

DENHAM CAPITAL MANAGEMENT LP

BROCHURE

185 Dartmouth Street, 7th floor
Boston, MA 02116

Paul M. Winters, Chief Compliance Officer
617-531-7200
paul.winters@denhamcapital.com

www.denhamcapital.com

March 31, 2018

This brochure provides information about the qualifications and business practices of Denham Capital Management LP. If you have any questions about the contents of this brochure, please contact us at legalnotices@denhamcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Denham Capital Management LP is also available on the SEC's website at www.advisorinfo.sec.gov.

Registration as an investment adviser with the U.S. Securities and Exchange Commission does not imply a certain level of skill or training.

2. Material Changes

This is an annual amendment. The only material change to this brochure since our last annual filing on March 31, 2017 is the amount of assets under management as outlined in Section 4.

In addition to reviewing the material changes, we recommend clients review the entire brochure.

3. Table of Contents

- 1. COVER PAGE**
- 2. MATERIAL CHANGES**
- 3. TABLE OF CONTENTS**
- 4. ADVISORY BUSINESS**
- 5. FEES AND COMPENSATION**
- 6. PERFORMANCE BASED FEES**
- 7. TYPES OF CLIENTS**
- 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**
- 9. DISCIPLINARY INFORMATION**
- 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**
- 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**
- 12. BROKERAGE PRACTICES**
- 13. REVIEW OF ACCOUNTS**
- 14. CLIENT REFERRALS AND OTHER COMPENSATION**
- 15. CUSTODY**
- 16. INVESTMENT DISCRETION**
- 17. VOTING CLIENT SECURITIES**
- 18. FINANCIAL INFORMATION**

4. Advisory Business

A. Description of Advisory Business

Founded in 2007, Denham Capital Management LP (“Denham”) is an investment advisory firm which specializes in investment management for private equity funds. The principal owner is Stuart Porter.

Denham offers investment advisory services only to affiliated private equity funds making investments in industries, companies and assets involving energy and commodities, in particular, oil & gas, mining and power (the “Energy Sector”). We advise our funds in making investments globally across all industries relating to the Energy Sector, all stages of the corporate and asset lifecycle and all segments of the capital structure. Denham is transitioning away from its multi-sector legacy funds to dedicated teams managing separate funds in each of Denham’s three primary Energy Sectors: Oil & Gas, Power and Mining. Each team is made up of sector specialists with deep expertise in their specific areas and is led by an investment committee. Each team focuses on driving value creation within its sector. Denham believes this singular focus creates alignment of our deal teams with our investors.

Denham’s clients also include certain co-investment vehicles that invest alongside the main private equity funds. Such co-investment vehicles might invest in a single investment or in all investments made in a particular sector or by a particular fund.

As used in this brochure, (i) “we,” “us” and “our” refer to Denham and its investment advisory business; and (ii) the “Denham funds” and “clients” refer to the Denham private equity funds we advise, including any co-investment vehicles we advise, except where noted.

B. Types of Advisory Services

Denham’s advisory services include commercial structuring and negotiation, independent risk management, portfolio company services, back office administration, legal and investor relations. We maintain discretionary investment authority for our clients, and all investment decisions on behalf of our clients are made by our investment committees, which typically comprise our senior professionals. Actions of our investment committees require the consensus of their voting members, and none of their members can take unilateral action on behalf of our clients. Denham generally focuses on a theme-driven investment approach, utilizing its knowledge of and experience in, and global relationships within, the Energy Sector to make investments. Denham also uses the experience of its deal teams to drive operational improvements at portfolio companies.

The relationship between Denham and each Denham fund is governed by the Investment Advisers Act of 1940, as well as the governing documents of each Denham fund and the terms of investment advisory agreements between each Denham fund and us. Investments in the Denham funds are privately offered to only qualified investors, which are typically institutional investors (for example, public and private pension funds) and eligible high-net-worth individuals.

The investment advice Denham provides to its clients is limited to the private equity investment program conducted by the Denham funds in the Energy Sector.

