (2009 75,600,000 (including 774,338 treasury shares)). There are no C shares in issue and there are no shares held in treasury.

### Tender offers

The Board concluded that it would not exercise its discretion to operate the half yearly tender offers in August 2010 and February 2011.

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

### Share repurchases

The authority to purchase ordinary shares for cancellation on completion of the purchase, or to be held, sold, transferred or dealt with as treasury shares, was granted to Directors on 16 March 2010 and will expire on the conclusion of the AGM in 2011. The Directors are proposing that their authority to buyback shares be renewed at the forthcoming AGM.

No shares were purchased for cancellation or to be held in treasury during the year. The Directors considered that it was unnecessary to buy back any of the Company's shares as there was demand for them in the market. During the year the shares traded at an average premium of 1.2%.

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

### Treasury shares

The Board has determined that up to 10% of the issued shares of the Company may be held in treasury and may be subsequently cancelled or sold for cash in the market. Treasury shares will only be reissued at

# Directors' Report continued

prices at or above the prevailing NAV per share thereby giving the Company the ability to reissue shares quickly and cost effectively, improving liquidity and providing the Company with additional flexibility in the management of its capital base. It also ensures a positive overall effect for shareholders when shares are bought back at a discount and then sold at a price at or above the NAV per share.

At the 2010 AGM, the Company was authorised to repurchase its own shares to be held in treasury for reissue or cancellation at a future date. Resolutions to renew the authority to reissue shares from treasury will again be put to shareholders at the AGM in 2011. Both the repurchase of shares and the use of treasury shares should assist the Investment Manager in the objective of providing a discount management mechanism and enhancing the NAV of the Company's shares. This will provide the Directors with additional flexibility to manage the Company's investment portfolio.

## Annual General Meeting

The following information to be discussed at the AGM in 2011 is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended).

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

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

### Resolution 8 Authority to allot shares

This resolution empowers the Directors to allot shares, as defined in section 551 of the Companies Act 2006, up to an aggregate nominal amount of £90,508 per annum which is equivalent to 90,508,000 ordinary shares of 1p each and 10% of the Company's issued ordinary share capital as at the date of the Notice of the AGM.

This authority will expire at the conclusion of the AGM to be held in 2012 unless renewed prior to that date.

### Resolution 9 Authority to disapply pre-exemption rights

By law, Directors require specific authority from shareholders before allotting new shares for cash without first offering them to existing shareholders in proportion to their holdings. Resolution 9 empowers the Directors to allot new shares for cash or to sell shares held by the Company in treasury, otherwise than to existing shareholders on a pro-rata basis, up to an aggregate nominal amount of £90,508 which is equivalent to 90,508,000 ordinary shares of 1p each and 10% of the Company's issued ordinary share capital as at the date of the Notice of the AGM. This authority will expire at the conclusion of the AGM to be held in 2012 unless renewed prior to that date.

### Resolution 10 Authority to buyback shares

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

Under the Listing Rules of the Financial Services Authority, the maximum price which can be paid is the higher of

- i) 5% above the average of the market values of the ordinary shares for the five business days immediately preceding the date on which the purchase is made, and
- ii) the higher of the price quoted for
  - a) the last independent trade of, and
  - b) the highest current independent bid for,

any number of ordinary shares on the trading venue where the purchase is carried out.

In making purchases, the Company will deal only with member firms of the London Stock Exchange.

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

The Directors are seeking authority to purchase up to 13,567,149 ordinary shares, being 14.99% of the issued share capital as at the date of the Notice of the AGM. This authority will expire at the conclusion of the AGM to be held in 2012 unless renewed prior to that date.

Any ordinary shares purchased pursuant to resolution 10 shall be cancelled immediately upon completion of the purchase or held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Companies Act.

### Resolutions 11 and 12 Regular tender offers

Resolutions 11 and 12 seek shareholder approval to renew the authorities to operate semi-annual tender offers in accordance with the standard terms and conditions of the regular tender offers. The Directors are seeking authority to purchase up to a maximum of 20% of the shares in issue at each relevant tender offer date. The authorities, if renewed, will respectively expire on 31 October 2011 and 30 April 2012.

### Recommendation

The Board considers that each of the resolutions is likely to promote the success of the Company and is in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

**Corporate Governance**

Full details are given in the Corporate Governance Statement on pages 24 to 27. The Corporate Governance Statement forms part of this Directors' Report.

**Audit information**

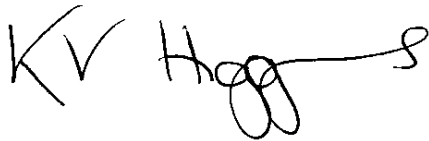
As required by section 418 of the Companies Act 2006 the Directors who held office at the date of this report each confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware and each Director has taken all the steps that they ought to have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

**Auditor**

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

**By order of the Board**

BlackRock Investment Management (UK) Limited  
Secretary  
20 January 2011

Handwritten signature in black ink, consisting of the initials 'KV' followed by a stylized signature that appears to be 'Haggis'.

# Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 30 November 2010 which has been prepared in accordance with the requirements of Sections 420 – 422 of the Companies Act 2006. An ordinary resolution for the approval of this report will be put to members at the forthcoming AGM.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on page 29.

## Remuneration Committee

The Board as a whole fulfils the function of the Remuneration Committee, which meets when necessary to consider any change in Directors' remuneration policy. The Board is of the opinion that a separate Remuneration Committee is not appropriate for a Company of this size and nature and a separate Committee has therefore not been established. The Company's Directors are all non-executive and are independent of the Investment Manager with the exception of Mr Ruck Keene. The Company has no employees.

## Remuneration Policy

The Board's policy is that the remuneration of the Directors needs to be sufficient to attract and retain Directors with suitable knowledge and experience and should be fair and reasonable in relation to the duties and responsibilities involved. It is intended that this policy will continue for the forthcoming year.

The Secretary, whose duties are set out on page 25 provides a comparison of the Directors' remuneration with other investment trusts of a similar size and/or mandate together with any data published by the Association of Investment Companies. This comparison, together with consideration of any alteration in non-executive Directors' responsibilities, is used to review whether any change in remuneration is necessary.

## Performance

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

## Remuneration/Service Contract

The maximum remuneration of the Directors is determined within the aggregate limit set out in the Company's Articles of Association which currently amounts to £150,000 per annum. No element of the Directors' remuneration is performance related. The Company has not awarded any share options or long term performance incentive to any of the Directors.

None of the Directors has a service contract with the Company or receives any non-cash benefits or pension entitlements. The terms of their appointment are detailed in a letter sent to them when they joined the Board. These letters are available for inspection at the registered office of the Company.

## Directors' remuneration

Director	Year ended	Year ended
	30 November 2010	30 November 2009
	£	£
Alan Hodson (Chairman)	26,000	26,000
David Gibbs	17,000	16,500
Michael Merton <sup>1</sup>	6,367	-
Jonathan Ruck Keene	-	-
Humphrey van der Klugt	20,000	20,000
	<b>69,367</b>	<b>62,500</b>

<sup>1</sup> Appointed 13 July 2010  
The information in this table and the paragraphs below has been audited.

For the year ended 30 November 2010, the annual remuneration of the Chairman was £26,000, the Chairman of the Audit and Management Engagement Committee £20,000 and the other Directors £17,000. Mr Ruck Keene waived the entitlement to his fees. With effect from 1 December 2010 the annual remuneration of the Chairman was increased to £28,000, the Chairman of the Audit and Management Engagement Committee to £21,000 and the other Directors to £18,000.

**Compensation for loss of office**

No Director has been compensated for loss of office

**Retirement of Directors**

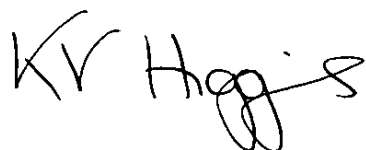
All of the Company's Directors are subject to retirement by rotation in accordance with the Company's Articles of Association

**By order of the Board**

BlackRock Investment Management (UK) Limited

Secretary

20 January 2011

A handwritten signature in black ink, appearing to read "KIR Haggis". The signature is written in a cursive, somewhat stylized font.

