

Altus Resource Capital Limited

# Half-Yearly Financial Report

from date of incorporation (30 April 2009)  
to 31 December 2009 (Unaudited)

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# Altus Resource Capital Limited

## SUMMARY INFORMATION

### **Company Overview**

#### **Overview**

Altus Resource Capital Limited (LSE:ARCL) (the “Company”) is a Guernsey registered, closed-ended investment company incorporated on 30 April 2009, and listed on the Specialist Fund Market of the London Stock Exchange on 30 June 2009 and the Channel Islands Stock Exchange on 22 December 2009.

The Company is managed by Altus Asset Management Limited (the “Investment Manager”), a subsidiary of the Company.

The Company issued 26,000,000 shares at £1.00 per share on 30 June 2009 and a further 10,997,233 at £1.33 on 22 December 2009.

#### **Investment Objectives and Policy**

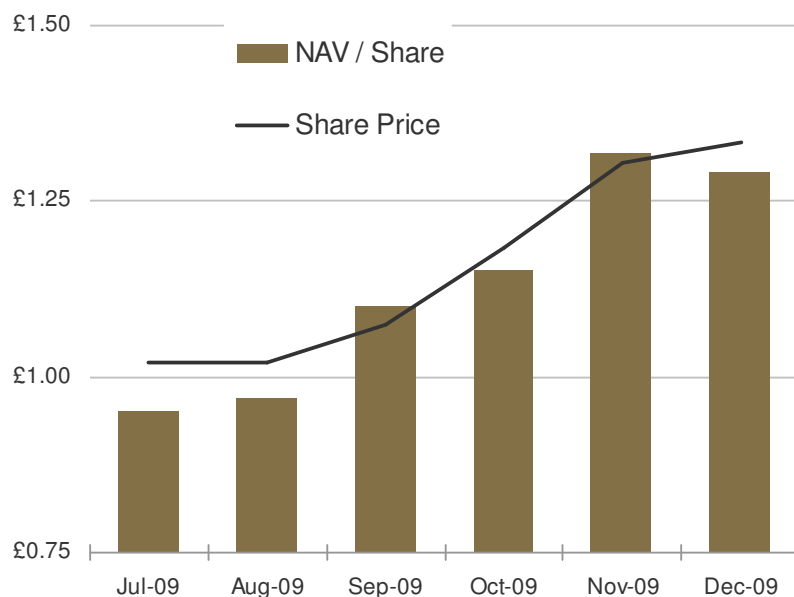
The Company’s objective is to realise capital growth from a concentrated portfolio of junior resource equities and to generate a significant capital return to shareholders.

The Company invests in companies engaged in the exploration, development and/or mining of metals and minerals with a focus on companies that operate in the gold sector. Portfolio companies will be predominantly, but not exclusively, listed or quoted on either UK markets or other recognised stock exchanges including the Canadian and Australian markets and typically will be capitalised at less than £100 million at the time of investment.

# Altus Resource Capital Limited

## FINANCIAL HIGHLIGHTS

### ARC Month End NAV / Share



### Monthly Performance

Monthly change at end:	Jul	Aug	Sep	Oct	Nov	Dec	6 months
ARC (NAV/Share)	0.09%	1.96%	13.56%	4.56%	14.43%	-2.06%	35.81%
Gold (\$/oz)	2.30%	0.32%	5.55%	3.18%	12.87%	-6.38%	18.09%
FTSE Gold Mines Index	3.60%	1.04%	10.00%	-4.45%	17.41%	-8.54%	18.14%
S&P/TSX Gold Index	-0.61%	2.37%	7.38%	-6.59%	13.94%	-7.28%	7.82%

Note: The table above sets out the performance of the gold price and a number of mining market indices. These metrics illustrate the performance of the mining sector in general and are not direct benchmarks for the Company given the composition of its portfolio.

Source – Altus Asset Management Limited

# Altus Resource Capital Limited

## CHAIRMAN'S STATEMENT AND INTERIM MANAGEMENT REPORT

I have pleasure in presenting the first Half-Yearly Financial Report of Altus Resource Capital Limited for the period ended 31 December 2009 (the "Period"). It has been an exciting start to the life of the Company, with a stellar performance, allowing the Company to raise further equity within six months of its initial listing. On behalf of the Board of directors, I thank all shareholders for their support.

During the first six months following the Company's listing on 30 June 2009, the resource sector continued to perform well and the Company, with a focus on junior companies, was able to capitalise on this.

The Company's unaudited Net Asset Value (the "NAV") at the end of December 2009 was £47.7 million or 129.0 pence per share, an increase of 35.8% since launch on 30 June 2009. The Company benefited from the strength of the gold price, which gained 18.1% over the period to end the period at US\$1,099/oz. By the end of the Period the Company was 53.6% invested in gold equities and gold-backed Exchange Traded Funds with these investments being the primary driver behind the increase in the Company's NAV.

Following the initial placing of 26 million shares at 100 pence per share which was concluded in June, the Company undertook a secondary placing in December 2009, issuing 10,997,233 shares at 133.37 pence per share to raise a total of £14.7 million. At the end of December 2009 the Company held £14.7 million in cash.

With the current cash position and the continued strength in gold and other metal prices, the outlook for the Company remains positive.

