

FORM ADV PART 2A



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This brochure provides information about the qualifications and business practices of The Electrum Group LLC (the “**Adviser**” or “**Electrum**”), an investment adviser registered with the United States Securities and Exchange Commission (“**SEC**”). If you have any questions about the contents of this brochure, please contact us at compliance@electrum-group.com. Registration with the SEC does not imply that the Adviser or its employees possess a certain level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about the Adviser also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2. MATERIAL CHANGES

The last annual amendment was filed on March 17, 2023 and the Adviser does not consider any of the information contained in this version of the brochure to represent a material change from the information contained in its most recent version. The Adviser's current and future investors are encouraged to read this brochure, as well as all of the governing and offering documents applicable to their current or prospective investment, in their entirety.

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ITEM 4. ADVISORY BUSINESS

The Electrum Group LLC (the “Adviser”) is a Delaware limited liability company formed in 2011 with a principal place of business in New York, New York. The Adviser is wholly-owned by TEG Services Holding Inc., a Delaware corporation which is ultimately majority-owned by trusts organized by or for the benefit of Mr. Thomas S. Kaplan and/or his family (“Kaplan Family Trusts”). The Adviser is controlled by its board of directors which includes Mr. Kaplan. The Adviser is also indirectly minority owned by certain third party investors, whose investments the Adviser manages through Electrum Global Holdings L.P., a private fund that is a Cayman Islands exempted limited partnership majority-owned by Kaplan Family Trusts (the “Electrum Client”).

As of March 2015, the Adviser provides investment advisory and related services to Electrum Strategic Opportunities Fund L.P., a Cayman Islands exempted limited partnership, and its feeder fund and Electrum Strategic Opportunities Fund II L.P., a Cayman Islands exempted limited partnership, and its feeder fund (collectively, “ESOF”). ESOF’s General Partners (the “ESOF GP”), as well as the investor satisfying the sponsor’s percentage-of-assets funding commitment (the “Sponsor Commitment”), are affiliates of the Adviser owned by the Electrum Client. The Electrum Client also in the future may invest directly or indirectly alongside ESOF through a formulaic co-investment program, as more fully described in ESOF’s applicable amended and restated agreement of limited partnership.

The Electrum Client, together with ESOF and any future client of the Adviser, are referred to herein as “Clients.”

This brochure is not an offer to invest in any of the Clients. Any such offer may be made only through such Clients’ confidential private offering materials. Information included in this brochure is intended to provide a useful summary about the Adviser and is qualified in its entirety by information included in the Clients’ confidential private offering materials.

The Adviser manages each Client’s account(s) in accordance with, and subject to, its investment objective, strategies, restrictions and risk levels as described herein and in accordance with its private offering materials. Electrum’s primary investment objective is to strive to attain after-tax returns by making strategic and generative investments in the natural resources sector, targeting assets that provide leverage to the resource cycle. Please refer to Item 8 of this brochure for additional details related to Electrum’s investment strategies and related risks.

Advisory services include investigating, analyzing, performing due diligence, structuring and negotiating potential investments, monitoring the performance of investments, advising as to disposition opportunities and otherwise providing investment advisory, research and administrative services. Certain supervised persons of Electrum serve on the boards of directors of companies in which its Clients invest and assist those companies with strategic planning and maximizing shareholder value. Investments made by the Adviser in the natural resources sector are generally sourced, and are investigated and monitored, by Mr. Kaplan and the Adviser’s investment personnel (“Investment Personnel”), and with input and assistance from exploration personnel who provide services to the Adviser and who are acting pursuant to the Investment Personnel’s supervision and direction (“Exploration Personnel”).

The Adviser may engage such non-discretionary investment subadvisers as it considers advisable from time to time to consult with the Investment Personnel with respect to securities investments for the Clients, subject to the Adviser’s supervision and direction.

The Adviser also offers business advice, research and administrative services, as well as resource-specific expert services, technical analysis and related services on a fee-basis to companies in which the Electrum Client has existing investments and, in the future, may offer such services to others.

The Adviser manages Client assets in the amount of \$1,725,252,289 on a discretionary basis, valued as of December 31, 2023. The Adviser does not engage in wrap fee programs.

ITEM 5. FEES AND COMPENSATION

For its investment advisory services to the Electrum Client, the Adviser receives a fee equal to the Adviser's costs plus an agreed markup, and certain of the Adviser's senior officers and employees are entitled to receive performance-based compensation.

For its investment advisory services to ESOF, the Adviser receives a quarterly management fee of 2% per annum (the "Management Fee"). In addition, the ESOF GP receives a 20% carried interest above an 8% compounded annual preferred return that is subject to a potential giveback at the end of ESOF's life if the ESOF GP has received excess cumulative distributions. As further described below, the Adviser and/or its affiliates may receive additional compensation in connection with management and other services performed for portfolio companies and a portion of such additional compensation may offset the Management Fee otherwise payable to the Adviser. The Management Fee is generally billed quarterly in advance and is pro rated for any period that is less than a full fiscal quarter.

The Management Fee and the carried interest may be waived or reduced at the discretion of the Adviser and the ESOF GP. In addition, the ESOF GP may enter into "side letters" or similar agreements with certain investors pursuant to which the investors are granted specific rights, benefits, or privileges that are not made available to investors generally.

Other Adviser Compensation and Other Fees and Expenses

The Adviser, its Investment Personnel and/or its affiliates receive business consulting, monitoring and/or board of director fees from certain portfolio companies in which Clients invest. The Adviser, its Investment Personnel and/or its affiliates may be entitled to receive topping, break-up, monitoring, directors', organizational, set-up, advisory, and other similar fees in connection with the purchase, monitoring, or disposition of investments or from unconsummated transactions, including warrants, options, derivatives and other rights, in each case valued as of the grant date ("Other Fees").

With respect to ESOF, its *pro rata* share of such Other Fees will first be applied to reimburse the Adviser, its Investment Personnel and/or its affiliates for their unreimbursed out-of-pocket expenses in connection with the transaction giving rise to such Other Fees and 100% of the balance, if any, net of any unrecouped fees and expenses for transactions not consummated and other Fund Expenses (as discussed below) that the Adviser, its Investment Personnel and/or its affiliates have elected to pay, will be applied to reduce the subsequent installments of the Management Fee. In the event any amounts applied to reduce subsequent installments of the Management Fee in any quarter exceed the Management Fee payable during such quarter, such excess amount will be carried forward and applied against subsequent Management Fees that may become due and payable. Any Other Fees remaining after the application of this offset mechanism will be paid or contributed to ESOF and will be distributed by ESOF as net proceeds.

Clients bear all expenses relating to their operations and their proposed and actual investments (whether or not consummated), including, but not limited to: expenses of counsel, consultants and advisers (including independent contractors who are geological or technical experts retained or selected by the Adviser), accountants and custodians, travel and related expenses incurred in connection with transactions (whether

or not consummated), brokerage commissions, portfolio monitoring expenses, any insurance, indemnification or litigation expenses, and any taxes, fees or other governmental charges levied. For ESOF, such expenses do not include the Adviser's expenses in connection with maintaining and operating its offices (such as compensation of its employees, rent, utilities and general office expenses). Brokerage fees may be incurred in accordance with the practices set forth in Item 12, "Brokerage Practices."