# Corporate Governance

The Company is committed to maintaining the highest standards of corporate governance and is accountable to shareholders for the governance of the Company's affairs

The Board has put in place a framework for corporate governance, which it believes is appropriate for an investment trust and will enable the Company to comply with the relevant provisions of the Combined Code on Corporate Governance ("the Combined Code") issued by the Financial Reporting Council in June 2008. Additionally, as the Company is a member of the Association of Investment Companies (the "AIC") the Board has taken account of the recommendations of the AIC's Code of Corporate Governance (the "AIC Code") which complements the Combined Code and provides a framework of best practice for investment trust companies

## Compliance

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

The Board considers that the Company has complied with the provisions of the Combined Code throughout this accounting period, except as explained below, and this statement describes how the relevant principles of governance are applied to the Company

## The Board

The Board currently consists of five non-executive Directors. With the exception of Mr Ruck Keene, who is an employee of the Investment Manager, all are considered to be independent of the Company's Investment Manager and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The structure of the Board is such that it is considered unnecessary to identify a Senior Independent Director, in common with many other investment trusts. The provision of the Combined Code which relates to the combination of the roles of chairman and chief executive does not apply as the Company has no executive directors

The Directors' biographies, on page 14, demonstrate a breadth of investment knowledge, business and financial experience relevant to the Company's business which enables them to provide effective strategic leadership and proper governance of the Company

In accordance with the Company's Articles of Association a Director appointed during the year is required to retire and seek election by shareholders at the next AGM. The Articles also require that one third of the Directors retire by rotation each year and seek re-election at the AGM. Each Director also submits himself or herself for re-election at least every three years. Any Director who is not considered by the Board to be independent of the Investment Manager or who will have served for more than nine years will be subject to annual re-election

The Directors support a planned and progressive renewing of the Board

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

Mr Merton, having been appointed to the Board since the last AGM, will be subject to election by shareholders at the forthcoming AGM. Mr Hodson will retire in accordance with the Company's Articles of Association as will Mr Ruck Keene in accordance with the provisions of the Listing Rules. The Board has considered the position of Messrs Hodson and Ruck Keene as part of the evaluation process and believes that it would be in the Company's best interests for them to be proposed for re-election at the 2011 AGM, given their material level of contribution

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

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

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

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

## The Board's Responsibilities

The Board meets at least six times a year and between these meetings there is regular contact with the Investment Manager. The Board is responsible to shareholders for the overall management of the Company. It reserves to itself decisions relating to the determination of investment policy, any change in investment strategy, strategic gearing policy, policy on the buyback and issue of shares, whether to hold shares in treasury and entering into any material contracts. The Board also sets investment parameters, such as the acquisition or disposal of substantial interests, the maximum amount that may be

invested in any one company and the maximum amount that can be invested in unquoted investments. In addition, changes relating to the Company's capital structure, approval of circulars to shareholders and listing particulars, relevant press releases and Stock Exchange announcements along with any significant change in accounting policies or practices must also be referred to the Board. A formal schedule of matters specifically reserved for decision by the Board has been defined.

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

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

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

#### Evaluation of the Board and its Committees

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

The annual evaluation for the year ended 30 November 2010 has been carried out. This took the form of questionnaires followed by discussions to identify how the effectiveness of the Board's activities, including its Committees, policies or processes might be enhanced. The results of the evaluation process were presented to and discussed by the Board and it was agreed that the current composition of the Board and its Committees reflected a suitable mix of skills and experience, and that the Board, as a whole, the individual Directors and its Committees were functioning effectively.

#### Delegation of responsibilities

The Board has delegated the following areas of responsibility:

##### Management and administration

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

The Board has delegated the exercise of voting rights attaching to the securities held in the portfolio to the Investment Manager. Details of the Investment Manager's voting policy are set out on pages 17 and 18. The Investment Manager reports to the Board on any votes in favour of incumbent management on contentious issues or of abstentions or votes against management in respect of any stock held in the portfolio.

#### Committees of the Board

As the Board is small and comprises non-executive Directors only it fulfils the functions of the Nomination Committee which will meet when necessary, led by the independent Directors, to select and propose suitable candidates for appointment. When looking for a new Director, the board will assess the size, balance and profile of the Board as a whole, to identify any areas that need strengthening. The existing Directors will try to identify suitable individuals from their range of contacts, although other sources, including external search consultants, may also be used as required.

Mr Merton, who was appointed to the Board on 13 July 2010, was identified as a potential Director through the Board's range of contacts and accordingly an external search consultant was not used on this occasion.

A separately chaired Audit and Management Engagement Committee has been established and currently consists of all the Directors of the Company, except Mr Ruck Keene. The Board considers that at least one member of the Audit and Management Engagement Committee has sufficient recent and relevant financial experience for it to discharge its function effectively. The Chairman of the Company is a member of the Committee to enable him to be kept fully informed of any issues which may arise. The terms of reference of this Committee are available on request and on the Investment Manager's website at [www.blackrock.co.uk/its](http://www.blackrock.co.uk/its) under the "Literature" section and will also be available at each AGM.

The Committee meets at least three times a year and, amongst other things, examines the effectiveness of the control systems. Two of the planned meetings are held prior to the Board meetings at which the half yearly and annual results are approved and the Committee receives information from the Investment Manager's corporate audit and compliance departments. During the year the principal activities of the Audit and Management Engagement Committee included:

- ▶ considering and recommending to the Board for approval the half yearly and annual financial statements and the external Auditor's report thereon,
- ▶ overseeing the relationship with the external Auditor,
- ▶ reviewing and recommending to the Board for approval the audit and non-audit fees payable to the external Auditor and their terms of engagement,
- ▶ reviewing the appropriateness of the Company's accounting policies,

## Corporate Governance continued

- ▶ ensuring the adequacy and effectiveness of the internal financial controls and internal control and risk management systems, and
- ▶ considering the remuneration of the Investment Manager, the Secretary and Administrator and reviewing the terms of the investment management agreement

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

Fees of £25,000 (excluding VAT) were paid to Ernst & Young LLP in respect of other non audit services. Of this amount, £20,000 was paid for services provided in relation to the C share placing and offer for subscription and £5,000 relating to their review of the half yearly financial report. The Committee considers whether the skills and experience of the Auditor make them a suitable supplier of the non audit service and whether there are safeguards in place to ensure that there is no threat to their objectivity and independence in the conduct of the audit resulting from the provision of such services

On an annual basis Ernst & Young LLP review the independence of their relationship with the Company and report to the Board, providing details of any other relevant relationships with the Investment Manager. The Board has concluded that Ernst & Young LLP are independent of the Company and the Investment Manager

The external Auditor is invited to attend the Audit and Management Engagement Committee meeting at which the annual accounts are considered. At this meeting they have the opportunity to meet with the Committee without representatives of the Investment Manager being present

Remuneration of the Chairman and the Directors is determined by the Board. It is not considered necessary to have a separate Remuneration Committee as the Directors, with the exception of Mr Ruck Keene, are not employed by, and are not former employees of the Investment Manager. The remuneration of the Chairman and Directors is reviewed against the fees paid to directors of other specialist investment trusts and investment trusts of a comparable size as well as taking account of any data published by the AIC

### Membership of the Audit and Management Engagement Committee

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Humphrey van der Klugt (Chairman)  
 David Gibbs  
 Alan Hodson  
 Michael Merton

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### Attendance record

Number of Meetings held	Number of Meetings attended	
	Board	Audit
	6	3
Alan Hodson (Chairman)	6	3
David Gibbs**	4	3
Michael Merton*	2/2	1/1
Jonathan Ruck Keene	6	(not a member)
Humphrey van der Klugt	6	3

Appointed 13 July 2010  
 Due to ill health Mr Gibbs was unable to attend two meetings during the year

### Internal controls

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

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

The Investment Manager reports to the Company on its review of internal controls, formally on a semi-annual basis and verbally at each Board and Audit Committee meeting. The Audit Committee also receives a report from BNYM on the internal controls of its custodial operations. The Company does not have its own internal audit function, as all the administration is delegated to the Investment Manager. This matter is kept under review

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

The Investment Manager prepares revenue forecasts and management accounts which allow the Board to assess the Company's activities and review its performance at each Board Meeting

The Board and the Investment Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits

Reports on these issues, including performance statistics and investment valuations, are submitted to the Board at each meeting

#### Financial reporting

The Statement of Directors' Responsibilities in respect of the Financial Statements is set out on page 28, the Report of the independent Auditors on page 29 and the Statement of going Concern on page 18

#### Socially responsible investment

The Company invests primarily in securities of companies operating in the mining and energy sectors around the world. The Investment Manager's evaluation procedures and financial analysis of the companies within the portfolio include detailed research and appraisal. The Company invests primarily on financial grounds to meet its stated objectives.

The Investment Manager is supportive of the UK Stewardship Code, which is voluntary and operates on a "comply or explain" basis. The Investment Manager's policies on socially responsible investment and corporate governance are detailed on its website [www.blackrock.co.uk/its](http://www.blackrock.co.uk/its), in the Investment Trust "Literature" section.

#### Communication with shareholders

All shareholders have the opportunity to attend and vote at the AGM. The Notice of Annual General Meeting and related papers are sent to shareholders at least 20 working days before the meeting and sets out the business of that Meeting. Any item not of an entirely routine nature is explained in the Directors' Report on pages 15 to 21. Separate resolutions are proposed for substantive issues.

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

The Board discusses with the Investment Manager at each Board meeting any feedback from meetings with shareholders, and it also receives reports from its corporate broker.

There is a section within this report entitled "Shareholder Information", on pages 53 to 55, which provides an overview of useful information available to shareholders.

The Company's accounts are also published on [www.blackrock.co.uk/its](http://www.blackrock.co.uk/its), which is the website maintained by the Investment Manager, BlackRock. The work undertaken by the Auditor does not involve consideration of the maintenance and integrity of the website and accordingly, the Auditor accepts no responsibility for any changes that have occurred to the accounts since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and

dissemination of the accounts may differ from legislation in their jurisdiction.