A description of the important events that have occurred during the Period and their impact on the condensed set of financial statements is included in the Investment Manager's Report on pages 4 to 6, and includes a description of the principal risks and uncertainties, along with Note 13 in the financial statements. Details of all related party transactions are given in Note 14. Other than the information set out in this report, the Board is not aware of any events during the period to 31 December 2009, which would have had a material impact on the financial position of the Company.

Nick Falla  
Chairman

# Altus Resource Capital Limited

## INVESTMENT MANAGER'S REPORT

Altus Resource Capital Limited has enjoyed a buoyant market in the six months since its launch following the market meltdown of 2008. The Company benefited from its exposure to the junior resource sector which continued to rebound well and in particular junior gold equities which responded to the rise in the gold price, which reached new highs during the Period.

The Company's strategy to deploy cash rapidly paid off with the market gaining momentum during the Period. Over the Period a total of 30 investments were made in junior resource equities and one of these positions was profitably fully exited. Further investments were made in both gold and platinum exchange traded funds ("ETFs"). The ETFs are highly liquid and therefore represent quasi-cash holdings but offer direct exposure to the underlying commodity. The Company has acquired its positions primarily through the secondary market and also through participating in new equity issues.

Following the successful secondary placing in December, the Company's cash position was increased to £14.7 million. In line with its stated investment objectives, the Company has invested in junior resource equities with a focus on gold production and development companies.

### **Outlook**

The outlook for the Company remains positive with continued strength in the gold price, which has maintained its level above the psychologically important US\$1,000/oz since early October. In addition, M&A activity is increasing both within gold and other resource sectors. Following the mid-tier acquisitions of Moto Goldmines by Randgold and Sino Gold by Eldorado, further consolidation of the gold sector seems inevitable and is starting to spread to the junior market and other commodities. Two gold equities have been the subject of take-over speculation and a further gold holding, Allied Gold Ltd has acquired junior developer, Australian Solomons Gold. In addition, Kiwara plc, an AIM listed copper explorer with assets in Zambia, received and accepted a cash and share offer for the company by First Quantum Minerals which, following the end of the Period, realised a significant uplift in value for the Company and afforded an exit.

## Altus Resource Capital Limited

### INVESTMENT MANAGER'S REPORT (continued)

This trend for strength in gold and other commodity prices is expected to continue. Resource equities, which continue to trade at a discount to their fair value, will perform strongly in this environment, supported by the strength of the underlying commodity prices and increasing consolidation within the sector.

#### **Principal Risks and Uncertainties**

The Company is focused on investing in junior resources companies and is therefore subject to the risks associated with concentrating its investments in this asset class. The performance of the Company will be affected by the performance of the securities of investee companies and is thus subject to the sharp price volatility of shares of companies principally engaged in activities related to metals and minerals. Historically the prices of the commodities have fluctuated significantly and are affected by numerous factors which the Company cannot predict or control. Political and economic conditions in metal and mineral producing countries may have a direct effect on the mining and production of these metals and minerals, and consequently, on their prices. In addition, the Company has invested, and will continue to invest in companies with assets or operations in emerging or developing markets and will consequently be exposed to various increased risks associated with investing in such markets.

# Altus Resource Capital Limited

## INVESTMENT MANAGER'S REPORT (continued)

### Investment allocation

At 31 December 2009, the Company's assets were allocated in the following approximate proportions:

Top Ten Holdings	% NAV
Greystar Resources Ltd	5.6%
Perseus Mining Ltd	5.4%
European Goldfields Limited	5.2%
Adamus Resources Limited	5.0%
Kryso Resources Plc	4.8%
Ecometals Ltd	4.3%
Allied Gold	3.6%
Banro Corporation	3.5%
Eastern Platinum Ltd	3.3%
Kenmare Resources Plc	3.2%

Asset Allocation by Development Stage	% NAV
Production	26.4%
Development	30.2%
Exploration	14.3%
ETF	2.1%
Cash	26.9%

Asset Allocation by Geography	% NAV
Africa	30.7%
Europe	7.7%
North America	0.0%
South America	13.9%
Central Asia & Russia	6.4%
South East Asia	4.5%
Australasia	7.9%
Other (ETFs)	2.1%
Cash	26.9%

Asset Allocation by Commodity	% NAV
Gold	53.6%
Bulk Minerals	4.2%
Base Metals	3.6%
Energy Minerals	3.9%
Platinum Group Metals	4.3%
Diamonds	0.8%
Other	2.5%
Cash	26.9%

## Altus Resource Capital Limited

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of directors jointly and severally confirm that, to the best of their knowledge:

- (a) The financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- (b) This Interim Management Report includes or incorporates by reference:
  - (i) an indication of important events that have occurred during the first six months of the financial year and their impact on the financial statements;
  - (ii) a description of the principal risks and uncertainties for the remaining six months of the financial year;
  - (iii) confirmation that there were no related party transactions in the first six months of the current financial year that have materially affected the financial position or the performance of the Company during that period; and
  - (iv) changes in the related parties transactions described in the last annual report that could have a material effect on the financial position or performance of the Company in the first six months of the current financial year.