In some cases expenses and fees might be attributable to more than one Client, or to the Adviser and one or more Clients. In such cases the Adviser will apply an expense allocation methodology believed to be fair to all affected Clients. With respect to other shared expenses such as research expenses, the Adviser makes an allocation among itself and its Clients based on usage or another fair mechanism, and reviews allocations periodically. The Adviser may experience a conflict of interest when determining and applying an allocation methodology. See Item 11 below regarding "Conflicts of Interest" for information regarding the conflicts of interest that may arise in relation to the Adviser's expense allocation.

Each Client must refer to its respective advisory agreement and, if applicable, its confidential private offering memorandum, for a complete understanding of fees and expenses. The information contained herein is a summary only and is qualified in its entirety by such documents.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As noted in Item 5 above, certain of the Adviser's senior officers and employees may be entitled to receive performance-based compensation based on the performance of a Client's investments and, with respect to ESOF, the ESOF GP receives a carried interest. Such performance-based compensation complies and will continue to comply with the requirements of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

The Adviser currently provides concurrent advisory services to the Electrum Client and ESOF and may in the future provide advisory services to other Clients who may be charged different fees, including different performance-based fees. This creates potential conflicts of interest between and among the Adviser, its Investment Personnel and its affiliates, providing incentives for such persons to favor one account over another. Although the existence of performance-based compensation is intended to align the interests of the Adviser, its Investment Personnel and its affiliates with the interests of Clients, it may also create an incentive for the Adviser, its Investment Personnel and its affiliates to manage investments in a more aggressive manner than they would otherwise have in the absence of such performance-based compensation. The potential for the Adviser's related persons to receive greater carried interest or management fees may create a conflict of interest with respect to the allocation of investment opportunities, as the Adviser may have an incentive to allocate investments in favor of the account that is charged a higher performance allocation. The Adviser has adopted procedures designed to ensure that all Clients are treated fairly and equitably and that the Adviser, its Investment Personnel and its affiliates meet their fiduciary obligation to act in the best interests of Clients. The Adviser seeks to address these conflicts through careful vetting of investment opportunities by its investment professionals and the full disclosure of investments. Generally, and except as may be otherwise set forth in the organizational documents of the Clients, these conflicts are mitigated by certain limitations on the ability of the Adviser to establish new funds and/or contractual provisions and procedures setting forth investment allocation requirements. **Each Client must refer to its respective advisory agreement for a complete understanding of the Adviser's investment allocations policy. The information contained herein is a summary only and is qualified in its entirety by such document.**

ITEM 7. TYPES OF CLIENTS

As indicated in Item 4, the Adviser provides investment advisory services to its existing Clients, which are pooled investment vehicles formed under U.S. and non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the “Company Act”). At this time, the Clients limit its investors to persons who are “accredited investors” as defined in the Securities Act of 1933 and “qualified purchasers” as defined in the Investment Company Act of 1940.

As set forth in the applicable private offering documents, the Clients may have a specified minimum investment for third-party investors, and Electrum is permitted to waive any such minimum investment amount.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The Adviser’s primary investment objective is to strive to attain after-tax returns by making strategic and generative investments in the natural resources sector, targeting assets that provide leverage to the resource cycle. The Adviser considers a natural resources investment to be “strategic” if it involves (i) a majority voting position, (ii) a non-majority voting position that offers the opportunity to influence the management or policies of the investee entity or (iii) a significant, but non-controlling, position in connection with which the Adviser assists management of the investee entity on an informal basis. The Adviser considers a natural resources investment to be “generative” if it is (i) conducted in a vehicle focused on exploration that was founded by the Adviser or (ii) focused on exploration managed by the Adviser’s team. Strategic and generative investments include investments in the securities and assets of public and private companies in the natural resources sector. The historical focus of the Adviser’s team has been precious metals and hydrocarbons. Over the past few years, the Adviser has expanded its focus to include base and other metals and ESOF is focused specifically on precious metals, primarily gold and silver and, to a lesser extent, copper and certain other base metals.

Without the consent of ESOF’s Advisory Board, ESOF will make portfolio investments only in accordance with the specifications set forth in the amended and restated agreement of limited partnership.

The Adviser’s team has historically concentrated, and expects to continue to concentrate, on early stage exploration opportunities, although the Adviser’s strategy includes a broad range of companies and assets that have both proven and unproven resources and reserves, *i.e.*, exploration companies, development companies, and production companies. The Adviser expects to seek to invest in companies and assets operating in “mining-friendly” jurisdictions around the world, and at times also may seek to invest in companies and/or regions that may not be considered “mining-friendly.” The Adviser manages portfolios based on perceived risk-reward potentials, seeking catalysts that will help to accelerate the realization of value in each individual investment.

The Adviser employs fundamental research, specific industry knowledge, proprietary relationships and strategic alliances with management teams. The Adviser’s sources of information and investment opportunities include contacts with industry executives and established business relationships. In addition, related persons of the Adviser serve on the boards of directors of, or in advisory positions for, companies in which Client assets are invested. In its research, the Adviser gathers and evaluates information from diverse sources that may include, but are not limited to, annual reports, prospectuses, filings with the SEC and/or other regulatory authorities, company press releases, corporate rating services, company financial statements, due diligence, industry experts and analysis, professional advisors and financial newspapers and magazines. That information is then evaluated by the Adviser’s team of experienced resources

professionals and advisors, including geologists, engineers, mining professionals, investment professionals, accountants, lawyers and other staff, in order to make investment or disposition decisions.

RISK FACTORS

The following list of risk factors does not purport to be a complete explanation of the risks involved in pursuing the Adviser's investment strategies. Potential Clients and investors should obtain professional guidance from their tax, legal and other advisors in evaluating all of the tax, legal and investment implications and risks involved in engaging the Adviser and pursuing the Adviser's investment strategies.

Risks of Loss

Investing is speculative in nature and investing in the strategies offered by the Adviser (the "Strategies") is suitable only for sophisticated investors who are aware of the risks involved in investment in the Strategies. Investors must be able and willing to accept (i) the risk of the potential total loss of their investments in the Strategies, and (ii) the illiquid nature of investment in the companies and assets acquired pursuant to the Strategies. Prospective Clients and investors should consider each of the following risks before making an investment in the Strategies.

Risks Related to the Investment Strategy

Achievement of the Adviser's Investment Objectives. No assurance can be given that the Adviser or its Clients will achieve the Adviser's investment objectives. There can be no assurance that the Adviser will be able to invest the Client's assets profitably. Additionally, the profitability of the investments made by the Adviser pursuant to the Strategies depends to a great extent on correct assessments of the future course of the price movements of securities and precious metals. There can be no assurance that the Adviser will be able to accurately predict such price movements. In addition to market risk, there is unpredictability as to changes in general economic conditions, which also may affect the profitability of the Strategies.