#### Disclosure and Transparency Rules

Other information required to be disclosed pursuant to the Disclosure and Transparency Rules has been placed in the Directors' Report on pages 15 to 21 because it is information which refers to events that have taken place during the course of the year.

The following is a list of that information:

- ▶ Directors' shareholdings,
- ▶ Substantial share interests,
- ▶ Share capital,
- ▶ Share issues, and
- ▶ Share repurchase.

#### By order of the Board

Alan Hodson  
Chairman  
20 January 2011



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

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and those International Financial Standards ["IFRS"] as adopted by the European Union

Under Company law the Directors must not approve the Group financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group for that period. In preparing the Group financial statements, the Directors are required to

- ▶ select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, and then apply them consistently,
- ▶ present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- ▶ state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements,
- ▶ provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance, and
- ▶ make judgements and estimates that are reasonable and prudent

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy, at any time, the financial position of the Group and to enable them to ensure that the Group's financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulations. The Directors are also responsible for ensuring that the Report of the Directors is prepared in accordance with Company law in the United Kingdom and that the Annual Report includes information required by the Listing Rules of the Financial Services Authority. They are also responsible for safeguarding the assets of the Company and the Group and for taking such steps as are reasonably open to them for the prevention and detection of fraud and other irregularities.

The Directors, to the best of their knowledge, state that

- ▶ the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit/(loss) of the Company and the Group, and
- ▶ this Annual Report includes a fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties that it faces

By order of the Board  
Alan Hodson  
Chairman  
20 January 2011



# Report of the Independent Auditor

to the members of BlackRock Commodities Income Investment Trust plc

We have audited the financial statements of BlackRock Commodities Income Investment Trust plc for the year ended 30 November 2010, which comprise the Consolidated Statement of Comprehensive Income, Group and Company Statements of Changes in Equity, Group and Company Statements of Financial Position, Group and Company Cash Flow Statements, and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards to the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

## Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 28, the Directors' are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

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

## Opinion on financial statements

In our opinion

- ▶ the Company's financial statements give a true and fair view of the state of the Group's and Company's affairs as at 30 November 2010 and of the Group's net return for the year then ended,
- ▶ the Group's financial statements have been properly prepared in accordance with IFRS as adopted by the European Union,
- ▶ the Company's financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and

- ▶ the Company's financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- ▶ the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006,
- ▶ the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- ▶ the information given in the Corporate Governance Statement set out on pages 24 to 27 in respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements

## Matters on which we are required to report by exception

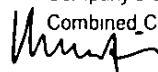
We have nothing to report in respect of the following

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

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

Under the Listing Rules we are required to review

- ▶ the Directors' statement on page 18 in relation to going concern, and
- ▶ the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review



Ratan Engineer  
Senior Statutory Auditor  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
20 January 2011

# Consolidated Statement of Comprehensive Income

for the year ended 30 November 2010

	Notes	Revenue 2010 £'000	Revenue 2009 £'000	Capital 2010 £'000	Capital 2009 £'000	Total 2010 £'000	Total 2009 £'000
Income from investments held at fair value through profit or loss	3	3,610	3,412	-	-	3,610	3,412
Other income	3	2,200	2,471	-	-	2,200	2,471
<b>Total revenue</b>		<b>5,810</b>	<b>5,883</b>	<b>-</b>	<b>-</b>	<b>5,810</b>	<b>5,883</b>
Gains on investments held at fair value through profit or loss	10	-	-	16,773	30,023	16,773	30,023
		<b>5,810</b>	<b>5,883</b>	<b>16,773</b>	<b>30,023</b>	<b>22,583</b>	<b>35,906</b>
<b>Expenses</b>							
Investment management fee	4	(282)	(215)	(848)	(648)	(1,130)	(863)
Write back of prior years VAT	4	-	27	-	83	-	110
Other expenses	5	(260)	(251)	-	-	(260)	(251)
<b>Total operating expenses</b>		<b>(542)</b>	<b>(439)</b>	<b>(848)</b>	<b>(565)</b>	<b>(1,390)</b>	<b>(1,004)</b>
<b>Profit before finance costs and taxation</b>		<b>5,268</b>	<b>5,444</b>	<b>15,925</b>	<b>29,458</b>	<b>21,193</b>	<b>34,902</b>
Finance costs	6	(9)	(20)	(27)	(35)	(36)	(55)
<b>Profit before taxation</b>		<b>5,259</b>	<b>5,424</b>	<b>15,898</b>	<b>29,423</b>	<b>21,157</b>	<b>34,847</b>
Taxation	7	(779)	(1,194)	(120)	168	(899)	(1,026)
<b>Net return for the year</b>		<b>4,480</b>	<b>4,230</b>	<b>15,778</b>	<b>29,591</b>	<b>20,258</b>	<b>33,821</b>
<b>Earnings per ordinary share</b>	9	<b>5.85p</b>	<b>5.74p</b>	<b>20.61p</b>	<b>40.13p</b>	<b>26.46p</b>	<b>45.87p</b>

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

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

The net profit of the Group for the year was £20,258,000 (2009: £33,821,000).

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

# Statements of Changes in Equity

for the year ended 30 November 2010

Group	Notes	Ordinary Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
<b>For the year ended 30 November 2010</b>							
At 30 November 2009		756	1,223	70,219	14,281	3,781	90,260
Total comprehensive income							
Net return for the year		-	-	-	15,778	4,480	20,258
Transactions with owners, recorded directly to equity							
Issue and conversion of C shares into ordinary shares	15 & 16	149	19,501	-	-	-	19,650
Proceeds of sale of shares from treasury	16 & 17	-	24	1,004	-	-	1,028
Dividends paid	8	-	-	-	-	(5,348)	(5,348)
<b>At 30 November 2010</b>		<b>905</b>	<b>20,748</b>	<b>71,223</b>	<b>30,059</b>	<b>2,913</b>	<b>125,848</b>
<b>For the year ended 30 November 2009</b>							
At 30 November 2008		756	1,223	67,355	(15,310)	3,601	57,625
Total comprehensive income							
Net return for the year		-	-	-	29,591	4,230	33,821
Transactions with owners, recorded directly to equity							
Proceeds of sale of shares from treasury		-	-	2,865	-	-	2,865
Cost of sale of shares from treasury		-	-	(1)	-	-	(1)
Dividends paid	8	-	-	-	-	(4,050)	(4,050)
<b>At 30 November 2009</b>		<b>756</b>	<b>1,223</b>	<b>70,219</b>	<b>14,281</b>	<b>3,781</b>	<b>90,260</b>
<b>Company</b>							
<b>For the year ended 30 November 2010</b>							
At 30 November 2009		756	1,223	70,219	16,616	1,446	90,260
Total comprehensive income							
Net return for the year		-	-	-	14,828	5,430	20,258
Transactions with owners, recorded directly to equity							
Issue and conversion of C shares into ordinary shares	15 & 16	149	19,501	-	-	-	19,650
Proceeds of sale of shares from treasury	16 & 17	-	24	1,004	-	-	1,028
Dividends paid	8	-	-	-	-	(5,348)	(5,348)
<b>At 30 November 2010</b>		<b>905</b>	<b>20,748</b>	<b>71,223</b>	<b>31,444</b>	<b>1,528</b>	<b>125,848</b>
<b>For the year ended 30 November 2009</b>							
At 30 November 2008		756	1,223	67,355	(13,048)	1,339	57,625
Total comprehensive income							
Net return for the year		-	-	-	29,664	4,157	33,821
Transactions with owners, recorded directly to equity							
Proceeds of sale of shares from treasury		-	-	2,865	-	-	2,865
Cost of sale of shares from treasury		-	-	(1)	-	-	(1)
Dividends paid	8	-	-	-	-	(4,050)	(4,050)
<b>At 30 November 2009</b>		<b>756</b>	<b>1,223</b>	<b>70,219</b>	<b>16,616</b>	<b>1,446</b>	<b>90,260</b>

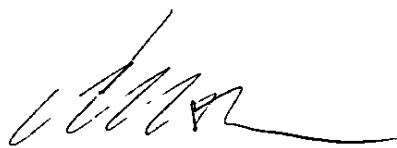
The notes on pages 34 to 50 form part of these financial statements

# Statements of Financial Position

as at 30 November 2010

	Notes	2010 Group £'000	2010 Company £'000	2009 Group £'000	2009 Company £'000
<b>Non current assets</b>					
Investments held at fair value through profit or loss	10	126,285	127,670	85,794	88,129
<b>Current assets</b>					
Investments held at fair value through profit or loss	12	-	-	1,422	1,422
Other receivables	13	1,619	1,619	887	887
Cash and cash equivalents		374	60	2,931	238
		1,993	1,679	5,240	2,547
<b>Total assets</b>		<b>128,278</b>	<b>129,349</b>	<b>91,034</b>	<b>90,676</b>
<b>Current liabilities</b>					
Other payables	14	(2,430)	(1,964)	(763)	(405)
Bank overdraft		-	(1,537)	(11)	(11)
		(2,430)	(3,501)	(774)	(416)
<b>Net assets</b>		<b>125,848</b>	<b>125,848</b>	<b>90,260</b>	<b>90,260</b>
<b>Equity attributable to equity holders</b>					
Ordinary share capital	15	905	905	756	756
Share premium account	16	20,748	20,748	1,223	1,223
Special reserve	17	71,223	71,223	70,219	70,219
Capital reserves	17	30,059	31,444	14,281	16,616
Revenue reserve	17	2,913	1,528	3,781	1,446
<b>Total equity</b>		<b>125,848</b>	<b>125,848</b>	<b>90,260</b>	<b>90,260</b>
<b>Net asset value per ordinary share</b>	9	<b>139.05p</b>	<b>139.05p</b>	<b>120.63p</b>	<b>120.63p</b>