Signed on behalf of the Board of Directors on 25 February 2010

Nick Falla  
Chairman

Robert Milroy  
Director

# Altus Resource Capital Limited

## DIRECTORS

Nicholas J Falla: Chairman (non-executive)

Nicholas Falla has had thirty years of experience in the finance industry including thirteen years of experience in commodity markets. He is currently the Managing Director of Xocoatl Limited, a private investment company taking strategic proprietary positions in the commodities markets; a senior non-executive director of MW Tops Limited, a closed-ended investment company listed on the London Stock Exchange; and the non-executive chairman of Close Enhanced Commodities Fund Limited, a company which provides structured investment in the commodities markets. From 1993-2000 Nicholas worked as the financial controller for Bank of Bermuda (Guernsey) Limited and from 2000 to 2002 he was their regional controller for Europe. In addition he has acted as an interim financial director for the Guernsey banking operation of Credit Suisse Guernsey Limited and has worked on various finance and accounting based projects with companies such as KPMG (Channel Islands) and the Health Xchange Limited. Nicholas trained as an accountant with Turquands Barton Mayhew & Co in Guernsey.

David Gelber: Director (non-executive)

David Gelber began his career in trading in 1976 when he joined Citibank in London. He has since held a variety of senior trading positions, in derivatives in particular, working for Citibank, Chemical Bank and HSBC, where he was Chief Operating Officer of HSBC Global Markets. In 1994 he joined ICAP, an inter-dealer broker, as COO and assisted in implementing two mergers, first with Exco Plc and then with Garban Plc. David remains a consultant to ICAP Plc. Furthermore, David currently serves as a non-executive director on the board of eSecLending, GlobeOp Financial Services SA and Walker Crips Group PLC. David is also currently a non executive director of DDCAP Limited, a leading arranger of Islamic banking transactions and of Exotix Limited, an investment banking boutique specialising in illiquid bonds, loans, equities, structured finance, capital raising and asset management. He is also currently a non-executive director of Intercapital Private Group Limited, a holding company invested in ICAP plc and CityIndex Limited, a spread-betting and contracts for difference provider; David has a B.Sc in statistics and law from the University of Jerusalem and an M.Sc in computer science from the University of London.

## Altus Resource Capital Limited

### DIRECTORS (continued)

Robert Milroy: Director (non-executive)

Robert Milroy is a director of the Corazon Capital Group and for the last 12 years has been the Managing Director of Corazon Fund Management Limited, a Guernsey regulated investment management and stock-broking company. He has over 35 years experience in the investment and mining and petroleum industries having participated in various mining, oil exploration projects and financings in Chile, Peru, Argentina, Ghana, Canada, USA, Mexico, Australia and Greenland. In addition, for the last 12 years he has been the Managing Director of Eagle Drilling Inc., a firm that specialises in hard rock core drilling in Central and Western Africa. Robert is also a noted speaker and financial author, having written the Standard & Poor's Guide to Offshore Investment Funds. Robert graduated with a Bachelor of Commerce (Honours) from the University of Manitoba.

David Netherway (non-independent non-executive)

David Netherway is a mining engineer with over 30 years of experience in the mining industry and is the CEO of Shield Mining Ltd., an Australian listed exploration company. David was involved in the construction and development of the Iduapriem, Siguri and Kiniero gold mines in West Africa and has mining experience in Africa, Australia, China, Canada, India and the Former Soviet Union. David served as the CEO of Toronto listed Afcan Mining Corporation, a China focused gold mining company that was sold to Eldorado Gold in 2005. David has also held senior management positions in a number of gold mining companies, including Golden Shamrock Mines, Ashanti Goldfields and Semafo Inc. He is currently the Chairman of GMA Resources plc and African Aura Mining Inc and a director of the KazakhGold Group Limited. David is also the current non-executive chairman of Altus Strategies and is thus not considered an independent director of the Company.

# Altus Resource Capital Limited

## STATEMENT OF COMPREHENSIVE INCOME

for the period from 30 April 2009 (date of incorporation) to 31 December 2009

	<b>Notes</b>	<b>30 Apr 2009 to 31 Dec 2009 GBP</b>
Net movement in unrealised appreciation on investments	5	8,446,711
Operating income		20,872
Profit on disposal of investments	5	1,506,766
Operating expenses	2	(1,128,006)
Net gain for the period attributable to shareholders		<u>8,846,343</u>
Earnings per share for the period		
- Basic and Diluted	4	0.33

In arriving at the results for the financial period, all amounts above relate to continuing operations.

There are no recognised gains or losses for the period other than those disclosed above.

There is no other comprehensive income for the period.

The notes on pages 14 to 26 form an integral part of these financial statements.

# Altus Resource Capital Limited

## STATEMENT OF FINANCIAL POSITION as at 31 December 2009

	Notes	31 Dec 2009 GBP
<b>NON-CURRENT ASSETS</b>		
Financial assets designated as at fair value through profit or loss	5	34,872,601
<b>CURRENT ASSETS</b>		
Cash at bank		14,728,524
Receivables	7	8,786
		<u>14,737,310</u>
<b>TOTAL ASSETS</b>		<u>49,609,911</u>
<b>CURRENT LIABILITIES</b>		
Payables – due within one year	8	1,117,901
		<u>1,117,901</u>
<b>NON-CURRENT LIABILITIES</b>		
Payables – due after one year	9	761,004
<b>TOTAL LIABILITIES</b>		<u>1,878,905</u>
<b>NET ASSETS</b>		<u>47,731,006</u>
<b>EQUITY</b>		
Share premium	11	38,884,663
Revenue reserve		8,846,343
		<u>8,846,343</u>
<b>TOTAL EQUITY</b>		<u>47,731,006</u>
		<b>Pence</b>
Net asset value per Ordinary Share based on 36,997,233 shares in issue		<u>129.01</u>

The unaudited financial statements were approved by the Board of Directors on 25 February 2010 and signed on its behalf by:

Nick Falla  
Chairman

Robert Milroy  
Chairman of Audit Committee

The notes on pages 14 to 26 form an integral part of these financial statements.