Investment Risk. The Adviser will utilize the Strategies to invest Client assets in strategic and generative investments in the natural resources sector, targeting assets that provide leverage to the resource cycle. There are numerous risks inherent in such investments, some of which are specifically referenced below. Such investments are subject to investment-specific price fluctuations as well as to macro-economic, market and geographically specific conditions, including but not limited to local, national and international economic conditions, domestic and international financial policies and performance, national and international politics and governmental events, and changes in federal and local income tax laws. Moreover, in its implementation of the Strategies, the Adviser does not intend to vary a Client's portfolio in response to changing economic, financial and investment conditions.

Illiquid Investments; Limited Markets. Certain assets purchased pursuant to the Strategies are illiquid, lack an active secondary market and/or are subject to resale restrictions. Private investments, at least initially, are generally illiquid. The risk of investing in privately issued financial instruments generally is greater than the risk of investing in registered, publicly traded securities. There is a risk that the Adviser or the Client may be unable to realize its investment objectives by sale or other disposition at attractive prices or will otherwise be unable to complete any exit strategy. In some cases, the Adviser or the Client may be prohibited by contract from selling such financial instruments for a period of time or otherwise may be restricted from disposing of such financial instruments. Furthermore, the types of investments made may require a substantial length of time to liquidate. Lack of an active secondary market and resale restrictions may result in the inability of the Adviser or the Client to sell an investment at a fair price and may substantially delay the sale of part or all of an investment which the Adviser or the Client seeks to sell. Although investors may have certain registration rights, the exercise of these registration rights is dependent

upon various conditions, and there is no assurance that such conditions will occur or that such registration rights will otherwise be exercisable.

Even upon registration, financial instruments of private companies may lack an active secondary market and therefore may be relatively illiquid. It may be difficult to sell large positions without adversely affecting the price of such financial instruments. Additionally, such financial instruments may be subject to more abrupt or erratic price movements than financial instruments of larger, more established companies or stock market averages in general. Such factors may negatively impact the Adviser's or the Client's exit strategy.

Concentration of the Portfolio in Assets and Securities of Public and Private Companies in the Natural Resources Sector, With a Focus on Precious and Base Metals. The Adviser will not diversify across multiple sectors or commodities. The investment strategy of the Adviser is focused on investing in strategic and generative investments in assets and in the securities of companies in the natural resources sector, with a focus on precious and base metals. This investment concentration exposes the Adviser and Clients to the price fluctuations of the underlying commodities and to the natural resources sector. Should the price of natural resources drop precipitously and remain depressed, the Adviser would have significant difficulty in achieving its objective. Furthermore, as a result of this concentration the Adviser at times invests a significant percentage of the Client's assets in one or more specific investments. This could make liquidating those investments without affecting the market price difficult. In addition to the risks of concentration (which include potentially increased volatility and the failure to accurately predict prices), certain events may cause a decline in the prices of certain natural resources, and a corresponding decline in the value of the Client's assets. Such events include:

- Distress Sales: The possibility of large-scale distress sales of certain natural resources, such as gold and/or precious metals resources equities, in times of crisis could have a negative impact on the Adviser's portfolio and the value of a Client's investments pursuant to the Strategies. For example, the 2008 financial credit crisis resulted in significantly depressed prices of precious metals resources as well as precious metals resources equities largely due to forced sales and deleveraging from institutional investors such as hedge funds and pension funds. Although the price of gold rapidly recovered, there is no assurance that this would occur in the future. Crises in the future may impair natural resources' price performance which could, in turn, adversely affect an investment in the Strategies.
- Large sales by the official sector: A significant portion of the aggregate world holdings of many precious metals is owned by governments, central banks and related institutions. Should these institutions decide to sell in amounts large enough to cause a decline in the price of precious metals, the value of the Client's assets could be adversely affected.
- A significant increase in hedging activity by producers: Should there be an increase in the level of hedge activity of producing companies, it could cause a decline in world prices, adversely affecting the Adviser's portfolio and the Client's investments pursuant to the Strategies.
- A significant change in the attitude of speculators and investors towards certain natural resources: Should the speculative community take a negative view towards one or more natural resources, it could cause a decline in world prices, negatively impacting the price of the Adviser's portfolio and the Client's investments pursuant to the Strategies.
- Rising interest rates and low cost of borrowing precious metals: A combination of rising interest rates and a continuation of the current low cost of borrowing precious metals could improve the economics of selling precious metals forward. This could result in an increase in

hedging by precious metals mining companies and short selling by speculative interests, which could negatively affect the price of precious metals. Under such circumstances, the value of the Client's assets invested pursuant to the Strategies could be similarly affected.

Natural Resources Exploration and Development. The Adviser will seek investments in companies that engage in natural resources exploration and development, with a focus on precious and base metals, many of which have no net revenues and little or no gross income. Resource exploration and development involves a high degree of risk and requires significant capital investment over a number of years. Few properties that are explored are ultimately developed into producing mines. There is no assurance that any exploration activities will result in discoveries of resources. There is also no assurance that if discovered the resources would be economical for commercial purposes. Discovery of natural resources, although significantly influenced by the technical skill of the Exploration Personnel involved, is dependent upon a number of factors. As a result, it is possible that Clients may lose some or all of the value of assets that they invest pursuant to the Strategies. Companies that engage in resource exploration and development also are likely to require additional funding to complete their exploration and development activities. Each time a company goes to the markets for funding it dilutes the Client's investment in that company.

Long Bias. An investment in the Strategies is not a market-neutral investment. The Adviser will have a long directional bias in favor of strategic investments in the assets and the securities of public and private companies in the natural resources sector. The Adviser will invest all or the vast majority of Client assets in long positions without any hedges whatsoever. As a result, any long-term negative market movements during the term of the investment may result in the Adviser and the Client not being able to achieve the Adviser's objectives.

Small- and Medium-Capitalization Companies. The Adviser will invest the Clients' assets in companies with small- to medium-sized market capitalizations. Investments in smaller capitalized companies generally incur higher risks than do investments in stocks of larger companies. For example, prices of small-capitalization and even medium-capitalization stocks are often more volatile than prices of large-capitalization stocks, and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in some small-capitalization stocks, an investment in those stocks may be highly illiquid. Small companies often have limited financial and managerial resources. Such companies may also be dependent on personnel (including key personnel) with limited experience.

Special Situations. The Adviser may invest Client assets in the natural resources sector, in whole or in part, based upon, or in anticipation of, an extraordinary event, such as a spin-off, merger, or other corporate or economic event. In special situation investing, in addition to all of the risks set forth herein, there is the additional risk that the anticipated special situation will not occur or the anticipated benefit of the special situation will not be realized.

Investments in Public Companies. The Adviser will invest Client assets in public companies and at times takes private portfolio companies public. Investments in public companies may subject Clients to risks that differ in type or degree from those involved with investments in privately-held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Client to dispose of such securities at certain times (including due to the possession by the Client of material non-public information), increased likelihood of shareholder litigation against such companies' board members, which may include members of the Adviser's investment team, regulatory action by the domestic or foreign securities regulators and increased costs associated with each of the aforementioned risks.