The financial statements on pages 30 to 50 were approved and authorised for issue by the Board of Directors on 20 January 2011 and signed on its behalf by Alan Hodson, Chairman



Blackrock Commodities Income Investment Trust plc  
Registered in England, No 5612963

The notes on pages 34 to 50 form part of these financial statements

# Cash Flow Statements

For the year ended 30 November 2010

	Notes	2010 Group £'000	2010 Company £'000	2009 Group £'000	2009 Company £'000
<b>Operating activities</b>					
Profit before taxation		21,157	20,724	34,847	34,157
Add back interest paid		36	36	81	73
Gains on investments held at fair value through profit or loss including transaction costs		(16,773)	(15,823)	(30,023)	(30,096)
(Increase)/decrease in other receivables		(51)	(51)	125	125
Increase in other payables		959	959	64	64
Increase in amounts due from brokers		(684)	(684)	(444)	(444)
Increase in amounts due to brokers		533	533	-	-
Movements in investments held at fair value through profit or loss		(23,647)	(23,647)	7,593	7,593
Movements in cash fund held at fair value through profit or loss	12	1,422	1,422	(1,422)	(1,422)
<b>Net cash (outflow)/inflow from operating activities before interest and taxation</b>		<b>(17,048)</b>	<b>(16,531)</b>	<b>10,821</b>	<b>10,050</b>
Interest paid		(36)	(36)	(81)	(73)
Taxation paid		(397)	(72)	(797)	(160)
Taxation on investment income included within gross income		(324)	(324)	(258)	(258)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(17,805)</b>	<b>(16,963)</b>	<b>9,685</b>	<b>9,559</b>
<b>Financing activities</b>					
Shares issued		20,678	20,678	2,864	2,864
Equity dividends paid	8	(5,348)	(5,348)	(4,050)	(4,050)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>15,330</b>	<b>15,330</b>	<b>(1,186)</b>	<b>(1,186)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(2,475)</b>	<b>(1,633)</b>	<b>8,499</b>	<b>8,373</b>
Cash and cash equivalents at start of the year		2,920	227	(5,601)	(8,168)
Effect of foreign exchange rate changes		(71)	(71)	22	22
<b>Cash and cash equivalents at end of the year</b>		<b>374</b>	<b>(1,477)</b>	<b>2,920</b>	<b>227</b>
<b>Comprised of</b>					
Cash and cash equivalents		374	60	2,931	238
Bank overdraft		-	(1,537)	(11)	(11)
		<b>374</b>	<b>(1,477)</b>	<b>2,920</b>	<b>227</b>

The notes on pages 34 to 50 form part of these financial statements

# Notes to the Financial Statements

## 1 Principal activities

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

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

## 2 Accounting policies

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

### (a) Basis of preparation

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

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

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

### (b) Basis of consolidation

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

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

In order to reflect better the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Consolidated Statement of Comprehensive Income between items of a revenue and a capital nature has been presented alongside the Consolidated Statement of Comprehensive Income. In accordance with the Company's status as a UK investment company under section 833 of the Companies Act 2006 and section 1158 of the Corporation Tax Act 2010, net capital returns may not be distributed by way of dividend.

### (d) Segmental reporting

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

### (e) Income

Dividends receivable on equity shares are recognised as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the year. Provision is made for any dividends not expected to be received.

Interest income are accounted for on an accruals basis. Premia on written options are recognised as income.

### (f) Expenses

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

- ▶ expenses which are incidental to the acquisition of an investment are included within the cost of the investment. Details of transaction costs on the purchases and sales of investments are disclosed in note 10 on page 40,
- ▶ expenses are treated as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated,

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

**(g) Taxation**

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

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

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

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

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

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

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

**(i) Other receivables and payables**

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

**(j) Dividends payable**

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

**(k) Foreign currency translation**

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

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

**(l) Cash and cash equivalents**

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

**(m) Bank borrowings**

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

## Notes to the Financial Statements continued

### 3 Income

	2010 £'000	2009 £'000
<b>Investment Income</b>		
Overseas listed dividends	3,037	2,462
Fixed interest	307	460
UK listed dividends	266	490
	<b>3,610</b>	<b>3,412</b>
<b>Other operating income</b>		
Deposit interest	17	5
Option premium income	2,183	2,466
	<b>2,200</b>	<b>2,471</b>
<b>Total income</b>	<b>5,810</b>	<b>5,883</b>

Option premium income is stated after deducting transaction costs incurred on the purchases and sales of investments

### 4 Investment management fee

	2010			2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	282	848	1,130	215	648	863
Write back of prior years' VAT	-	-	-	(27)	(83)	(110)
	<b>282</b>	<b>848</b>	<b>1,130</b>	<b>188</b>	<b>565</b>	<b>753</b>

Details of the investment management contract are disclosed in the Directors' Report on page 17. The investment management fee is levied quarterly, based on the gross assets on the last day of each quarter, and is charged 25% to the revenue column and 75% to the capital column of the Consolidated Statement of Comprehensive Income.

## 5 Other expenses

	2010 £'000	2009 £'000
Custody fee	24	13
Auditors' remuneration		
- audit services	22	22
- other services	5	5
Directors' emoluments	69	63
Registrar's fee	25	31
Other administrative costs	115	117
	260	251
The Company's total expense ratio, calculated as a percentage of average net assets and using expenses, excluding any interest costs and VAT written back after relief for taxation, was	0.9%	1.1%

Fees paid to the Auditor for other services comprise £5,000 (2009 £5,000) relating to the review of the half yearly financial statements. Fees of £20,000 were also paid to Ernst & Young LLP in respect of non audit services provided in relation to the C share placing and offer for subscription. These fees were charged directly to capital reserves.

## 6 Finance costs

	2010			2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank overdrafts	9	27	36	20	35	55

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

## 7 Taxation

### a) Analysis of charge in the year

	2010			2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current taxation						
Corporation taxation	523	(8)	515	1,172	(168)	1,004
Double taxation relief	(82)	-	(82)	(173)	-	(173)
	441	(8)	433	999	(168)	831
Overseas taxation	312	-	312	237	-	237
Prior year adjustment	21	-	21	-	-	-
Total current taxation	774	(8)	766	1,236	(168)	1,068
Deferred taxation	5	128	133	(42)	-	(42)
Total taxation (note 7b)	779	120	899	1,194	(168)	1,026

## Notes to the Financial Statements continued

### 7 Taxation continued

#### b) Factors affecting current taxation charge for the year

The taxation assessed for the year is lower than the standard rate of corporation taxation in the UK for a large company of 28% (2009 28%) The differences are explained below

	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000
Total return on ordinary activities before taxation	5,259	15,898	21,157
Return on ordinary activities multiplied by standard rate of corporation taxation 28%	1,473	4,451	5,924
Effects of			
Non taxable capital gains	-	(4,696)	(4,696)
Taxation effect of allowable expenses in capital	(178)	237	59
Prior year adjustment	25	-	25
UK dividends	(75)	-	(75)
Non taxable overseas dividends	(695)	-	(695)
Rate differential impact in deferred taxation	-	(3)	(3)
Unrealised offshore income gain	-	131	131
Double taxation relief	(82)	-	(82)
Movement in double taxation relief in deferred taxation	(1)	-	(1)
Overseas taxation charge	312	-	312
	(694)	(4,331)	(5,025)
Total corporation tax charge for the year (note 7a)	779	120	899
	2009 Revenue £ 000	2009 Capital £'000	2009 Total £'000
Total return on ordinary activities before taxation	5,424	29,423	34,847
Return on ordinary activities multiplied by standard rate of corporation tax 28%	1,519	8,238	9,757
Effects of			
Non taxable capital gains	-	(8,406)	(8,406)
Non taxable UK dividends	(137)	-	(137)
Non taxable overseas dividends	(266)	-	(266)
Double taxation relief	(173)	-	(173)
Movement in double taxation relief used against taxable accrued income	14	-	14
Overseas taxation charge	237	-	237
	(325)	(8,406)	(8,731)
Total corporation taxation charge for the year (note 7a)	1,194	(168)	1,026

Investment trusts are exempt from corporation taxation on capital gains provided the Company obtains agreement from HM Revenue & Customs that the tests outlined in Chapter 4 of Part 24 of the Corporation Tax Act 2010 have been met

Due to the Company's intention to meet the conditional requirement to obtain approval under section 1158 of the Corporation Tax Act 2010 it has not provided for taxation on any capital gains

## 8 Dividends

Under IFRS final dividends, if any, are not recognised until approved by shareholders. They are also debited directly to reserves. The dividends disclosed in the table below have been considered in view of the requirements of section 1158 Corporation Tax Act 2010 and section 833 of the Companies Act 2006, and the amounts declared meet the relevant requirements. Amounts recognised as distributions to ordinary shareholders during the year to 30 November 2010 were as follows:

	2010 £'000	2009 £'000
Fourth interim dividend for the year ended 30 November 2009 - 1.45p (2008 1.4625p)	1,085	1,050
First interim dividend for the year ended 30 November 2010 - 1.375p (2009 1.35p)	1,036	986
Second interim dividend for the year ended 30 November 2010 - 1.375p (2009 1.35p)	1,039	1,004
Third interim dividend for the year ended 30 November 2010 - 1.375p (2009 1.35p)	1,039	1,010
First special dividend for the year ended 30 November 2010 - 1.00p (2009 0.00p)	756	-
Second special dividend for the year ended 30 November 2010 - 0.52p (2009 0.00p)	393	-
	<b>5,348</b>	<b>4,050</b>

For the year ended 30 November 2010, a fourth interim dividend of 1.475p (2009 1.45p) per ordinary share has been declared and will be paid on 21 January 2011, to shareholders on the Company's register on 24 December 2010.