# Altus Resource Capital Limited

## STATEMENT OF CASH FLOWS

For the period from 30 April 2009 (date of incorporation) to 31 December 2009

	<b>Notes</b>	<b>30 Apr 2009 to 31 Dec 2009 GBP</b>
<b>OPERATING ACTIVITIES</b>		
Net gain for the period attributable to shareholders		8,846,343
Less: Unrealised appreciation on investments		(8,446,711)
Less: Interest received		(20,872)
Add: Increase in payables		1,878,905
Less: Increase in receivables		(8,786)
Less: Unrealised gains on investments		<u>(1,506,766)</u>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<u>742,113</u>
<b>INVESTING ACTIVITIES</b>		
Interest received		20,872
Purchase of investments	5	(30,185,090)
Sale of investments	5	<u>5,265,966</u>
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<u>(24,898,252)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issue of shares		40,667,020
Issue costs		<u>(1,782,357)</u>
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>		<u>38,884,663</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		-
Increase in cash and cash equivalents		<u>14,728,524</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<u>14,728,524</u>

The notes on pages 14 to 26 form an integral part of these financial statements.

# Altus Resource Capital Limited

## STATEMENT OF CHANGES IN EQUITY

For the period from 30 April 2009 (date of incorporation) to 31 December 2009

	<b>Share Capital GBP</b>	<b>Share Premium GBP</b>	<b>Accumulated Profits GBP</b>	<b>Total GBP</b>
Balance as at 30 April 2009	-	-	-	-
Net gain for the period	-	-	8,846,343	8,846,343
Issue costs	-	(1,782,357)	-	(1,782,357)
Share issue	-	40,667,020	-	40,667,020
Balance as at 31 December 2009	<u>-</u>	<u>38,884,663</u>	<u>8,846,343</u>	<u>47,731,006</u>

The notes on pages 14 to 26 form an integral part of these financial statements.

# Altus Resource Capital Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period from 30 April 2009 (date of incorporation) to 31 December 2009

### 1 ACCOUNTING POLICIES

The significant accounting policies adopted by the Company are as follows:

#### (a) Basis of preparation and going concern

The financial statements have been prepared in conformity with International Financial Reporting Standards ("IFRS") as adopted by the EU which comprise standards and interpretations approved by the International Accounting Standards Board and International Financial Reporting Interpretations Committee and applicable Guernsey law. The financial statements have been prepared on a historical cost basis except for the measurement at fair value of certain financial instruments.

Amendment to IFRS 7 were issued by the International Standards Board in March 2009, effective for annual periods beginning on or after 1 January 2009. The amendment to IFRS 7 requires fair value to be disclosed by the source of inputs, using a three-level hierarchy:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2);

Inputs for the assets or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following Standards or Interpretations that are expected to affect the Company have been issued but not yet adopted by the Company as shown below. Other Standards or Interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee are not expected to affect the Company:

IFRS 2 (revised April 2009) *Share-based Payment* effective for annual periods beginning on or after 1 January 2010.

IFRS 3 (revised 2008) *Business Combinations* effective for annual periods beginning on or after 1 July 2009.

IAS 27 (revised 2008) *Consolidated and Separate Financial Statements* effective for annual periods beginning on or after 1 July 2009.

IAS 28 (revised 2008) *Investments in Associates* effective for annual periods beginning on or after 1 July 2009.

IAS 31 (revised 2008) *Interests in Joint Ventures* effective for annual periods beginning on or after 1 July 2009.

IAS 39 (revised July 2008) *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 July 2009.

# Altus Resource Capital Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period from 30 April 2009 (date of incorporation) to 31 December 2009

The Directors have considered the above and are of the opinion that these Standards and Interpretations are not expected to have an impact on the Company's financial statements except for the presentation of additional disclosures and changes to the presentation of components of the financial statements. These items will be applied in the first financial period for which they are required.

**(b) Going concern**

The Company has adequate financial resources and as a consequence, the Directors believe the Company is well placed to manage its business risks successfully despite the current economic climate. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors have adopted the going concern basis in preparing the financial statements.

**(c) Taxation**

The Company has been granted exemption under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 from Guernsey Income Tax, and is charged an annual fee of £600. The Guernsey system of corporate taxation is currently under review.

**(d) Expenses**

All expenses are accounted for on an accruals basis.

**(e) Interest income**

Interest income is accounted for on an accruals basis.

**(f) Cash and cash equivalents**

Cash at bank and short term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as call deposits, short term deposits and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the Statement of Cash Flow, cash and cash equivalents consist of cash and deposits at bank.