C. Tailoring of Advisory Services

Denham tailors its advisory services to the mandate and descriptions included, as applicable, in the private placement memoranda, partnership agreements, and other governing agreements of each of its clients.

These documents may include restrictions on investing in certain securities or types of assets, including as specifically negotiated with investors of the Denham funds. Denham provides advice to its clients (i.e., the Denham funds), not the investors in those funds, and investors are expected to participate in the Denham fund's overall investment program.

Denham and its affiliates have entered (and may in the future enter) into agreements, or "side letters," with investors whereby such investors may be subject to terms and conditions that vary from those applicable to other investors in the Denham funds. Any such terms and conditions, including with respect to (i) opting out of particular investments, (ii) reporting obligations, (iii) transfers to affiliates, (iv) co-investment opportunities, (v) withdrawal rights, (vi) consent rights to certain governing document amendments, (vii) payment of management fees, carried interest and/or incentive allocation or (viii) any other matters, may be more favorable than those offered to other investors.

D. Wrap Fee Programs

Denham does not participate in wrap fee programs.

E. Client Assets

The amount of client assets that Denham manages on a discretionary basis, as of December 31, 2017 is \$6,283,898,257. As of December 31, 2017, Denham did not manage any client assets on a non-discretionary basis.

5. Fees and Compensation

A. Fees

This brochure will be delivered only to "qualified purchasers" as defined in the Investment Company Act of 1940. Accordingly, no fee table is included in this brochure.

B. How Fees Are Billed

Below is a general summary of how Denham is compensated by its clients. Existing and prospective investors should refer to a fund's offering documents or other governing agreements for specific information related to that fund. Denham does not receive a management fee or carried interest from certain co-investment vehicles.

Denham is compensated for its advisory services through a quarterly fee based on a percentage of assets under management of each of its clients. This management fee generally ranges from 1% to 2% of assets under management and generally is reduced upon the end of a fund's commitment period. Investors of the Denham funds pay management fees via capital contributions called by Denham (or Denham deducts the applicable amount from distributions), based on their aggregate capital commitment to such Denham fund.

As explained in more detail in the offering documents of each client, the general partner typically receives 20% of distributions from investments ("carried interest") generally after 100% of capital contributions for investments and fund expenses are returned to investors of a client and investors receive a preferred return (typically, an 8% preferred return).

Employees of Denham who are investors of our clients do not pay management fees or carried interest, and investors in certain of our co-investment vehicles may also not pay a management fee or carried

interest. After payment of all overhead and expenses, Denham principals and persons will receive residual portions of the management fee, carried interest or other compensation received by Denham and its affiliates.

Denham charges the management fee described above on a quarterly basis. The performance-based fee, or carried interest, is distributed to Denham in accordance with the terms of the applicable partnership agreement of a Denham fund.

C. Other Fees and Expenses

Other fees may be paid to Denham or to a Denham fund's general partner, managing member, or affiliates. In particular, we and our affiliates may receive certain fees from portfolio companies in which the Denham funds invest such as break-up, monitoring, directors', organizational, setup, advisory, investment banking, underwriting, syndication and other similar fees in connection with the purchase, monitoring or disposition of investments or from un consummated transactions, including warrants, options, derivatives and other rights in respect of securities owned by the Denham Funds. All or a portion of the fund's pro rata share of these fees may offset the management fees otherwise payable by investors in the Denham funds, if any (certain co-investment vehicles will not share in such fees and the vehicles do not pay management fees). Historically Denham has not taken such fees, but reserves the right to do so. On occasion, Denham personnel or consultants retained by Denham may provide certain management services to (or with respect to) a portfolio company. In certain cases, such persons are employed or retained directly by the portfolio company. In other instances, Denham may initially pay these costs and subsequently be reimbursed by the applicable fund or portfolio company for compensation paid and other fees and expenses incurred by Denham with respect to such persons. Such compensation or other fees and expenses may or may not offset management fees depending upon the client's offering and governing documents.