Risks Associated with Non-U.S. Investments

Emerging Markets Investments. The Adviser invests globally in natural resources sector companies and assets, including making investments located in undeveloped and emerging markets. Global investing involves certain risks not typically associated with investing in developed countries, including risks relating to (i) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation, (ii) certain economic and political risks, including expropriation, potential exchange control regulations and restrictions on foreign investment and repatriation of capital and the risks of political, economic or social instability, (iii) obtaining governmental approvals and complying with local laws, (iv) the possible imposition of foreign taxes on income and gains recognized with respect to such investments, and (v) differing tax structures. Anti-fraud and anti-insider trading legislation in certain countries may be rudimentary. In certain countries, the concept of fiduciary duty on the part of the management or directors of companies to shareholders may be limited. The legal systems in these countries may offer no effective means for the Adviser and its Clients to enforce their rights or otherwise obtain legal redress or to enforce foreign legal judgments.

Economic Risks. Changes in U.S. and foreign policy with regard to taxation, fiscal and monetary policies, repatriation of profits, and other economic regulations are possible, any of which could have an adverse effect on Clients' investments. The economies of the foreign countries in which the Adviser may invest may differ favorably or unfavorably from the U.S. economy with regard to the rate of growth of gross domestic product, the rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments.

Regulatory and Legal Risks Related to Natural Resources Investing. Some of the Adviser's natural resources investments may become subject to regulation by governments and agencies of the localities in which they operate. New and existing regulations, changing governmental and regulatory schemes and the burdens of regulatory compliance all may have a material negative impact on the performance of the Adviser's investments, either in specific cases or in general. There can be no assurance that government action, new legislation or regulation, including changes to existing laws and regulations, will not have a material negative impact on investments made pursuant to the Strategies.

Legal Risk, Generally Associated with Non-U.S. Investments. Laws and regulations in certain jurisdictions, particularly those relating to foreign investment and taxation, may be subject to change or evolving interpretation and situations may arise where legal action is pursued in multiple jurisdictions. In addition, the legal standards and laws in certain jurisdictions vary from those in the United States and these differences may have a material effect on the general economic and political environment in which the Adviser will seek to invest its Clients' assets. In certain countries, governments continue to exercise substantial influence over many aspects of the private sector.

Conversely, there is generally less government supervision and regulation of non-U.S. exchanges, brokers and issuers than there is in the United States and there is frequently greater difficulty in taking appropriate legal action in non-U.S. courts. Furthermore, to the extent a Client and/or a portfolio company may obtain a judgment in its favor, there can be no assurance that such judgment will be successfully enforced. Such uncertainties could materially and adversely affect revenues and earnings of the portfolio companies.

Moreover, laws regulating ownership, control and corporate governance of companies may not offer significant protection to minority shareholders. Management or controlling shareholders may be able to take action against the interests of minority shareholders that could result in share dilution.

In addition, disclosure requirements in some countries are less stringent than in the U.S., so that less information may be available regarding non-U.S. companies, and such companies also may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those in the U.S. Accordingly, there may be less information available to investors, a Client, including both general economic and commercial information and information concerning specific portfolio companies, and such information may be less reliable and less detailed than information available in more developed

countries. Transaction costs of investing outside the United States are generally higher than in the United States. Higher costs could result, for example, because of the cost of converting a non-U.S. currency to U.S. dollars, the payment of fixed brokerage commissions on some non-U.S. exchanges and the imposition of transfer taxes or transaction charges by non-U.S. exchanges.

Foreign investments in some countries are subject to various laws and regulations and foreign investment in certain industries is precluded or restricted. These restrictions or controls may increase the costs and expenses of Clients. Some countries currently require governmental approval prior to investments in domestic companies by foreign persons. Clients could be adversely affected by delays in, or a refusal to grant, any of such required governmental approval. The governments of such countries may limit the ownership percentage by a foreign person or impose qualification requirements on such foreign investor in a company in certain industries. The general corporate law and foreign investment-related laws and regulations of the country may also provide limited flexibility in structuring transactions, and the techniques and complexity frequently deployed in alternative investment transactions in the United States or Europe may not be available under such legal frameworks.

Tax laws and practice in certain countries are at an early-stage of development and are often subject to change in light of changing social, economic and other conditions and government policy. The tax laws and regulations (including related enforcement measures) applicable to a Client and/or its portfolio companies in certain countries may therefore be subject to varying interpretations and frequent changes. There may also be other changes in general corporate or other tax laws, treaties and regulations, or interpretations of such laws, treaties and regulations that are adverse to a Client and/or its portfolio companies.

In recent years, some countries have also developed anti-trust regulations, which may affect the Adviser's ability to invest Client assets in portfolio companies. As a result, certain transactions by foreign entities or involving foreign-invested enterprises have become subject to reporting obligations. Mergers and acquisitions by foreign investors of domestic companies that may eliminate or restrict competition, disrupt the social and economic order or damage the interests of society and the public, among other criteria, would be prohibited. In addition, the anti-trust and anti-monopoly laws and regulations are under constant development and there is uncertainty about the application, interpretation and implementation of such laws and regulations by the relevant government authorities. Such laws and regulations may cause significant time delays or increase expenses associated with investments in portfolio companies or prevent prospective investments from occurring.

Local Intermediary Risk. Certain of the Adviser's transactions are undertaken through brokers, banks or other organizations outside the U.S., and Clients will be subject to the risk of default, insolvency or fraud of such organizations. There can be no assurance that any money advanced to such organizations will be repaid or that Clients would have any recourse in the event of default. The collection, transfer and deposit of bearer securities and cash expose Clients to a variety of risks including theft, loss and destruction. The Adviser will also be dependent upon general soundness of the banking systems of the countries in which it invests Client assets.

Unforeseen Events Risk. Investments may be subject to, or directly or indirectly adversely affected by, catastrophic events and other force majeure events such as fires, earthquakes, adverse weather conditions, changes in law, eminent domain, riots, terrorist attacks, epidemics and similar risks. In addition, with respect to investments in companies and assets in certain countries, there may exist the risk of adverse political developments, including nationalization, taxation, confiscation without fair compensation or war. These events could result in the partial or total loss of an investment.

Debt Investments. The Adviser at times will invest Client assets in the debt or convertible debt securities of natural resources companies. Such debt may be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such debt investments may not be protected by financial covenants or limitations upon additional

indebtedness and there is no minimum credit rating for such debt investments. Other factors may materially and adversely affect the market price and yield of such debt investments, including, without limitation, investor demand, changes in the financial condition of portfolio companies, government fiscal policy and domestic or worldwide economic conditions.

Control Position. The Adviser will generally seek to invest Client assets in investment opportunities that allow the Adviser to have an influence on management, operations and strategic direction. The exercise of influence over a company may create risks of liability for the Client. The exercise of influence over a company in which the Client invests could expose the assets of the Client to claims by such company, its security holders and/or its creditors.