**(g) Investments**

All investments and derivative financial instruments have been designated as financial assets "at fair value through profit and loss". Investments are initially recognised on the date of purchase at cost, being the fair value of the consideration given, excluding transaction costs associated with the investment. After initial recognition, investments are measured at fair value, with unrealised gains and losses on investments and impairment of investments recognised in the Statement of Comprehensive Income.

# Altus Resource Capital Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the period from 30 April 2009 (date of incorporation) to 31 December 2009

## 1 ACCOUNTING POLICIES (continued)

### (g) Investments (continued)

Fair value is the amount for which the financial instruments could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction. Fair value also reflects the credit quality of the issuers of the financial instruments.

For investments actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices as at the close of business on the statement of financial position date.

Valuations of unquoted trade investments are based on valuations provided to the Company by Altus Asset Management Limited. These valuations are intended to be an indication of the fair value of those investments, where applicable using the Black-Scholes option pricing model, designed to reflect the best estimation of the price at which they could be sold, even though there is no guarantee that a willing buyer might be found if the Company chose to sell the relevant investment.

The indicative fair values of the investments are based on an approximation of the market level of the investments. As the investments are not traded in an active market, the indicative fair value is determined by using valuation techniques. Altus Asset Management Limited uses a variety of methods and makes assumptions that are based on market conditions existing at the statement of financial position date.

Different assumptions regarding these factors, combined with different valuation techniques and models used, could lead to different valuations of the financial instruments produced by different parties.

As detailed in note 6 the other investments relate to the Company's investment in Altus Asset Management Limited and the put/call options thereon. As the intention of the directors is to transfer the investment for nominal value, the directors believe the fair value of the investment and the put/call options thereon are negligible.

### (h) Trade date accounting

All "regular way" purchases and sales of financial assets are recognised on the "trade date", i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the asset within the time frame generally established by regulations or convention in the market place.

### (i) Segmental reporting

The directors are of the opinion that the Company is engaged in a single segment of business, being investment business.

# Altus Resource Capital Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the period from 30 April 2009 (date of incorporation) to 31 December 2009

## 2 OPERATING EXPENSES

	<b>30 Apr 2009 to 31 Dec 2009 GBP</b>
Company formation	28,600
Investment manager's fee	97,337
Performance fees	761,004
Accountancy fees	1,512
Administrator's fee	21,754
Registrar's fee	2,631
Directors' fees	26,088
Custody fees	1,260
Audit fees	5,041
Directors' and Officers' insurance	7,360
Annual fees	3,674
Printing and stationery	756
Bank interest and charges	5,965
Commissions paid	57,749
Corporate and shareholder advisory fees	29,201
Legal and professional fees	554
Sundry costs	6,093
(Profit) / loss on foreign exchange	71,427
Net operating expenses for the period	<u>1,128,006</u>

## 3 DIRECTORS' REMUNERATION

The directors are paid £15,000 per annum, with the exception of David Netherway who has waived his entitlement to remuneration. In addition to £15,000 per annum, Nicholas Falla is entitled to an additional fee of £3,750 as Chairman and Robert Milroy is entitled to receive an additional fee of £3,000 as Chairman of the audit committee.

## 4 EARNINGS PER SHARE

Earnings per Share is based on the net gain for the period attributable to shareholders of £8,846,343 and on 26,594,445 shares, being the weighted average number of Shares in issue during the period. These have not been annualised. There are no dilutive instruments and therefore basic and diluted earnings per Share are identical.

# Altus Resource Capital Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the period from 30 April 2009 (date of incorporation) to 31 December 2009

## 5 INVESTMENTS

<b>FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>TOTAL 31 DEC 2009 GBP</b>
Opening portfolio cost	-
Additions – cost	30,185,090
Sales	(5,265,966)
Realised gain on investments	1,506,766
Unrealised appreciation on valuation for the period	8,446,711
Closing valuation	<u>34,872,601</u>

Investments held by the Company have been classified as Level 1, for those investments that are quoted and are valued using quoted market bid prices and Level 2, for those unquoted investments that are valued using standard modelling techniques by Altus Asset Management Limited using observable inputs. This is in accordance with the fair value hierarchy.

Details of the value of each classification are listed in the table below. Values are based on the market value of the investments as at the statement of financial position date:

	<b>Market Value %</b>	<b>Market Value GBP</b>
Level 1	92.34%	32,201,740
Level 2	7.66%	2,670,861
Total	<u>100.00%</u>	<u>34,872,601</u>

There have been no transfers between Level 1 and Level 2 of the fair value hierarchy during the period under review.

## 6 OTHER INVESTMENTS

Altus Asset Management Limited is the Company's investment manager. The Company has a 100% holding in Altus Asset Management Limited's Ordinary 'A' shares which entitle the Company to all the votes on all matters except for the appointment of the board of directors, which is controlled by the Ordinary 'B' share held by Altus Strategies Limited. The 'A' share holding will be transferred under the put/call options if Altus Strategies Limited (or a subsidiary thereof) receives FSA approval to Altus Strategies Limited.

There is a put/call option between the Company and Altus Strategies Limited over the Company's Ordinary 'A' shares. The Options are exercisable by either party for a nominal sum of £1 conditional upon FSA authorisation being granted to Altus Strategies Limited (or a subsidiary thereof) and are for, and only for, the entirety of the Ordinary 'A' shares.