Denham may have a conflict of interest to the extent, for example, it is incentivized to make an investment to earn a transaction fee or provide a service to a particular portfolio company to earn a director or monitoring fee. However, Denham believes that this potential conflict of interest is mitigated by the management fee offset mechanic described above and the substantial equity commitment made by Denham and its principals in each of the main Denham funds.

A client will generally pay all expenses arising in connection with the organization or operations of the client whether arising prior to or following the Initial Closing date (collectively "Fund Expenses") including, without limitation, fees, costs and expenses related to the sourcing, investigation, identification, analysis, pursuit, negotiation, purchase, holding and sale of any actual or potential investments (whether or not such investments are subsequently consummated), fees, costs and expenses of any administrators, custodians, consultants, advisors, counsel and accountants (including the audit and certification fees and the costs of printing and distributing reports to investors), any insurance, indemnity or litigation expense, broken deal expenses, the out-of-pocket and legal and other advisory expenses of the advisory committee, certain taxes and any fees or other governmental charges levied against the client. Fund Expenses may include amounts paid to independent contractors (including, without limitation, operating partners, advisors and consultants of Denham) for consulting or advisory services rendered in respect of portfolio companies. Out-of-pocket expenses associated with completed transactions are expected to be reimbursed by counterparties or capitalized as part of the acquisition price of the transaction. Such fees are paid via capital contribution by an investor of a client. The general partner of a client may allocate Fund Expenses among the various related vehicles (including any alternative investment vehicles) in an

equitable manner as determined in good faith by the general partner. Notwithstanding the foregoing, certain co-investment vehicles may not pay broken deal expenses.

Each investor in a client will generally pay its *pro rata* share (based on its capital commitments) of all legal, accounting, filing and other organizational expenses (the “Organizational Expenses”) incurred in organizing and raising capital for a client and any related vehicles up to a maximum specified in the offering and governing documents of each client. To the extent Organizational Expenses exceed such maximum (such excess amount referred to as “Excess Organizational Expenses”), the general partner of a client will cause the investors (other than any investors included within the Denham commitment) to bear such excess, and such investors will receive a credit therefor (by way of a reduction) against the next management fee otherwise payable. In addition, fees and costs in respect of any placement agents or finders will be paid by a client and constitute Excess Organizational Expenses. Incremental additional legal, accounting, filing and other organizational expenses incurred in organizing certain related vehicles may be allocated to such relative vehicle with respect to which such amounts are incurred.

To the extent permitted under the respective partnership agreement, the general partner of a client, its affiliates and their employees may be entitled to receive cash and non-cash commitment, break-up, monitoring, directors’, organizational, setup, advisory, investment banking, underwriting, syndication 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 respect of securities owned by a client. Investors will receive the benefit from certain such fees only as set forth in a client’s offering and governing documents.

To the extent permitted under the respective partnership agreement, Denham may elect to forego a portion of the management fee in favor of a right (a) to receive a priority interest in future distributions of fund profits equal to the waived amounts or (b) to cause the investors to contribute such waived amounts to the fund on Denham’s behalf, which reduces the amount of capital Denham would otherwise be required to contribute to the respective fund. As a result, the exercise of such waiver may result in an acceleration of investor capital contributions and will affect the management fee offset calculations.

D. Refunds

Investments in a fund are illiquid and investors of the Denham funds generally cannot redeem their interests. Upon termination of the investment advisory agreement with a Denham fund, however, we will return to such Denham fund any paid but unearned portion of the management fee. In general, such fees are pro-rated from the date of termination to the end of the period to which the advance fee applied.

E. Compensation for Sale of Securities

Neither Denham nor its supervised persons accept compensation for the sale of securities or other investment products. However, as noted above, we and our affiliates may receive certain fees from portfolio companies in which the Denham funds invest. All or a portion of the fund’s *pro rata* share of these fees may offset the management fees otherwise payable by investors in the Denham funds.