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

	2010 £'000	2009 £'000
First interim dividend paid on 23 April 2010 of 1.375p (2009 1.35p)	1,036	986
Second interim dividend paid on 23 July 2010 of 1.375p (2009 1.35p)	1,039	1,004
Third interim dividend paid on 22 October 2010 of 1.375p (2009 1.35p)	1,039	1,010
First special dividend paid on 22 October 2010 of 1.00p (2009 0.00p)	756	-
Second special dividend paid on 29 November 2010 of 0.52p (2009 0.00p)	393	-
Fourth interim dividend payable on 21 January 2011 of 1.475p (2009 1.45p)	1,335	1,085
	<b>5,598</b>	<b>4,085</b>

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

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

	2010	2009
Net revenue return attributable to ordinary shareholders (£'000)	4,480	4,230
Net capital return attributable to ordinary shareholders (£'000)	15,778	29,591
<b>Total earnings attributable to ordinary shareholders (£'000)</b>	<b>20,258</b>	<b>33,821</b>
<b>Total equity (£'000)</b>	<b>125,848</b>	<b>90,260</b>
The weighted average number of ordinary shares in issue during each period, on which the return per ordinary share was calculated, was	76,543,554	73,739,251
The actual number of ordinary shares in issue at the year end on which the net asset value was calculated, was	90,508,000	74,825,662
The number of ordinary shares in issue including treasury shares at the year end, was	90,508,000	75,600,000
Revenue return per share	5.85p	5.74p
Capital return per share	20.61p	40.13p
<b>Total earnings per share</b>	<b>26.46p</b>	<b>45.87p</b>
Net asset value per share	139.05p	120.63p
Share price (mid-market)	143.00p	119.75p

## Notes to the Financial Statements continued

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

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Quoted investments held at fair value through profit or loss	125,941	125,941	85,603	85,603
Unquoted investments held at fair value through profit or loss	344	1,729	191	2,526
	126,285	127,670	85,794	88,129
Valuation brought forward	85,794	88,129	63,386	65,648
Investment holdings (gains)/losses	(818)	(3,153)	34,913	32,651
Opening cost of investments	84,976	84,976	98,299	98,299
Additions at cost	47,580	47,580	18,709	18,709
Disposals	(23,933)	(23,933)	(26,302)	(26,302)
Realised gains/(losses)	3,027	3,027	(5,730)	(5,730)
Cost carried forward	111,650	111,650	84,976	84,976
Investment holdings gains	14,635	16,020	818	3,153
Closing valuation of investments	126,285	127,670	85,794	88,129

Transaction costs of £35,000 were incurred on the acquisition of investments (2009 £47,000) in the year. Costs relating to the disposal of investments during the year amounted to £25,000 (2009 £22,000). All transaction costs have been included within capital reserves.

The Group and Company investments are identical with the exception of the Company's equity investment in its subsidiary which amounted to £1,385,000 (2009 £2,335,000).

### Return on investments held at fair value through profit or loss

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Realised gain/(loss) on sales	3,027	3,027	(5,730)	(5,730)
Movement in investment holdings	13,817	12,867	35,731	35,804
Exchange gains on foreign currency transactions	(71)	(71)	22	22
	16,773	15,823	30,023	30,096

### 11 Investment in subsidiary

At 30 November 2010, the Company had one wholly owned subsidiary which is registered and operating in England and Wales. BlackRock Commodities Securities Income Company Limited was incorporated on 9 November 2005.

	Description of ordinary shares	Authorised and issued share capital	
		2010	2009
BlackRock Commodities Securities Income Company Limited	Ordinary shares of £1	£1	£1

Under IFRS, the investment in the subsidiary is carried at fair value which is deemed to be the total equity of the subsidiary which amounts to £1,385,000 (2009 £2,335,000).

## 12 Current asset investment

The Company has sold its holding in BlackRock's Institutional Sterling Liquidity Fund, a money market fund which was used to invest cash balances that would otherwise be placed on short term deposit. At 30 November 2009 this holding had a value of £1,422,000.

BlackRock's Institutional Sterling Liquidity Fund is managed by BlackRock. The Company's holding was made through a class of shares that does not bear management fees and, accordingly, it was not deducted when calculating the management fees payable to BlackRock (which is based on the value of the total assets under management, wherever held).

## 13 Other receivables

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Amounts due from brokers	1,128	1,128	444	444
Taxation recoverable	198	198	201	201
Prepayments and accrued income	293	293	242	242
	1,619	1,619	887	887

## 14 Other payables

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Amounts due to brokers	533	533	-	-
Corporation tax payable	490	24	448	90
Deferred taxation	133	133	-	-
Accrued expenditure	1,274	1,274	315	315
	2,430	1,964	763	405

## Notes to the Financial Statements continued

### 15 Share capital

	Ordinary shares number	Treasury shares number	Total shares number	Nominal value £'000
Allotted, called up and fully paid share capital comprised				
Ordinary shares of 1p each				
Shares in issue at 30 November 2009	74,825,662	774,338	75,600,000	756
Shares transferred from treasury	774,338	(774,338)	-	-
Conversion of C shares into ordinary shares	14,908,000	-	14,908,000	149
At 30 November 2010	90,508,000	-	90,508,000	905

During the year 774,338 ordinary shares were sold from treasury at an average price of 132p per share for a total consideration of £1,028,000 net of issue costs (2009 3,015,000 ordinary shares were sold from treasury for a consideration of £2,864,000)

During the year the Company also issued 14,908,000 ordinary shares following the conversion of existing C shares into ordinary shares. The C shares were issued through a placing and offer for subscription and 20,000,000 C shares were admitted to the Official List and to trading on the London Stock Exchange on 30 September 2010 at 100p per C share and were converted into ordinary shares on 2 November 2010 at the rate of 0.7454 ordinary shares for every C share held.

The number of ordinary shares in issue at the year end was 90,508,000 (2009 75,600,000 (including 774,338 treasury shares)) of which none were held in treasury (2009 774,338). There are no C shares in issue.

The ordinary shares (including new ordinary shares issued as a result of the conversion of the C shares) carry the right to receive any dividends and have one voting right per ordinary share. There are no restrictions on the voting rights of the ordinary shares or on the transfer of the ordinary shares.

### 16 Share premium account

	2010 £'000	2009 £'000
At start of the year	1,223	1,223
Premium on sale of ordinary shares from treasury	24	-
Premium on conversion of C shares	19,501	-
At 30 November	20,748	1,223

## 17 Reserves

Group	Special reserve £'000	Capital reserve -arising on investments sold £ 000	Capital reserve -arising on investments held £'000	Revenue reserve £'000
At 1 December 2009	70,219	13,463	818	3,781
<b>Movement during the year</b>				
Net return for the year	-	1,961	13,817	4,480
Dividends paid	-	-	-	(5,348)
Proceeds from the sale of treasury shares	1,004	-	-	-
At 30 November 2010	71,223	15,424	14,635	2,913

Company	Special reserve £'000	Capital reserve -arising on investments sold £'000	Capital reserve -arising on investments held £'000	Revenue reserve £'000
At 1 December 2009	70,219	13,463	3,153	1,446
<b>Movement during the year</b>				
Net return for the year	-	1,961	12,867	5,430
Dividends paid	-	-	-	(5,348)
Proceeds from the sale of treasury shares	1,004	-	-	-
At 30 November 2010	71,223	15,424	16,020	1,528

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

## 18 Related party disclosure

The related party transaction with BlackRock is set out in the Directors' Report on page 17. The investment management fee for the year was £1,130,000 (2009: £863,000). At the year end, an amount of £742,000 was outstanding in respect of these fees (2009: £163,000).

The related party transactions with Directors are set out in the Directors' Report on page 18 and in the Directors' Remuneration Report on page 22.