The size of an equity holding in a particular issuer, or contractual rights or arrangements obtained by the Adviser in connection with an investment, at times enable the Adviser to designate one or more directors to serve on the boards of entities in which a Client invests. As a member of the board, such director may come into possession of material non-public information and may be subject to various trading or confidentiality restrictions either contractually or pursuant to applicable securities laws, which may in turn restrict the Adviser's ability to trade in the securities of the issuer. While such board representations may enhance the Adviser's ability to influence the outcome of investments for a Client, it may also have the effect of impairing the ability of the Adviser to engage in any transactions with respect to securities of an issuer for any of its Clients. Conversely, if in order to avoid trading or other restrictions, the Adviser forgoes the opportunity to designate a director for an entity in which a Client invests, or forgoes the opportunity to receive information from such an entity, the Adviser may have less ability to influence the entity or its management. The Adviser's policies and procedures regarding the receipt and handling of material non-public information are included in the Adviser's Code of Ethics.

Currency and Exchange Rate Risks. As the Adviser at times invests in assets denominated or quoted in currencies other than the U.S. Dollar, changes in currency exchange rates may affect the value of investments and the unrealized appreciation or depreciation of such investments. The value of such assets as measured in U.S. Dollars would be adversely affected by devaluations in foreign currencies. Further, as proceeds from investments and trades may be received or realized in foreign currencies, Clients may incur higher brokerage commissions in connection with conversions between currencies as brokers are subject to risks during the conversion process.

Environmental Matters. Environmental laws, regulations and regulatory initiatives play a significant role in the natural resources industries and can have a substantial impact on investments in such industries. For example, required expenditures for environmental compliance have adversely impacted investment returns in a number of segments of the industry. The mining, mineral and commodities industries will continue to face considerable oversight from environmental regulatory authorities, and the Adviser will seek to evaluate carefully the expected impact of environmental compliance on all potential investments. The Adviser at times invests Client assets in portfolio companies that are subject to changing and increasingly stringent environmental and health and safety laws, regulations and permit requirements.

There can be no guarantee that all costs and risks regarding compliance with environmental laws and regulations can be identified. New and more stringent environmental and health and safety laws, regulations and permit requirements or stricter interpretations of current laws or regulations could impose substantial additional costs on portfolio companies or potential investments. Compliance with such current or future environmental requirements does not ensure that the operations of the portfolio companies will not cause injury to the environment or to people under all circumstances or that the portfolio companies will not be required to incur additional unforeseen environmental expenditures. Moreover, failure to comply with any such requirements could have a material adverse effect on a portfolio company, and there can be no assurance that portfolio companies will at all times comply with all applicable environmental

laws, regulations and permit requirements. Past practices or future operations of portfolio companies could also result in material personal injury or property damage claims. Under certain circumstances, environmental authorities and other parties may seek to impose personal liability on investors in Clients for the environmental liability.

Business Risks

Dependence on the Adviser. Except to the extent otherwise provided in a given Client's advisory agreement, the Adviser has discretion over investment decisions made with respect to each Client's account. Clients therefore do not have the opportunity to evaluate for themselves the relevant economic, financial and other information regarding their investments. Clients are dependent on the Adviser's judgment and abilities. There is no assurance that the Adviser will be successful. Furthermore, the Adviser may choose not to make a particular investment on behalf of the Clients if the Adviser disapproves of the investment on any one or more non-economic grounds, including without limitation environmental, conservation or medical concerns, which may cause a Client's performance to be lower than it otherwise would be. A prospective Client should not invest in the Strategies unless it is willing to entrust all aspects of the investment activities of the Client's account to the Adviser.

Availability of and Ability to Acquire Suitable Investments. There can be no assurance that attractive investments will be available when a Client commences its investment in the Strategies or will continue to exist during the life of the Adviser's advisory relationship with the Client, or that available investments will meet the Client's investment criteria. Although the Adviser believes it can successfully execute the Strategies, there is no assurance that the Adviser will be able to find suitable investments or, if found, that the Adviser will be able to generate returns.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, the Adviser at times will decide to invest additional Client funds in such portfolio company or increase a Client's investment in a successful portfolio company. There is no assurance that the Client will make follow-on investments or that a Client will have sufficient funds to make all or any of such investments. Any decision by the Adviser not to make follow-on investments for a Client or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment or may result in a lost opportunity for a Client to increase its participation in a successful operation.

Toehold Investments. The Adviser may accumulate for its Clients minority positions in the outstanding debt securities or in voting stock, or securities convertible into the voting stock, of potential portfolio companies. While the Adviser will seek to achieve such accumulation through open market purchases, registered tender offers, negotiated transactions or private placements, the Adviser may be unable to accumulate a sufficiently large position in a portfolio company to execute its strategy. In such circumstances, the Adviser may dispose of its Client's position in the portfolio company within a short time of acquiring it; there can be no assurance that the price at which the Adviser can sell such securities will not have declined since the time of acquisition. Moreover, this may be exacerbated by the fact that securities of the companies that the Adviser may target may be thinly traded and that the Client's position may nevertheless have been substantial, although not controlling, and its disposal may depress the market price for such securities.

Competition. The natural resources industry is becoming increasingly competitive. In pursuing its investment methods and strategies, the Adviser will compete with industry, investor and securities firms, as well as institutional investors and, in certain circumstances, market-makers, banks and broker-dealers. In relative terms, a Client's account advised by the Adviser may have little capital and may have difficulty in competing in markets in which its competitors have substantially greater financial resources, larger research staffs, and more investment professionals than the Adviser has or expects to have in the future. In

any given transaction, investment and trading activity by other firms will tend to narrow the spread between the price at which a natural resources investment may be purchased by the Adviser and the price it expects to receive upon disposition.

Dependence on Key Personnel. The success of the Adviser depends on the skill and expertise of Mr. Kaplan and other key employees of the Adviser. There can be no assurance that Mr. Kaplan and other key employees will continue to serve as officers or be employed by the Adviser throughout the life of the Strategies. The loss of Mr. Kaplan or other key investment personnel could materially and adversely affect the Strategies. In such event, a Client could have a diminished capacity to obtain investment opportunities, to capitalize upon relationships and to structure and execute its potential investments and dispositions. The Adviser may not be able to successfully recruit additional personnel and any additional personnel that are recruited may not have the requisite skills, knowledge or experience necessary or desirable to enhance the incumbent management.

Risk of Reliance on Management of Portfolio Companies by Third Parties in Minority Investments. The Adviser at times recommends minority equity investments in entities where the Adviser or its Investment Personnel do not participate in the management or otherwise control the business or affairs of such entities. Although the Adviser will monitor the performance of each investment, it will rely upon the management of portfolio companies to operate the portfolio companies on a day-to-day basis. The Adviser generally intends to invest in portfolio companies with strong management, but there can be no assurance that the existing management of such companies will continue to operate a company successfully. The Adviser may seek management rights, including board representation or other rights, where appropriate. However, there is no assurance that these rights, if sought, will be obtained. Furthermore, even in cases where a Client may be represented on management boards or have other management rights, the Client does not expect to have an active role in the day-to-day operations of its investments. The success or failure of many of Clients' portfolio companies will depend to a significant extent on the financial and management talents and efforts of specific employees of such portfolio companies, whose death, disability or resignation could adversely affect the performance of the portfolio company.