6. Performance Based Fees and Side by Side Management

Denham typically receives performance based fees as outlined in Item 5(B), described as carried interest, although as noted above certain co-investment vehicles do not pay carried interest. Carried interest is

negotiated separately for each Denham fund and set forth in each Denham fund's respective partnership agreement and offering documents.

Performance fee arrangements may create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. We have designed and implemented procedures to procure that all clients are treated fairly in the allocation of investment opportunities and to prevent this potential conflict of interest from influencing the allocation of investment opportunities among or between our client funds.

Our investment allocations are documented as part of our regular investment processes, taking into account the size of the investment opportunity, the capital available for investment by each client, the potential need for follow on investments or reserves, the sharing rules set forth in the applicable governing agreements, the terms of the governing documents of the applicable Denham funds and any other factors Denham may consider relevant.

Generally, Denham is allocating investment opportunities to clients based on their specific sub-Energy Sector focus. Thus, among the single-sector focused Denham funds, Denham does not foresee an overlap in the investment strategies (with the exception of co-investment vehicles, which will be made in accordance with the respective partnership agreements). Due to fundraising and timing issues, Denham may, for a limited period of time, allocate opportunities to multiple clients. In those instances, Denham abides by all applicable provisions in the partnership agreement of each client and seeks consent of the limited partners or advisory committee as necessary.

7. Types of Clients

All of Denham's clients are private equity funds sponsored by Denham. We offer interests in the Denham funds only to "qualified purchasers" and "knowledgeable employees" (each as defined under the Investment Company Act of 1940, as amended).

8. Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods and Strategies

In managing our client funds, Denham employs methods of analysis and investment strategies suitable for each Denham fund's investment objective and in concurrence with the offering documents and other governing agreements of the applicable fund. Denham uses its sector knowledge and experience to conduct a comprehensive analysis of each candidate investment. Investment analysis includes, without limitation, evaluation of:

- industry/sector dynamics and outlook;
- management team experience and background;
- geopolitical, legal and environmental risks;
- quality of assets, equipment and/or services;
- competitive landscape;
- commodity and currency exposure; and
- potential technological developments.

Potential investors of our clients should be aware that an investment in one of our clients involves a high degree of risk and is suitable only for those investors that have the financial sophistication and expertise

to evaluate the merits and risks of an investment in such client. There can be no assurance that our clients' investment objectives will be achieved, that any client will otherwise be able to successfully carry out its investment program or that an investor of a client will receive a return of its capital. In addition, there will be occasions when the general partner and its affiliates may encounter potential conflicts of interest in connection with the client. The discussion below enumerates certain risk factors that apply generally to an investment in any client. Prior to making any investment in a client, investors should carefully review the applicable offering documents for a more complete description of the risk factors and conflicts of interest relating to such client.

B. Risks Involved

An investment in any Denham fund involves a high degree of risk and is suitable only for those investors which have the financial sophistication and expertise to evaluate the merits and risks of an investment in such fund and for which such fund does not represent a complete investment program. There can be no assurance that the investment objective of any Denham fund will be achieved, that any Denham fund will otherwise be able to successfully carry out its investment program, or that an investor will receive a return of its capital contributed to any Denham fund. The discussion below enumerates certain, but not all, risk factors that apply generally to an investment in the Denham funds. In addition, co-investment vehicles might participate in only one investment so certain risk factors will not apply to those entities and such vehicles might have other risks not described herein, such as a lack of diversification. Prior to making any investment in a Denham fund, investors should carefully review the applicable offering documents for a more complete description of the risk factors and conflicts of interest relating to such fund.