## Notes to the Financial Statements continued

### 19 Risk management policies and procedures

As an investment trust, the Company invests in equities and other investments for the long term so as to secure its investment objectives as stated on page 15. In pursuing its investment objectives, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction in the revenue available for distribution by way of potential dividends.

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

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

#### (i) Market risk

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

#### (ii) Currency risk

A large proportion of the Company's assets, liabilities and income are denominated in currencies other than Sterling (the Company's functional currency, and in which it reports its results). As a result, movements in exchange rates will affect the Sterling value of those items. As at 30 November 2010, the value of non-Sterling denominated investments amounted to £111,368,000 (2009 £74,690,000).

#### Management of the risk

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

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

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

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

#### Foreign currency exposure

The fair values of the Company's monetary items which have foreign currency exposure at 30 November 2010 are shown below. Where the Company's equity investments which are not monetary items are denominated in a foreign currency, the principals have been included separately in the analysis so as to show the overall exposure.

	Canadian Dollar £'000	US Dollar £'000	Euros £'000	Other £'000
<b>2010</b>				
Debtors (due from brokers, dividends and other income receivable)	90	1,225	-	-
Cash at bank and on deposit	8	53	-	-
Creditors (due to brokers, accruals and other creditors)	(533)	-	-	-
Total foreign currency exposure on net monetary items	(435)	1,278	-	-
Investments at fair value through profit or loss that are equities	16,400	56,304	15,720	22,944
<b>Total net foreign currency exposure</b>	<b>15,965</b>	<b>57,582</b>	<b>15,720</b>	<b>22,944</b>
<b>2009</b>				
Debtors (due from brokers, dividends and other income receivable)	13	105	82	444
Cash at bank and on deposit	-	208	-	-
Total foreign currency exposure on net monetary items	13	313	82	444
Investments at fair value through profit or loss that are equities	9,205	39,276	7,997	18,212
<b>Total net foreign currency exposure</b>	<b>9,218</b>	<b>39,589</b>	<b>8,079</b>	<b>18,656</b>

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

#### Foreign currency sensitivity

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

It assumes the following changes in exchange rates:

Sterling/Canadian Dollar +/- 1% (2009 3%)

Sterling/US Dollar +/- 1% (2009 4%)

Sterling/Euro +/- 1% (2009 5%)

For the year ended 30 November 2010, a 1% sensitivity has been determined for all significant currency exposures in order to demonstrate clearly the impact on net assets of a fixed percentage movement in any of the material currencies.

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

The sensitivity analysis is based on the Company's monetary foreign currency financial instruments held at each financial reporting date.

## Notes to the Financial Statements continued

### 19 Risk management policies and procedures continued

#### (ii) Currency risk continued

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

	2010			2009		
	Canadian Dollar £'000	US Dollar £'000	Euros £'000	Canadian Dollar £ 000	US Dollar £'000	Euros £'000
Projected change	1%	1%	1%	3%	4%	5%
Impact on revenue return	(4)	(12)	(5)	(18)	(32)	(19)
Impact on capital return	(161)	(574)	(155)	(267)	(1,517)	(379)
Total return after taxation for the year/effect on equity shareholders' funds	(165)	(586)	(160)	(285)	(1 549)	(398)

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

	2010			2009		
	Canadian Dollar £'000	US Dollar £'000	Euros £'000	Canadian Dollar £'000	US Dollar £ 000	Euros £'000
Projected change	1%	1%	1%	3%	4%	5%
Impact on revenue return	4	15	7	19	23	21
Impact on capital return	165	586	158	283	1,643	418
Total return after taxation for the year/effect on shareholders' funds	169	601	165	302	1,666	439

Incorporated into the impact on capital return is the result a change would have on the revaluation of affected investments as held in the portfolio at the reporting date. No consideration has been given to gearing as the Company was not geared at the year end.

#### (iii) Interest rate risk

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

#### Management of the risk

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

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

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

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

#### Interest rate exposure

The exposure at 30 November 2010 of financial assets and liabilities to interest rate risk is shown by reference to

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

	2010			2009		
	Within one year £'000	More than one year £'000	Total £'000	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates						
Cash at bank	374	-	374	2,931	-	2,931
Bank overdraft	-	-	-	(11)	-	(11)
Current asset Investment	-	-	-	1,422	-	1,422
Exposure to fixed interest rates						
Fixed interest investments	-	3,493	3,493	-	3,784	3,784
<b>Total exposure to interest rates</b>	<b>374</b>	<b>3,493</b>	<b>3,867</b>	<b>4,342</b>	<b>3,784</b>	<b>8,126</b>

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

Interest receivable, and finance costs are at the following rates

- Interest received on cash balances, or paid on bank overdrafts respectively for the year to 30 November 2010 was approximately 0.15% and 1.69% per annum (2009: 0.35% and 1.54% per annum)

#### (iv) Fair value hierarchy disclosures

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

Financial assets at fair value through profit or loss at 30 November 2010	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	125,941	-	344	126,285

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

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

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

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

	£'000
Opening balance	191
Total gains included in the Consolidated Statement of Comprehensive Income	153
<b>Closing balance</b>	<b>344</b>

## Notes to the Financial Statements continued

### 19 Risk management policies and procedures continued

#### (iv) Fair value hierarchy disclosures continued

##### Management of the risk

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

The Company's exposure to other changes in market prices at 30 November 2010 on its quoted investments is illustrated in the 'Market price risk sensitivity' paragraph below.

##### Concentration of exposure to market price risks

An analysis of the Company's investment portfolio is shown on pages 11 to 13. At 30 November 2010, this shows the majority of the investments' value is in US companies, with significant amounts also in European and Canadian companies. Accordingly, there is a concentration of exposure to those countries, though it is recognised that an investment's country of domicile or of listing does not necessarily equate to the economic conditions in that country.

##### Market price risk sensitivity

The following illustrates the sensitivity of the revenue after taxation for the year and the net assets to an increase or decrease of 20% in the fair values of the Company's equities (2009: 20%). This level of change is considered to be reasonably possible based on observation of current market conditions in 2010. The sensitivity analysis is based on the Company's equity exposure at each financial reporting date, with all other variables held constant.

The impact of a 20% (2009: 20%) increase in the value of investments on the revenue return as at 30 November 2010 is a decrease of £50,000 (2009: £34,000) and on the capital return is an increase of £25,199,000 (2009: £17,057,000).

The impact of a 20% (2009: 20%) decrease in the value of investments on the revenue return as at 30 November 2010 is an increase of £50,000 (2009: £34,000) and on the capital return is a decrease of £25,199,000 (2009: £17,057,000).

#### (v) Liquidity risk

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

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

The Board gives guidance to the Investment Manager as to the maximum amounts of the Company's resources that should be invested in any one company. The Company may from time to time use borrowings to gear its investment portfolio. The Investment Manager may also hold a net cash position when it considers it advantageous to do so. The Company has an overdraft facility of £20 million (2009: £20 million).

#### Liquidity risk exposure

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

	3 months or less £'000	Not more than one year £'000	More than one year £'000	Total £'000
<b>2010</b>				
Current liabilities				
Amounts due to brokers and accruals	1,807	623	-	2,430
	1,807	623	-	2,430
<b>2009</b>				
Current liabilities				
Bank overdraft	11	-	-	11
Amounts due to brokers and accruals	315	448	-	763
	326	448	-	774

#### (vi) Credit risk

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

#### Management of the risk

The risk is managed as follows

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

## Notes to the Financial Statements continued

### 19 Risk management policies and procedures continued

#### (vi) Credit risk continued

##### Management of the risk continued

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

	2010 £'000	2009 £'000
Cash at bank	374	2,931
Bank overdrafts	-	-
Amounts due from brokers	1,128	444
	1,502	3,375

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

#### (vii) Fair values of financial assets and financial liabilities

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

#### (viii) Capital management policies and procedures

The Company's capital management objectives are

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

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

The Company's total capital as 30 November 2010 was £125,848,000 (2009 £90,271,000) comprising £nil (2009 £11,000) of bank overdraft and £125,848,000 (2009 £90,260,000) of equity shares, capital and reserves.