# Altus Resource Capital Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the period from 30 April 2009 (date of incorporation) to 31 December 2009

## 6 OTHER INVESTMENTS (CONTINUED)

The Directors expect the Options to be realised in the near future and accordingly, believe the fair value of the Company's investment in Altus Asset Management Limited and the options thereon are negligible.

The Company, as a holder of Altus Asset Management Limited's Ordinary 'A' shares, are entitled to the profits of Altus Asset Management Limited as distributed through dividend payments. During the period no distributions were made by Altus Asset Management Limited.

## 7 RECEIVABLES

	<b>31 Dec 2009</b> <b>GBP</b>
Prepayments	8,786
	<u>8,786</u>

The above carrying value of receivables is equivalent to its fair value.

## 8 PAYABLES

(amounts falling due within one year)	<b>31 Dec 2009</b> <b>GBP</b>
Accrued expenses	600,639
Broker creditors	517,262
	<u>1,117,901</u>

The above carrying value of payables is equivalent to its fair value.

## 9 PAYABLES

(amounts falling due after one year)	<b>31 Dec 2009</b> <b>GBP</b>
Accrued expenses	761,004
	<u>761,004</u>

The above carrying value of payables is equivalent to its fair value.

# Altus Resource Capital Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the period from 30 April 2009 (date of incorporation) to 31 December 2009

## 10 SHARE CAPITAL

<b>Authorised</b>	<b>SHARES</b>	<b>GBP</b>
Unlimited number of Shares of no par value	<u>Unlimited</u>	<u>-</u>
<b>Issued</b>		
<b>Date of issue</b>	<b>SHARES</b>	<b>GBP</b>
29 June 2009	26,000,000	-
21 December 2009	<u>10,997,233</u>	<u>-</u>
Shares in issue as at 31 December 2009	<u>36,997,233</u>	<u>-</u>

Holders of Ordinary Shares are entitled to receive, and participate in, any dividends out of income, other distributions of the Company available for such purposes and resolved to be distributed in respect of any accounting period, or other income or right to participate therein.

On a winding up, Ordinary shareholders are entitled to the surplus assets remaining after payment of all the creditors of the Company.

Ordinary shareholders also have the right to receive notice of and to attend, speak and vote at general meetings of the Company and each Member being present in person or by proxy or by a duly authorised representative at a meeting shall upon a show of hands have one vote and upon a poll each such holder present in person or by proxy or by a duly authorised representative shall have one vote in respect of every Ordinary Share held by him.

## 11 SHARE PREMIUM

	<b>GBP</b>
Premium on shares issued 29 June 2009	26,000,000
Premium on shares issued 21 December 2009	14,667,020
Issue costs	<u>(1,782,357)</u>
Share premium as at 31 December 2009	<u>38,884,663</u>

Under IAS 32 "Financial Instruments: Presentation", transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

# Altus Resource Capital Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the period from 30 April 2009 (date of incorporation) to 31 December 2009

## 12 FINANCIAL INSTRUMENTS

The Company's main financial instruments comprise:

- (a) Cash and cash equivalents that arise directly from the Company's operations; and
- (b) Quoted and unquoted investment securities.

## 13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are market price risk, credit risk, liquidity risk, interest rate risk, foreign exchange risk and capital management risk. The Board regularly review and agrees policies for managing each of these risks and these are summarised below:

### (a) Market Price Risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. The Manager actively monitors market prices and reports to the Board as to the appropriateness of the prices used for valuation purposes. A list of the top 10 investments held by the Company is shown in the Schedule of Top 10 Investments on page 29.

If the value of the Company's investment portfolio were to increase by 10%, it would represent a gain of £3,487,260. This would cause the net asset value of the Company to rise by 7.31%.

If the value of the Company's investment portfolio were to decrease by 10%, it would represent a decrease of £3,487,260. This would cause the net asset value of the Company to fall by 7.31%.

### (b) Credit Risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company. The Directors receive financial information on a regular basis which is used to identify and monitor risk.

It is the Company's policy not to invest more than 20% of the gross assets of the Company in the securities of any one company or group at the time the investment is made.

The Company has no significant concentration of credit risk, with exposure spread over a large number of investments. As at 31 December 2009 the Company's largest exposure to a single investment was £2,688,710, which represented 7.71% of the total market value of the Company's investments.

Investors should be aware that the prospective returns to Shareholders mirror the returns under the investments held or entered into by the Company and that any default by an issuer of any such investment held by the Company would have a consequential adverse effect on the ability of the Company to

# Altus Resource Capital Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the period from 30 April 2009 (date of incorporation) to 31 December 2009

## 13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (b) Credit Risk (continued)

pay some or all of the entitlement to Shareholders. Such a default might, for example, arise on the insolvency of an issuer of an investment.

The Company's financial assets exposed to credit risk are as follows:

	<b>31 Dec 2009</b>
	<b>GBP</b>
Investments in equities / warrants	34,872,601
Cash at bank	14,728,524
Receivables	8,786
	<hr/>
	49,609,911
	<hr/>

The Company is exposed to credit risk in respect of its cash and cash equivalents, arising from possible default of the relevant counterparty, with a maximum exposure equal to the carrying value of those assets. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Company monitors the placement of cash balances on an ongoing basis.