Difficulty in Valuing Investment Portfolio. The Adviser will value the portfolio companies of its Clients from time to time at their fair market values. Client assets that are publicly-traded securities for which market prices are readily available will be valued based on their trading prices; however, for certain portfolio companies, there will likely be no public market for its securities. The valuation of portfolio companies inherently is highly subjective and imprecise and requires the use of techniques that are costly and time consuming and ultimately provide no more than an estimate of value. In establishing the value of Clients' portfolio investments, the Adviser may also consult with accounting firms, investment banks and other third-parties when needed, to assist with the valuation of portfolio investments. The value set by the Adviser may not reflect the price at which the Client could dispose of its interests in a particular portfolio company at any given time.

Bridge Financing. The Adviser at times arranges for its Clients to provide bridge financing in connection with one or more of their portfolio companies. The Client will bear the risk of any changes in capital markets that may adversely affect the ability of a portfolio company to refinance any bridge investments. If such portfolio company were unable to complete a refinancing, the Adviser could have a long-term investment in a junior security and the interest rate on such bridge financing may not adequately reflect the risk associated with the unsecured position taken by the Client.

Global Economic Conditions; Market Dislocation. General global economic conditions may affect the Adviser's activities with respect to the Strategies. Interest rates, general levels of economic activity, fluctuations in the market prices of securities and participation by other investors in the financial markets may affect the value of investments made by the Adviser on behalf of its Clients. Instability in the securities

markets may increase the risks inherent in portfolio investments made by Clients. To the extent that marketplace events worsen, this may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Any resulting economic downturn could adversely affect the financial resources of a Client's portfolio companies and their ability to make principal and interest payments on, or refinance, outstanding debt when due. In the event of such defaults, a Client could lose both invested capital in and anticipated profits from such portfolio companies.

In addition, current global economic conditions may materially and adversely affect (i) the ability or willingness of certain counterparties to do business with a Client or its affiliates; (ii) a Client's exposure to the credit risk of others in its dealings with various counterparties (for example, in connection with joint ventures or the maintenance with financial institutions of reserves in cash or cash equivalents); (iii) demand for the products and services offered by a Client's portfolio companies; (iv) growth opportunities for a Client's investments; (v) a Client's ability to exit its investments at desired times, on favorable terms or at all; (vi) availability of reliable insurance on favorable terms or at all; and (vii) the ability of investors in a Client to meet their obligations to the Client in a timely manner or at all.

Risk of Catastrophes. The Clients may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; terrorism; and public health crises, including the occurrence of a contagious disease. To the extent that any such event occurs and has a material effect on global financial markets or specific markets in which the Clients participate (or has a material effect on locations in which the Investment Manager operates) the risks of loss can be substantial and could have a material adverse effect on the Clients and the shareholders' investments therein.

ITEM 9. DISCIPLINARY INFORMATION

Not applicable to the Adviser.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Kaplan Family Trusts are the majority owners of the Electrum Client and, indirectly, of the ESOF GP. Mr. Kaplan and the Investment Personnel will devote only so much time and attention to the business and affairs of the Clients as they, in their sole discretion, may deem reasonably necessary. Mr. Kaplan and the Investment Personnel who perform services for a Client may also perform identical or different services for the Adviser and its other Clients and, accordingly, may have conflicts in allocating management time, services and functions among the Clients and the Adviser. Investment Personnel may also perform investment advisory services for other investment advisers. Each such individual will remain subject to the Adviser's Code of Ethics and applicable law, will continue to owe a fiduciary duty to the Clients, and will have the obligation to equitably allocate investment opportunities to the Clients in accordance with each Client's applicable advisory agreement. With respect to personal and other conflicts of interest, the Adviser has adopted a Code of Ethics described below in Item 11.

As discussed in Item 4, a portion of the capital of the Electrum Client is invested in ESOF via the Sponsor Commitment. Additional capital from the Electrum Client and its affiliates and investors also may be invested alongside ESOF through a formulaic co-investment program. Accordingly, certain investment opportunities that meet the investment objectives of ESOF may be allocated between ESOF, on one hand, and the Electrum Client and its affiliates and investors, on the other hand. As a result, a majority of the available investment capital for any such investment opportunity may be allocated away from ESOF.

Tigris Group Inc. (“Tigris”), which is an affiliate of one of the principal owners of the Adviser and serves as the family office for the Kaplan family, currently provides office space and certain back-office and finance services to the Adviser for the direct and indirect benefit of the Clients. In return for such services, the Adviser pays services fees to Tigris, and such fees allocable to the Electrum Client are borne by the Electrum Client. This creates potential conflicts of interest. The Adviser has certain agreements and policies in place, including a Code of Ethics (as discussed in Item 11) and a restricted list to manage such conflicts.

A Client may bear a portion of other fees and expenses for services provided by Electrum’s affiliates, employees, advisers, consultants or related persons, as discussed in Items 5 and 11.

As described under “Advisory Business” in Item 4, the Adviser is under common control with the ESOF GP. For a description of material conflicts of interest created by the relationship between the Adviser and the ESOF GP, see Item 11 below.

Andrew Shapiro is the General Counsel and Chief Compliance Officer of the Adviser and also is the General Counsel of Tigris. This may lead to a conflict in that Mr. Shapiro may have an incentive to provide advice to the Adviser that would benefit Tigris, Kaplan Family Trusts or members of the Kaplan family, rather than the Adviser or the Clients. Each of the Adviser and Tigris has granted a conflict waiver in order to enable Mr. Shapiro to represent both entities. Although Mr. Shapiro will recuse himself when necessary from counseling the Adviser with respect to certain legal matters in which a conflict exists, it is possible that conflicts may arise such that, under applicable legal ethics rules, Mr. Shapiro would be required to cease representing the Adviser, which would compel the Adviser to seek counsel from other sources that may not be as familiar with the Adviser and its business, to the possible detriment of the Clients.

Conflict of interest situations that arise in connection with the management of Client accounts will be handled on a case-by-case basis. If a principal transaction or agency cross transaction arises, the Adviser will execute such transaction with the consent of the applicable Client or as otherwise permitted by the Advisers Act, including Section 206(3) thereof, and the Clients’ applicable private offering documents.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

The Adviser has adopted a Code of Ethics (the “Code”), pursuant to Rule 204A-1 under the Advisers Act, for the purposes of establishing standards of business conduct, fostering a culture of honesty and accountability and assisting those covered by the Code to comply with the Advisers Act. The Code is applicable to all supervised persons of the Adviser and available to Clients and investors and prospective Clients and investors by contacting the Adviser’s Chief Compliance Officer and requesting such information. Please send requests via email to compliance@electrum-group.com. The Adviser’s Chief Compliance Officer is responsible for general administration of the policies and procedures set forth in the Code.

The Code of Ethics contains policies to address the following topics:

Personal and Insider Trading (the “Trading Policy”)

The Trading Policy will serve as a guide to administering and overseeing procedures relating to the personal trading practices of supervised persons with respect to financial instruments in which such persons have a

beneficial interest. The Trading Policy is designed to prevent conflicts of interest and to guard against the misuse of proprietary and confidential information.