SECTOR RISK FACTORS

Oil and Gas. Oil or gas exploration and development is a speculative business involving a high degree of risk. Oil and gas drilling may involve unprofitable efforts, not only from dry holes, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Acquiring, developing and exploring for oil and natural gas involves many risks. These risks include encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, equipment failures and other accidents in completing wells and otherwise, cratering, sour gas releases, uncontrollable flows of oil, natural gas or well fluids, adverse weather conditions, pollution, fires, spills and other environmental risks. In addition, the process of estimating oil and gas reserves is complex, requiring significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each reservoir. As a result, such estimates are inherently imprecise. Further, the development, operation and maintenance of oil and gas sector ("Oil & Gas") projects involves various operational risks, which can include mechanical and structural failure, accidents, labor issues or the failure of technology to perform as anticipated. Events outside the control of a company, such as economic developments, changes in fuel prices or the price of other feedstocks, governmental policies, demand for energy and the like, could materially reduce the revenues generated or increase the expenses of constructing, operating, maintaining or restoring Oil & Gas businesses. In turn, such developments could impair a company's ability to repay its debt, conduct its operations or make distributions. In addition, events outside the control of a company, such as force majeure events, could significantly reduce the revenues generated or significantly increase the expense of operating, maintaining or restoring Oil & Gas facilities. Oil & Gas operations are subject to comprehensive United States and non-U.S. federal, state and local laws and regulations. Present, as well as future, statutes and regulations could cause additional expenditures, restrictions and delays that could materially and adversely affect Oil & Gas businesses. Oil

& Gas assets may be taxed or need to purchase offsets under proposed environmental legislation in the United States and existing or proposed environmental legislation in other parts of the world, which could affect economic viability. Oil & Gas companies may involve significant construction risks, including the risk of substantial delay or increase in cost due to a number of unforeseen factors, including political opposition, regulatory and permitting delays, delays in procuring sites, strikes, disputes, or a failure of one or more investment participants to perform in a timely manner their contractual, financial or other commitments. A material delay or increase in unabsorbed costs could significantly impair the financial viability of an Oil & Gas investment project.

Mining. The business of exploration for metals, minerals and other commodities involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation characteristics, fires, explosions, rock bursts, power outages, labor disruptions, flooding, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labor are all risks which may occur during exploration for and development of mineral deposits. Substantial expenditures are required in order to establish reserves through drilling, to extract metal from ore, and to develop the mining, production, gathering or processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations. In addition, the economics of developing properties is affected by many factors, including the cost of operations, variations in the grade of ore mined, fluctuations in the prices which can be obtained on the metal markets, and such other factors as land claims and government regulations, including regulations relating to royalties, allowable production, importing and exporting and environmental protection. Further, the development, operation and maintenance of mining sector (“Mining”) projects involves various operational risks, which can include mechanical and structural failure, accidents, labor issues or the failure of technology to perform as anticipated. Events outside the control of a company, such as economic developments, changes in fuel prices or the price of other feedstocks, governmental policies, demand for commodities and the like, could materially reduce the revenues generated or increase the expenses of constructing, operating, maintaining or restoring Mining businesses. In turn, such developments could impair a company’s ability to repay its debt, conduct its operations or make distributions. In addition, events outside the control of a company, such as force majeure events, could significantly reduce the revenues generated or significantly increase the expense of operating, maintaining or restoring Mining facilities. Mining operations are subject to comprehensive United States and non-U.S. federal, state and local laws and regulations. Present, as well as future, statutes and regulations could cause additional expenditures, restrictions and delays that could materially and adversely affect Mining businesses. Mining assets may be taxed or need to purchase offsets under proposed environmental legislation in the United States and existing or proposed environmental legislation in other parts of the world, which could affect economic viability. Mining companies may involve significant construction risks, including the risk of substantial delay or increase in cost due to a number of unforeseen factors, including political opposition, regulatory and permitting delays, delays in procuring sites, strikes, disputes, or a failure of one or more investment participants to perform in a timely manner their contractual, financial or other commitments. A material delay or increase in unabsorbed costs could significantly impair the financial viability of a Mining investment project.