The Company invests its cash and cash equivalents with Royal Bank of Canada (Channel Islands) Limited, HSBC Bank plc, Lloyds TSB, Barclays Bank plc and The Royal Bank of Scotland International.

The investments of the Company are held in custody by Anson Custody Limited for CREST eligible securities and by Royal Bank of Canada (Channel Islands) Limited for certain non-CREST eligible securities. Bankruptcy or insolvency of the Custodian may cause the Company's rights with respect to investments held by the Custodian to be delayed. Investments held with the Custodian are held in a Crest account maintained by Anson Registrars Limited in a sub-account designated exclusively for the Company. This ensures that the investments are ring fenced and will be protected should the Custodian become bankrupt or insolvent.

### (c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in realising assets or otherwise raising funds to meet financial commitments. The Company's main financial commitment is its ongoing operating expenses.

The Investment Manager ensures that the Company has sufficient liquid resources available to fulfil its operational plans and to meet its financial obligations as they fall due.

# Altus Resource Capital Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the period from 30 April 2009 (date of incorporation) to 31 December 2009

## 13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (c) Liquidity Risk (continued)

The table below details the residual contractual maturities of financial liabilities:

As at 31 December 2009	1-3 months GBP	Over 1 year GBP
Accrued expenses	600,639	761,004
Broker creditors	<u>517,262</u>	<u>-</u>
	<u>1,117,901</u>	<u>761,004</u>

### (d) Interest Rate Risk

The Company holds cash in several bank accounts, the return on which is subject to fluctuations in market interest rates.

Other than cash and cash equivalents, none of the assets or liabilities of the Company, attract or incur interest.

The following table details the Company's exposure to interest rate risks:

As at 31 December 2009:	Fixed Less than 1 month GBP	Floating Less than 1 month GBP	Non- interest bearing GBP	Total  GBP
<b>Assets</b>				
<i>Designated as at fair value through profit or loss on initial recognition:</i>				
Investments	-	-	34,872,601	34,872,601
<i>Loans and receivables</i>				
Prepayments	-	-	8,786	8,786
Cash and cash equivalents	<u>13,630,356</u>	<u>1,098,166</u>	<u>-</u>	<u>14,728,522</u>
<b>Total Assets</b>	<u>13,630,356</u>	<u>1,098,166</u>	<u>34,881,387</u>	<u>49,609,909</u>
<b>Liabilities</b>				
<i>Financial liabilities measured at amortised cost:</i>				
Accrued expenses	-	-	1,361,643	1,361,643
Broker creditors	<u>-</u>	<u>-</u>	<u>517,262</u>	<u>517,262</u>
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>1,878,905</u>	<u>1,878,905</u>
<b>Total interest sensitivity gap</b>	<u>13,630,356</u>	<u>1,098,166</u>		

# Altus Resource Capital Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the period from 30 April 2009 (date of incorporation) to 31 December 2009

## 13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (d) Interest Rate Risk (continued)

#### *Interest rate sensitivity*

If interest rates had been 25 basis points higher and all other variables were held constant, the Company's net gain attributable to shareholders for the period ended 31 December 2009 would have increased by approximately £24,548 or 0.05% of Net Assets due an increase in the amount of interest receivable on the bank balances.

If interest rates had been 25 basis points lower and all other variables were held constant, the Company's net gain attributable to shareholders for the period ended 31 December 2009 would have decreased by approximately £24,548 or 0.05% of Net Assets due a decrease in the amount of interest receivable on the bank balances.

### (e) Foreign Exchange Risk

A substantial proportion of the Company's portfolio is invested in overseas securities and movements in exchange rates can significantly affect their Sterling value. The Company does not normally hedge against foreign currency movements affecting the value of the investment portfolio, but takes account of this risk when making investment decisions.

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by minimising the amount of foreign currency held at any one time.

The carrying amounts of the Company's foreign currency denominated monetary assets at the reporting date are as follows:

	<b>GBP</b>
Australian Dollar	338,711
Canadian Dollar	601,677
	<hr/>
	940,388
	<hr/>

### (f) Capital Management

The investment objective of the Company is to provide shareholders with attractive long term returns, expected to be in the form of capital, through a diversified portfolio.

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

# Altus Resource Capital Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the period from 30 April 2009 (date of incorporation) to 31 December 2009

## 14 RELATED PARTY TRANSACTIONS AND DIRECTORS BENEFICIAL INTERESTS

As detailed in note 6, Altus Asset Management Limited is the Company's investment manager. The Company has a 100% holding in Altus Asset Management Limited's Ordinary 'A' shares. Altus Strategies Limited owns 150,000 shares (0.41%) in Altus Resource Capital Limited and the Ordinary 'B' shares in Altus Asset Management Limited.

The director David Netherway is a non-executive chairman of Altus Strategies Limited, which as mentioned above, owns 150,000 shares (0.41%) in Altus Resource Capital Limited. David Netherway is also a director of GMA Resources, whose loan stock is invested in by the Company. The investment in GMA Resources represents 1.68% of the market value of the Company's investments.

Director David Gelber holds 50,000 shares (0.14%) in the Company, and Chairman Nicolas Falla holds 20,000 shares (0.05%). These are held as part of nominee trust holdings in the Company.