Under the Trading Policy, subject to certain exceptions outlined therein or granted by the Chief Compliance Officer, a supervised person may not invest or trade in a financial instrument in applicable areas within the natural resources sector, and certain other types of applicable financial instruments, as determined by the Chief Compliance Officer, without the prior approval of the Chief Compliance Officer. The Chief Compliance Officer may approve the purchase or sale of a financial instrument that is being considered for purchase or sale or is owned by a Client account if the Chief Compliance Officer determines that the Adviser and the supervised person are not in possession of material non-public information and that such sale would not reasonably be expected to interfere with the Adviser's investment strategy for the Client or adversely affect the Client with respect to such financial instrument.

Subject to certain exceptions permitted by law, the Trading Policy requires supervised persons to disclose all investment accounts in which the supervised person has a beneficial interest and to arrange for the applicable broker-dealer, counterparty or custodian to submit duplicate statements and confirmations to the Chief Compliance Officer with respect to such accounts. On at least an annual basis, supervised persons will be required to represent that they have complied with the Trading Policy and to reaffirm their commitment to comply with such Policy.

Other Supervised Person Conduct

Consistent with the fiduciary obligations owed to Clients, supervised persons must place the interests of Clients before their own interests. Supervised persons may not take advantage of an opportunity that rightfully belongs to the Adviser or a Client. All supervised persons are required to fulfill their personal obligations to governmental and regulatory bodies, including the filing of appropriate Federal, state and local tax returns, as well as the filing of any applicable forms or reports required by governmental bodies.

Officers, principals or employees of the Adviser and certain of its affiliates ("Adviser Representatives") may buy or sell securities that the Adviser has recommended to Clients or in which Clients have invested (subject to compliance with the Trading Policy described above). In connection with such investments, the Adviser, its affiliates, Adviser Representatives and/or Clients may have conflicting interests and investment objectives. Electrum recognizes that the personal securities transactions of the Adviser's Representatives demand the application of a high code of ethics, and as such Electrum requires that all such transactions be carried out in a way that does not endanger the interest of any Client. Moreover, the Adviser Representatives may invest their personal funds in the Clients and, therefore, such persons may hold an indirect interest in the same securities as other investors in the Clients.

The Adviser may provide a variety of services for, and advice to, various Clients, as well as to issuers of securities that the Adviser may recommend for purchase or sale by Clients. In the course of providing these services, the Adviser and Adviser Representatives may come into possession of material, nonpublic information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Adviser and Adviser Representatives may be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, including Clients. Similar restrictions may be applicable as a result of the Adviser's personnel serving as directors of public companies and may restrict trading on behalf of Clients. In addition, the Adviser and Adviser Representatives may serve as directors and officers of certain portfolio companies and, in that capacity, will be required to make decisions that consider the best interests of such portfolio company and their respective shareholders. In certain circumstances, actions that may be in the best interests of the portfolio company may not be in the best interests of the Clients, and vice versa. Accordingly, in these situations,

there may be conflicts of interests between such individual's duties as an Adviser Representative and such individual's duties as a director of such portfolio company.

The Adviser and its affiliates may be reimbursed for certain compensation and other fees and expenses that relate to the employment or retention of certain portfolio company employees or consultants, and the Adviser and its affiliates could therefore have a conflict of interest in connection with the applicable Client's initial investment in such portfolio company and the resulting reimbursement of such amounts. In addition, as described in Item 5, the Adviser and its affiliates typically have the right to appoint board members to certain portfolio companies in which the Adviser has a substantial interest, or to influence their appointment, and to direct or recommend the hire of certain employees or consultants and to determine or influence a determination of their compensation. Portfolio companies may from time to time pay certain fees and expenses of independent consultants (including independent contractors and geological and technical experts introduced or arranged by the Adviser and/or its affiliates that may regularly provide services to one or more Client portfolio companies), and such fees and expenses will not be considered Other Fees and will not offset the Management Fee as described in Item 5. Any of these situations subjects the Adviser and/or its affiliates to potential conflicts of interest.

In some cases expenses or fees might be attributable to more than one Client, or to the Adviser and one or more Clients. In such cases the Adviser will apply an expense allocation methodology believed to be fair to all affected Clients. The Adviser may experience a conflict of interest when determining and applying an allocation methodology because one of the Adviser's Clients is under common ownership, pro rata, with the Adviser, while the majority of the other Client's investors are unrelated third parties. Although the Adviser endeavors to allocate expenses and fees on a fair and equitable basis, there can be no assurance that its efforts to do so will always be successful.

The Adviser or its affiliates may recommend or effect the purchase or sale of securities for a Client that the Adviser buys or sells for itself or for another Client, or its affiliate buys for itself. As discussed herein, the Electrum Client is an indirect investor in ESOF via the Sponsor Commitment and may in the future invest alongside ESOF through a formulaic co-investment program. See Item 10 for a description of the material conflicts of interest created by the Sponsor Commitment and the co-investment program. Such co-investors may be required to bear a carried interest and/or management fee and other costs with respect to any co-investment, at the Adviser's discretion. In addition to the foregoing, the Adviser may, in its sole discretion, offer partners and other persons, including strategic investors, the opportunity to co-invest in Electrum Client investments. Such vehicles, referred to herein as "co-investment vehicles," generally are contractually required, as a condition of investment, to purchase and sell each investment opportunity at substantially the same time and substantially the same terms as the applicable Client that is invested in that investment opportunity. The Adviser will allocate investment opportunities or advisory recommendations on a fair and equitable basis, consistent with its fiduciary obligations and the underlying documents for the relevant Client. In the case of co-invests, the Adviser may grant certain third party investors the opportunity to evaluate specified amounts of prospective co-investments in Client portfolio companies or otherwise to have priority in co-investment opportunities.

If a principal transaction or agency cross transaction arises, the Adviser will execute such transaction with the consent of the applicable Client or as otherwise permitted by the Advisers Act, including Section 206(3) thereof. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of a related person, buys from or sells any security to any advisory Client. An agency cross transaction is generally defined as a transaction where a person acts as investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory Client and for another person on the other side of the transaction.

Conflict of interest situations that arise in connection with the management of the assets of Clients will be handled on a case-by-case basis. Client approval will be sought in connection with approvals required under the Clients' private offering documents and the Advisers Act, including Section 206(3) thereunder, or otherwise and, if granted, such approval will be binding.

ITEM 12. BROKERAGE PRACTICES

The Adviser generally purchases securities in portfolio companies through privately-negotiated transactions in which the services of a broker-dealer are not typically retained. However, the Adviser may acquire public securities through market purchases or sell such securities, including through use of a broker-dealer. To the extent it utilizes the services of broker-dealer, the Adviser follows the brokerage practices described below.

In selecting brokers for a Client, the Adviser will take into account the broker's reliability, accuracy of recommendations on particular financial instruments, reputation, financial responsibility, stability, ability to execute trades, nature and frequency of sales coverage, order flow, commission rate and responsiveness to the Adviser. In addition, order placement varies in accordance with the type of transaction, the nature of the natural resources investment being acquired, the market encountered and the type of order that can be used. The Adviser will not adhere to any rigid formulae in approving brokers, but weighs a combination of the preceding criteria. The Adviser has no fixed internal brokerage allocation procedures designating specific percentages of brokerage commissions to particular firms, and the Adviser will seek best execution in transactions for a Client. The Adviser may enter into soft-dollar arrangements within (but not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended.