Power. The development, construction, operation and maintenance of power sector (“Power”) projects involves various risks. Development of Power projects may require significant time and expense dealing with numerous private and public counterparties to acquire property and other required rights of ownership, access and otherwise. In addition, numerous national, state, and local permits may be required, including environmental studies and permits. Power projects and operations are subject to

comprehensive national, state and local laws and regulations. Present, as well as future, statutes and regulations could cause additional expenditures, restrictions and delays that could materially and adversely affect Power businesses. Power assets may be taxed or need to purchase offsets under existing and proposed environmental legislation in relevant jurisdictions, which could affect economic viability. Power projects may involve significant construction risks, including the risk of substantial delay or increase in cost due to a number of unforeseen factors, including political opposition, regulatory and permitting delays, delays in procuring sites, strikes, disputes, or a failure of one or more investment participants to perform in a timely manner their contractual, financial or other commitments. A material delay or increase in costs could significantly impair the financial viability of a Power investment project. Power projects may depend on the availability of debt financing and other capital, which may not be available on favorable terms when needed. Power projects face operational risks, which can include mechanical and structural failure, accidents, labor issues or the failure of technology to perform as anticipated. Events outside the control of a company, such as economic developments, changes in fuel prices or the price of other feedstocks, governmental policies, demand for energy and the like, could materially reduce the revenues generated or increase the expenses of constructing, operating, maintaining or restoring Power businesses. In turn, such developments could impair a company's ability to repay its debt, conduct its operations or make distributions. In addition, events outside the control of a company, such as force majeure events, could significantly reduce the revenues generated or significantly increase the expense of operating, maintaining or restoring Power facilities. The market for renewable energy is emerging and rapidly evolving, and government policies, including subsidies on which projects may depend, are reviewed and may change frequently. If renewable energy technology proves unsuitable for widespread commercial deployment or if the demand for renewable energy products fails to develop sufficiently, renewable energy investments may be adversely affected. While renewable energy projects currently enjoy support from governments and regulatory agencies, there is no assurance that such support will continue in the future and any reduction or elimination of governmental support may have an adverse effect on the development and construction of such projects.

Exploration, Development and Exploitation. Some of our clients will invest in businesses that engage in resource exploration, development and exploitation. Resource exploration, development and exploitation involve a high degree of risk, which cannot be fully mitigated, even with a combination of experience, knowledge and careful evaluation. While the discovery of natural resource may result in substantial rewards, few properties that are explored are ultimately developed into production facilities. Substantial expenditures may be required to locate and establish natural resources and to construct processing facilities and infrastructure at a particular site. It is impossible to ensure that the exploration programs in progress or planned by a portfolio company will result in a profitable operations. Even where natural resources are discovered, there can be no assurance that a property will be brought into production. Whether a resource will be viable depends on a number of factors, some of which are: (i) the particular attributes of the resource; (ii) proximity to infrastructure; (iii) commodity prices, which can fluctuate widely; (iv) currency fluctuations; (v) financing costs; (vi) production costs; and (vii) government regulations and any further changes thereto, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of resources and environmental protection. The exact effect of these factors cannot accurately be predicted, but the combination of these factors could make a portfolio company uneconomic and/or may result in a fund not receiving an adequate return on invested capital in a portfolio company, if any.

Sector businesses by their nature are subject to many operational risks, many of are outside of the control of a client or its portfolio companies, and many of which are not covered fully, or in some cases even

partially, by insurance. These operational risks, which could adversely affect a portfolio company's business, operating results and cash flow, include the following: (i) earthquakes, floods and other natural disasters; (ii) the occurrence of unexpected weather or operating conditions and other force majeure events; (iii) the failure of equipment or processes to operate in accordance with specifications, design or expectations; (iv) accidents; (v) structural collapses; (vi) interruption of energy supply; (vii) lower than expected findings; (viii) processing problems; (ix) unanticipated ground and water conditions; (x) adverse claims to water rights, adverse outcomes of pending water adjudications and physical shortages of water; (xi) adjacent land ownership or usage that results in constraints on current or future operations; (xii) delays in the receipt of or failure to receive necessary government authorizations, approvals or permits; (xiii) delays in transportation and disruptions of supply routes; and (xiv) inability to obtain satisfactory insurance coverage.