Under the Investment Management Agreement, Altus Asset Management Limited is entitled to receive fees of, the greater of 0.5% per annum of the Company's Net Asset Value or £150,000 per annum. During the period the Company incurred £97,337 of fees, of which £59,837 was outstanding at the period end as shown in accrued expenses.

The Investment Manager is also entitled to receive a performance fee. The performance fee is calculated as follows: The first component of the Performance Fee will be calculated for the first time in respect of the financial accounting period first ending following the second anniversary of the date of Admission. The fee is equal to 20% of the excess of the NAV per Share as at the end of the financial accounting period (adjusted to account for dividends and returns of capital paid out during the period and in respect of which the Manager has been paid or is to be paid the second component of the Performance Fee) over the basic performance hurdle, this being an amount equal to the Issue Price increased by 10% of the Issue Price per annum up to the end of the relevant performance period. Thereafter this fee shall be paid on an annual basis in respect of each financial period subject to the basic performance hurdle and a high watermark having been exceeded. The high watermark is the NAV at the end of the financial period in respect of which the last Performance Fee was paid. If, however, the high watermark is not exceeded for any consecutive period of three years it shall be re-based to a value equal to the NAV as at the end of the third financial period. The basic performance hurdle, as described above, must however still be exceeded in order for this component of the performance fee to be payable.

**14 RELATED PARTY TRANSACTIONS AND DIRECTORS BENEFICIAL INTERESTS (CONTINUED)**

The first component of the Performance Fee will be paid on a per Share basis, multiplied by the time weighted average of the number of Shares in issue in the relevant performance period (or since Admission in the first performance period). In the event that there is a further issue of Shares, a redemption of Shares or other capital reorganisation of the Company, the calculation of the performance fee will be adjusted appropriately.

The second component of the Performance Fee is an amount equal to 20% of the sum of all dividends, distributions and other returns of capital paid out to Shareholders during the relevant performance period (but excluding redemptions and share buy backs that are deemed distributions under the Companies Law), subject to the performance hurdle having been satisfied. The performance hurdle is the requirement that the NAV on the relevant calculation date must exceed an amount equal to the Issue Price increased by 10% of the Issue Price per annum up to the end of the relevant performance period.

The Company will pay to the Manager 80% of the Performance Fee. However, as at 31 December 2009 no performance fee has been paid. Where the performance hurdle has been exceeded a performance fee will be accrued. A performance fee of £761,004 has been accrued as at 31 December 2009.

Nimrod Capital LLP is the Company's corporate and shareholder advisory agent and owns 10,000 shares (0.03%) in the Company. Nimrod Capital LLP is entitled to receive fees of 0.15% of the Company's Net Asset Value per annum, and 20% of the Performance Fee. During the period the Company incurred £29,201 of costs, of which £18,388 was outstanding at the period end as shown in accrued expenses.

# Altus Resource Capital Limited

## TOP 10 INVESTMENTS IN SECURITIES AS AT 31 DECEMBER 2009

Investment	Cost	Market Value	31 Dec 2009 Unrealised profit / (loss)
	GBP	GBP	GBP
Greystar Resources Limited	1,761,899	2,688,710	926,811
Perseus Mining Limited	1,406,943	2,597,381	1,190,438
European Goldfields Limited	1,444,352	2,475,832	1,031,480
Adamus Resources Limited	1,795,818	2,407,453	611,635
Kryso Resources Plc	500,000	2,290,780	1,790,780
Ecometals Limited	511,364	2,058,790	1,547,426
Allied Gold Limited	1,955,148	1,717,495	(237,653)
Banro Corporation NPV	1,792,421	1,670,861	(121,560)
Eastern Platinum Limited	1,581,558	1,566,371	(15,187)
Kenmare Resources Plc	1,451,365	1,534,462	83,097
	<u>14,200,868</u>	<u>21,008,135</u>	<u>6,807,267</u>

# Altus Resource Capital Limited

## ADVISORS & CONTACT INFORMATION

### Key Information

Exchange	Specialist Fund Market of the LSE/ CISX
Ticker	ARCL/ ARC
Listing Date	30 June 2009/ 22 December 2009
Fiscal Year End	30 June
Base Currency	GBP
ISIN	GG00B54BPN15
SEDOL	B54BPN1
Country of Incorporation	Guernsey – Registration number 50318

### Management and Administration

#### Registered Office

Altus Resource Capital Limited  
Anson Place  
Mill Court  
La Charroterie  
St Peter Port,  
Guernsey GY1 EJ

#### Company Secretary and Administrator

Anson Fund Managers Limited  
P.O. Box 405, Anson Place  
Mill Court  
La Charroterie  
St Peter Port  
Guernsey, GY1 3GF

#### Investment Manager

Altus Asset Management Limited  
14 Station Road  
Didcot  
Oxfordshire  
OX11 7LL

#### Registrar

Anson Registrars Limited  
PO Box 426, Anson Place  
Mill Court, La Charroterie  
St Peter Port  
Guernsey, GY1 3WX

#### Placing and Corporate and Shareholder Advisory Agent

Nimrod Capital LLP  
4 The London Fruit and Wool Exchange  
Brushfield Street  
London, E1 6HB

#### Auditor

Deloitte LLP  
Regency Court  
Glatigny Esplanade  
St Peter Port  
Guernsey, GY1 3HW