The Adviser does not receive client referrals from broker-dealers. However, the Adviser may place transactions with a broker or dealer that (i) provides the Adviser (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors, if otherwise consistent with seeking best execution, provided that the Adviser is not approving the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

The Adviser does not permit Clients to direct it to execute transactions through a specified broker-dealer. To the extent the Adviser permitted such activity, the Client will be required to acknowledge in writing that the Client's direction with respect to the use of brokers supersedes any authority granted to the Adviser to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; the Client may be unable to participate in block trades (unless the Adviser is able to engage in "step outs"); and trades for the Client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.

As stated above, the Adviser uses its best efforts to manage Client accounts in accordance with, and subject to, each Client's investment objectives, strategies, restrictions and risk levels. As a result, the Adviser might tailor its strategies to the preferences of such Clients and returns accordingly might differ materially from Client to Client. If the Adviser were to decide to buy or sell the same securities on behalf of more than one Client (based upon the investment mandates of Clients), it might, but would be under no obligation to, aggregate or bunch, to the extent permitted by applicable law and regulations, the securities to be purchased or sold for multiple Clients in order to seek more favorable prices, lower brokerage commissions or more efficient execution. In such case, the Adviser would place an aggregate order with the broker on behalf of all such Clients in order to ensure fairness for all Clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. The Adviser would determine the appropriate number of shares to place with brokers and will select the appropriate brokers

consistent with the Adviser's duty to seek best execution, except for those accounts with specific brokerage direction (if any).

ITEM 13. REVIEW OF ACCOUNTS

Investment Personnel monitor companies in which the Adviser has invested Client funds and generally seeks to maintain an ongoing oversight position in such companies (including, in many cases, representation on the board of directors of such companies). The Chief Compliance Officer and Investment Personnel periodically check to confirm that each Client is maintained in accordance with its stated business objectives. Because certain of the investments held by Clients are private, illiquid and/or long-term in nature, the review process is not directed toward a short-term decision to dispose of securities, but rather is focused on the long-term prospects of the investments. The review process involves consideration of performance, material developments and other significant matters that would reasonably have a material effect on the portfolio companies. Reviews occur periodically, and in some cases, on a weekly or monthly basis.

Clients (and investors in the Clients) will receive unaudited estimated performance letters at least quarterly regarding their investment. Such correspondence will include performance information and explanation. Investors also will receive (i) annual audited financial statements and (ii) an annual report setting forth in sufficient detail such information as shall enable U.S. investors to prepare applicable federal, state and local income tax returns.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

The Adviser does not receive an economic benefit from non-Clients for providing investment advice or other advisory services to the Clients. Electrum does not compensate any person for Client referrals. Electrum has and may in the future enter arrangements with unaffiliated third parties whereby compensation is paid for referring investors to the Clients.

ITEM 15. CUSTODY

Rule 206(4)-2 promulgated under the Advisers Act (the "Custody Rule") imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any Client has a beneficial interest. An investment adviser is deemed to have custody or possession of Client funds or securities if the adviser directly or indirectly holds Client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful). The Adviser will comply with the requirements of the Custody Rule with regards to custody of assets of the Clients.

The Adviser is required to maintain the funds and securities (except for securities that meet the privately offered securities exemption in the Custody Rule) over which it has (or may be deemed to have) custody with a "qualified custodian." Qualified custodians include banks, brokers, futures commission merchants and certain foreign financial institutions.

Rule 206(4)-2 imposes on advisers having custody of Clients' funds or securities certain requirements concerning reports to such Clients (including underlying investors) and surprise examinations relating to such Clients' funds or securities. However, an adviser need not comply with such requirements with respect to pooled investment vehicles subject to audit and delivery if each pooled investment vehicle: (i) is audited at least annually by an independent public accountant; and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to their investors, all limited partners, members or other beneficial owners within 120 days (180 days in the applicable case of a fund of funds adviser) of its fiscal year-end.

To comply with the Custody Rule, the Adviser relies upon the aforementioned pooled investment vehicle exemption with respect to its Clients, and therefore will be exempt from the Rule 206(4)-2 reporting and examination requirements.

The Client's cash and/or publicly traded securities are held at qualified custodians including unaffiliated broker-dealers and banking institutions. The Adviser will rely on the privately offered security exemption to the extent its Clients' private securities meet all such requirements. Generally, the Adviser's privately offered securities will be uncertificated. Annually, upon completion of the Clients' year-end audit, the Adviser will distribute audited financial statements to investors in the Clients. The Adviser shall ensure that audited financial statements for the Clients are delivered to all investors within 120 days of the end of each fiscal year, in compliance with the Custody Rule.

The Adviser urges its investors in the Clients to carefully review all statements and reports they receive and whenever possible to compare the same or similar information on different reports. The Adviser also urges its Clients, including investors in the Clients, to compare any reports received from the Adviser with reports received from third-party administrators, auditors, and/or custodians.

ITEM 16. INVESTMENT DISCRETION

As described in Item 4 herein, the Adviser has discretionary authority to manage securities accounts on behalf of Clients as described in the Clients' private offering documents. Please see Item 4 for a description of any limitations the Clients may place on the Adviser's discretionary authority. The Adviser entered into advisory agreements with each of the Clients, which set forth the scope of the Adviser's discretion, prior to assuming full discretion in managing the Clients' assets.

ITEM 17. VOTING CLIENT SECURITIES

The Adviser acknowledges its fiduciary obligation to vote proxies on behalf of those Clients that have delegated to it, or for which it is deemed to have, proxy voting authority. The Adviser will vote proxies on behalf of a Client solely in the best interest of the relevant Client, consistent with the objective of maximizing long-term investment returns for that Client. The Adviser has established general guidelines for voting proxies. The Adviser may also abstain from voting if, based on factors such as expense or difficulty of exercise, it determines that a Client's interests are better served by abstaining. Further, because proxy proposals and individual company facts and circumstances may vary, the Adviser may vote in a manner that is contrary to the general guidelines if it believes that it would be in a Client's best interest to do so. If a proxy proposal presents a material conflict of interest between the Adviser and a Client, the Adviser will determine how to vote that proxy and whether the conflict of interest will be disclosed to the Client. The Adviser will retain all books and records relating to its proxy voting activities on behalf of Client accounts in accordance with the requirements of Rule 204-2(c)(2) under the Advisers Act.

Clients and investors may obtain a complete copy of the proxy voting policies and procedures by contacting the Adviser in writing and requesting such information. Each Client or investor may also request, by contacting the Adviser in writing, information concerning the manner in which proxy votes have been cast with respect to portfolio securities held by the relevant Client during the prior annual period. Clients or investors can send written requests to the Chief Compliance Officer at compliance@electrum-group.com. Information requested will be provided in writing as soon as practicable.

ITEM 18. FINANCIAL INFORMATION

The Adviser is not required to include a balance sheet because it does not require or solicit the payment of fees six months or more in advance. The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients nor has it been the subject of a bankruptcy proceeding.