### 20 Contingent liabilities

There were no contingent liabilities at 30 November 2010 (2009 nil)

# Analysis of Ordinary Shareholders

30 November 2010

## By type of holder

	Number of shares	% of total 2010	% of total 2009	Number of holders	% of total 2010	% of total 2009
Direct private investors	1,920,552	2.1	2.3	293	16.6	19.0
Banks and nominee companies	85,150,953	94.1	95.8	1,438	81.4	79.2
Others	3,436,495	3.8	1.9	36	2.0	1.8
	90,508,000	100.0	100.0	1,767	100.0	100.0

## By size of holding

	Number of shares	% of total 2010	% of total 2009	Number of holders	% of total 2010	% of total 2009
1 - 10,000	5,822,693	6.4	6.3	1,333	75.4	75.5
10,001 - 100,000	8,785,805	9.7	9.6	336	19.0	17.9
100,001 - 1,000,000	23,862,238	26.4	31.8	73	4.2	5.3
1,000,001 - 5,000,000	52,037,264	57.5	52.3	25	1.4	1.3
Over 5,000,001	-	-	-	-	-	-
	90,508,000	100.0	100.0	1,767	100.0	100.0

## Historical Analysis

	Net assets attributable to ordinary shareholders £'000	Net asset value per ordinary share p	Ordinary share price (mid-market) p	Revenue return per ordinary share p	Dividend per ordinary share p	Total expenses as a percentage of average net assets, after relief for taxation %
At launch, 13 December 2005	73,500	98.00	100.00	-	-	-
Period ended 30 November 2006	79,784	105.53	101.25	5.28	4.50	1.1
Year ended 30 November 2007	110,018	158.05	149.75	6.31	5.25	1.0
Year ended 30 November 2008	57,625	80.25	72.50	6.96	5.40	1.2
Year ended 30 November 2009	90,260	120.63	119.75	5.74	5.50	1.1
Year ended 30 November 2010	125,848	139.05	143.00	5.85	5.60*	0.9

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

# Management & Administration

## Registered Office

(Registered in England, No 5612963)  
33 King William Street  
London EC4R 9AS

## Investment Manager

BlackRock Investment Management (UK) Limited\*  
33 King William Street  
London EC4R 9AS

## Secretary and Administrator

BlackRock Investment Management (UK) Limited\*  
33 King William Street  
London EC4R 9AS  
Telephone 020 7743 3000

## Registrar

Computershare Investor Services PLC\*  
The Pavilions, Bridgwater Road  
Bristol BS99 6ZY  
Telephone 0870 707 1476

## Auditor

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

## Custodian and Banker

Bank of New York Mellon\*  
One Canada Square  
London E14 5AL

## Stockbrokers

JPMorgan Cazenove Limited\*  
20 Moorgate  
London EC2R 6DA

## Solicitors

Lawrence Graham LLP  
4 More London Riverside  
London SE1 2AU

## Savings Plan and ISA Administrator

Freepost RLTZ - KHUH - KZSB  
BlackRock Investment Management (UK) Limited\*  
PO Box 9036  
Chelmsford CM99 2XD  
Telephone 0800 445522

\* Authorised and regulated by the Financial Services Authority

# Shareholder Information

## Financial calendar

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

### January/February

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

### March

Annual General Meeting

### July

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

## Quarterly Dividends

Dividends are paid quarterly as follows

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

## Payment of dividends

Cash dividends will be sent by cheque to the first-named shareholder at their registered address. Dividends may also be paid direct into a shareholder's bank account via BACSTEL-IP (Bankers' Automated Clearing Service – Telecom Internet Protocol). This may be arranged by contacting the Company's registrar, Computershare Investor Services PLC, through their secure website [www.investorcentre.co.uk](http://www.investorcentre.co.uk), on 0870 707 1476 or by completing the Mandate Instructions section on the reverse of your dividend counterfoil and sending this to the Company's registrar, Computershare. Tax vouchers will be sent to shareholders at their registered address, unless other instructions have been given, to arrive on the payment date.

## Dividend reinvestment scheme ("DRIP")

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

## Share price

The Company's mid-market ordinary share price is quoted daily in The Financial Times and The Times under "Investment Companies" and in The Daily Telegraph under "Investment Trusts". The share price is also available on the BlackRock website at [www.blackrock.co.uk/its](http://www.blackrock.co.uk/its)

## ISIN/SEDOL numbers

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

	Ordinary Shares
ISIN	G800BON8MF98
SEDOL	BON8MF9
Reuters Code	BRCI L
Bloomberg Code	BRCI LN

## Share dealing

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

For existing shareholders the Company's registrar, Computershare Investor Services PLC, has both internet and telephone share dealing services. To access the internet share dealing service, log on to [www.uk.computershare.com/Investor/ShareDealing.asp](http://www.uk.computershare.com/Investor/ShareDealing.asp). The telephone share dealing service is available on 0870 703 0084. To use these services, you will need your shareholder reference number, which is detailed on your certificate.

**Internet dealing** – The fee for this service is 0.5% of the value of each sale or purchase of shares (subject to a minimum of £15). Stamp duty of 0.5% is payable on purchases.

**Telephone dealing** – The fee for this service will be 1% of the value of the transaction (subject to a minimum of £25).

## CREST

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

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

## Electronic communications

Computershare provides a service to enable shareholders to receive correspondence electronically (including annual and half yearly financial reports) if they wish. If a shareholder opts to receive documents in this way, paper documents will only be available on request (unless electronic submission fails, in which case a hard copy will be mailed to the investor's last known address).

Shareholders who opt for this service will receive a Notice of Availability via e-mail from Computershare with a link to the relevant section of the BlackRock website where the documents can be viewed and printed.

For more information, to view the terms and conditions and to register for this service, please visit Computershare's internet site at [www-uk.computershare.com/investor](http://www-uk.computershare.com/investor) (you will need your shareholder

## Shareholder Information continued

reference number, which is given on your share certificate or tax voucher)

### Electronic proxy voting

Shareholders are able to submit their proxy votes electronically via Computershare's internet site at [www.eproxyappointment.com](http://www.eproxyappointment.com) using their shareholder reference number, control number and a unique identification PIN and SRN which will be provided with voting instructions and the Notice of Annual General Meeting

CREST members who wish to appoint one or more proxies or give an instruction through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. More details are set out in the notes on the form of proxy and the Notice of Annual General Meeting

### Risk factors

- ▶ As the Company invests worldwide, the value of its shares is also affected by changes in rates of exchange
- ▶ The price at which the Company's shares trade on the London Stock Exchange is not the same as their NAV (although they are related) and therefore you may realise returns which are lower or higher than NAV performance
- ▶ A lack of growth in world or country specific industrial production may adversely affect metal and energy prices
- ▶ Deteriorating economic conditions in certain countries may lead to aggressive exporting of their metal and energy production potentially leading to price reductions
- ▶ Mining and energy companies are subject to specific operational and geological risks in addition to normal business and management risks
- ▶ There may be exposure to significant economic, political and currency risks due to the location of the operation of the businesses in which the Company may invest
- ▶ Shares in businesses in which the Company invests can prove volatile and this may be reflected in the Company's share price
- ▶ Ordinary Shares are only suitable for investors who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in Ordinary Shares constitutes part of a diversified investment portfolio, and who fully understand and are willing to assume the risks involved in investing in the Company
- ▶ Past performance is not necessarily a guide to future performance. The value of your investment in the Company and the income from it can fluctuate as the value of the underlying investments fluctuates

### Nominee code

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

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

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

### Publication of NAV/portfolio analysis

The NAV per share of the Company is calculated daily, with details of the Company's investments and performance being published monthly

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

### Internet

Other details about the Company are also available on the BlackRock website at [www.blackrock.co.uk/its](http://www.blackrock.co.uk/its). The financial statements and other literature are published on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction

Shareholders can also manage their shareholding online by using Investor Centre, Computershare's secure website, at [www.investorcentre.co.uk](http://www.investorcentre.co.uk)

To access Computershare's website you will need your shareholder reference number (SRN) which can be found on paper or electronic communications you have previously received from Computershare

Listed below are the most frequently used features of the website

- ▶ Holding enquiry – view balances, values, history, payments and reinvestments
- ▶ Payments enquiry – view your dividends and other payment types
- ▶ Address change – change your registered address

- ▶ Bank details update – choose to receive your dividend payment directly into your bank account instead of by cheque
- ▶ e-Comms sign-up – choose to receive email notification when your shareholder communications become available instead of paper communications
- ▶ Outstanding payments – reissue payments using the online replacement service
- ▶ Downloadable forms – including dividend mandates, stock transfer, dividend reinvestment and change of address forms

#### Savings Plan

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

#### Stocks and Individual Savings Accounts (“ISA”)

ISAs are a tax-efficient method of investment and the Company's shares are eligible investments within the BlackRock Investment Trust stocks and shares Individual Savings Account. From 6 April 2010, investors have an annual allowance of £10,200. Details are available from BlackRock by calling free on 0800 44 55 22.

#### Shareholder enquiries

The Company's registrar is Computershare Investor Services PLC. Certain details relating to your holding can be checked through the Computershare Investor Centre website. As a security check, specific information needs to be input accurately to gain access to an individual's account. This includes the shareholder reference number, available from either the share certificate or tax voucher or other electronic communications previously received from Computershare. The address of the Computershare website is [www.investorcentre.co.uk](http://www.investorcentre.co.uk). Alternatively please contact the registrar on 0870 707 1476.

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

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

#### General enquiries

Enquiries about the Company should be directed to

The Secretary  
BlackRock Commodities Income Investment Trust plc  
33 King William Street  
London EC4R 9AS  
Telephone 0800 44 55 22

Enquiries about the Savings Plan and ISA should be directed to

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

# Notice of Annual General Meeting

Notice is hereby given that the fifth Annual General Meeting of BlackRock Commodities Income Investment Trust plc will be held at the offices of BlackRock Investment Management (UK) Limited, 33 King William Street, London EC4R 9AS on Tuesday, 15 March 2011 at 10 30 a.m. to transact the following business

## Ordinary business

- 1 To receive the report of the Directors and the financial statements for the year ended 30 November 2010, together with the report of the Auditor thereon
- 2 To approve the Directors' Remuneration Report for the year ended 30 November 2010
- 3 To elect Mr M R Merton as a Director
- 4 To re-elect Mr A C Hodson as a Director
- 5 To re-elect Mr J G Ruck Keene as a Director
- 6 To reappoint Ernst & Young LLP as Auditor to the Company
- 7 To authorise the Directors to determine the Auditor's remuneration

## Special business

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

- 8 That, in substitution for all existing authorities the Directors of the Company be and they are hereby generally and unconditionally authorised, for the purpose of section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Securities") provided that, unless renewed prior to that time, such authority shall be limited to the allotment of shares and the grant of rights in respect of shares with an aggregate nominal amount of up to £90,508, (being 10% of the aggregate nominal amount of the issued share capital of the Company at the date of this notice) provided that this authority shall expire on the conclusion of the next AGM of the Company to be held in 2012 but so that the Company may, before such expiry, make any such offer or agreement which would or might require Securities to be allotted pursuant to any such offer or agreement as if the authority hereby conferred had not expired

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

- 9 That, in substitution for the Company's existing authorities and subject to the passing of resolution 8 above, the Directors of the Company be and are hereby empowered pursuant to section 570 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in section 560 of the Act), including the grant of rights to subscribe for or to convert securities into ordinary shares of the

Company, and to sell equity securities held by the Company as treasury shares (as defined in section 724 of the Act) for cash pursuant to the authority granted by resolution 8 above, as if section 56(1) of the Act did not apply to any such allotment and sales of equity securities, provided this authority

- (a) such power shall expire on the conclusion of the AGM of the Company in 2012, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or sold after such expiry and notwithstanding such expiry the Directors may allot or sell equity securities in pursuance of such offers or agreements, and
  - (b) shall be limited to allotment of equity securities and/or sale of equity securities held in treasury for cash up to an aggregate nominal amount of £90,508, (representing 10% of the aggregate nominal amount of the issued share capital of the Company at the date of this notice), and
  - (c) in the case of the allotment or sale of ordinary shares, at a price of not less than the net asset value per share as close as practicable to the allotment or sale
- 10 That, in substitution for the Company's existing authority to make market purchases of ordinary shares of 1p in the Company ("Shares"), the Company be and it is hereby authorised in accordance with section 701 of the Companies Act 2006 (the "Act") to make market purchases of Shares (within the meaning of section 693 of the Act) provided that
    - (a) the maximum number of Shares hereby authorised to be purchased is 13,567,149 (being the equivalent of 14.99% of the Company's issued share capital at the date of this notice),
    - (b) the minimum price (exclusive of expenses) which may be paid for a Share shall be 1p being the nominal value per ordinary share,
    - (c) the maximum price (exclusive of expenses which may be paid for a Share) shall be the higher of (i) 5% above the average of the market values of the Shares for the five business days immediately preceding the date of purchase, as derived from the Daily Official List of the London Stock Exchange and (ii) the higher of the price quoted for (a) the last independent trade of, and (b) the highest current independent bid for, any number of Shares on the trading venue where the purchase is carried out, and
    - (d) unless renewed, the authority hereby conferred shall expire at the conclusion of the AGM of the Company in 2012 save that the Company may, prior to such expiry, enter into a contract to purchase Shares which will or may be completed or executed wholly or partly after such expiry

All Shares purchased pursuant to the above authority shall be either

- (a) cancelled immediately on completion of the purchase, or
- (b) held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Act

11 That, in addition to the authority given to the Company to purchase its own Shares pursuant to the resolution numbered 10 above, and in accordance with the standard terms and conditions of the regular tender offers, (the "Terms and Conditions"), the Company be and is hereby authorised in accordance with section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of section 693 of the Act) of its Shares of 1p each ("Shares"), provided that

- (a) the maximum number of Shares hereby authorised to be purchased shall not exceed 20% of the Shares in issue as at 31 August 2011 (excluding any Shares held in Treasury),
- (b) the price which may be paid for a Share shall be the Tender Price (as defined in the Terms and Conditions) and
- (c) the authority hereby conferred shall expire on 31 October 2011 (unless such authority is renewed prior to such time) save that the Company may, prior to such expiry, enter into a contract to purchase Shares which will or may be completed or executed wholly or partly after such expiry

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

12 That, in addition to the authority given to the Company to purchase its own Shares pursuant to the resolutions numbered 10 and 11 above and in accordance with the standard terms and conditions of the regular tender offers, (the "Terms and Conditions"), the Company be and is hereby authorised in accordance with section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of section 693 of the Act) of its ordinary shares of 1p each ("Shares"), provided that

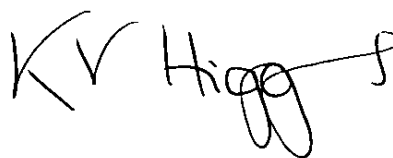
- (a) the maximum number of Shares hereby authorised to be purchased shall not exceed 20% of the Shares in issue as at 29 February 2012 (excluding any Shares held in Treasury),
- (b) the price which may be paid for a Share shall be the Tender Price (as defined in the Terms and Conditions), and
- (c) the authority hereby conferred shall expire on 30 April 2012 save that the Company may, prior to such expiry, enter into a contract to purchase Shares which will or may be completed or executed wholly or partly after such expiry

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

**By Order of the Board**

BlackRock Investment Management (UK) Limited  
20 January 2011

Registered Office  
33 King William Street  
London EC4R 9AS



# Notice of Annual General Meeting continued

## Notes

- 1 A member entitled to attend and vote at the meeting convened by the above Notice is also entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend, speak and vote in his place. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member.
- 2 To appoint a proxy you may use the form of proxy enclosed with this annual report. To be valid the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or notarially certified or office copy of the same, must be completed and returned to the office of the Company's registrar in accordance with the instructions thereon as soon as possible and in any event by not later than 10.30 a.m. on 13 March 2011. Alternatively you can vote or appoint a proxy electronically by visiting [www.eproxyappointment.com](http://www.eproxyappointment.com). You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the form of proxy. The latest time for the submission of proxy votes electronically is 10.30 a.m. on 13 March 2011.
- 3 Completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person.
- 4 Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person") should note that the provisions in Notes 1 to 2 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only ordinary shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such agreement to give instructions to the member as to the exercise of voting rights at the meeting.
- 5 Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy the information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from the Nominated Person.
- 6 Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only ordinary shareholders registered in the register of members of the Company by not later than 6.00 p.m. two days prior to the time fixed for the meeting shall be entitled to attend and vote at the meeting in respect of the number of the ordinary shares registered in their name at such time. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.00 p.m. two days prior to the time of adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 7 In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- 8 Holders of ordinary shares through the Savings Schemes are entitled to attend and vote at the meeting if the voting instruction form, which is enclosed with this document, is correctly completed and returned in accordance with the instructions printed thereon.
- 9 Shareholders who hold their ordinary shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's registrar not later than 48 hours before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: [www.euroclear.com/CREST](http://www.euroclear.com/CREST). Shareholders are advised that CREST and the internet are the only methods by which completed proxies can be submitted electronically.
- 10 If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare (ID number 3RA50) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Computershare is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 11 If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interest in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any member holding 3% or more of the voting rights in the Company, who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.
- 12 Any questions relevant to the business of the meeting may be asked at the meeting by anyone permitted to speak at the meeting. A shareholder may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office. Under Section 319A of the Companies Act 2006, the Company must answer any question a shareholder asks relating to the business being dealt with at the meeting, unless (i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (ii) the answer had already been given on a website in the form of an answer to a question, or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

- 13 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.
- 14 Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to
- (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting, or
  - (ii) any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006.
- The Company may not require the members requesting such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
- 15 Under sections 338 and 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company
- (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting, and/or
  - (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business.
- A resolution may properly be moved or a matter may properly be included in the business unless
- (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise),
  - (b) it is defamatory of any person or
  - (c) it is frivolous or vexatious.
- Such a request may be in hard copy form or in electronic form, and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 1 February 2011, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
- 16 As at the date of this report, the Company's issue share capital consisted of 90,508,000 ordinary shares, excluding shares held in treasury. Each ordinary share carries the right to one vote and therefore the total voting rights in the Company as at the date of this report are 90,508,000.
- 17 Further information regarding the meeting which the Company is required by section 311A of the Companies Act 2006 to publish on a website in advance of the meeting (including this Notice), can be accessed at [www.blackrock.co.uk/its](http://www.blackrock.co.uk/its)
- 18 No service contracts exist between the Company and any of the Directors, who hold office in accordance with letters of appointment and the Articles of Association.

# Glossary

## **Net asset value per share ("NAV")**

This is the value of the Company's assets attributable to one ordinary share. It is calculated by dividing "total equity" by the total number of ordinary shares in issue (excluding treasury shares). For example, as at 30 November 2010, total equity was £125,848,000 and there were 90,508,000 ordinary shares in issue, the NAV was therefore 139.05 pence per ordinary share.

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

## **Discount**

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

## **Premium**

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

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

## **Statement of Financial Position/Balance Sheet**

The Statement of Financial Position is the primary statement previously known as the Balance Sheet.