All of the foregoing factors are beyond the control of a client and its portfolio companies. There can be no assurance that a portfolio company's resource exploration and future development activities will be successful and the occurrence of any of the foregoing factors could have a material adverse effect on a portfolio company's business, prospects, financial condition and operating results. In the event that commercial viability is never attained, a portfolio company may seek to transfer its property interests or otherwise realize value or may even be required to abandon its business and fail as a going concern.

Construction. Our clients' investments may involve significant construction risks, including the risk of substantial delay or increase in cost due to a number of unforeseen factors, including political opposition, regulatory and permitting delays, delays in procuring sites, strikes, disputes, or a failure of one or more investment participants to perform in a timely manner their contractual, financial or other commitments. A material delay or increase in unabsorbed costs could significantly impair the financial availability of an investment project and result in a material adverse effect on our client's investment.

Feasibility Studies. Our clients' investment in a portfolio company may be based on a feasibility study related to one or more properties. Feasibility study activities involve estimates of capital expenditures, future production, revenues, operating costs and taxes. Failure to meet these estimates could have a material or other adverse effect on a portfolio company's profitability, cash flows and financial position. There can be no assurance that such estimates will be fully achievable. Variances between actual and estimates may occur for a variety of reasons, (i) including changes in capital costs due to market conditions or essential alterations in scope encountered during advanced engineering design work; (ii) actual recoverable resources; (iii) short-term operating factors; (iv) structural or equipment failures; (v) industrial accidents; (vi) natural phenomena such as inclement weather conditions, floods, droughts, rockslides and earthquakes; (vii) unusual or unexpected geological conditions; (viii) changes in power costs and potential power shortages; (ix) shortages of principal supplies needed for operation; (x) labor shortages or strikes; (xi) civil disobedience and protests; and (xii) restrictions or regulations imposed by governmental or regulatory authorities or other changes in the regulatory environments. Occurrences such as those above could result in damage to a portfolio company's properties, interruptions in construction or production, injury or death to persons, damage to property, monetary losses and legal liabilities. These factors may cause a portfolio company to cease construction or operating activities.

Reliance on Estimates. Denham funds may rely on estimates of reserves in connection with an investment in a portfolio company. There is a degree of uncertainty to the estimation of reserves and resources. This process is necessarily subjective and the accuracy of estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made

in interpreting engineering and geological information. There is significant uncertainty in any such estimate, and the actual deposits encountered and the economic viability of harnessing a resource may differ significantly from any estimate. In addition, the quantity of reserves and resources may vary depending on, among other things, prevailing prices. Any material change in quantity of reserves or resources may affect the economic viability of a portfolio company's properties. In addition, there can be no assurance that recoveries in small scale tests will be duplicated in a larger scale tests under on-site conditions or during production. Estimates may have to be recalculated based on changes in commodity prices or further exploration or development activity. This could materially and adversely affect estimates of the volume, estimated recovery rates or other important factors that influence estimates. Any material reductions in estimates of reserves and resources, or of a portfolio company's ability to extract these reserves, could have a material adverse effect on a portfolio company's financial condition, results of operations and future cash flows.

An investment by a Fund in a portfolio company may be based on categories of inferred, indicated and measured resources, which are recognized in order of increasing geological confidence. However, resources are not equivalent to reserves and do not have demonstrated economic viability. There can be no assurance that a portfolio company's resources in a lower category may be converted to a higher category or that resources may be converted to reserves. Inferred resources cannot be converted into reserves as the ability to assess geological continuity is not sufficient to demonstrate economic viability. Due to the uncertainty which may attach to inferred resources, there is no assurance that a portfolio company's inferred resources will be upgraded to indicated or measured resources with sufficient geological continuity to constitute proven and probable reserves as a result of continued exploration.

Portfolio Company Development, Construction and Operational Risks. In connection with any new development project, expansion of a site or acquisition of a site in late-stage development, a portfolio company may also face construction risks including, but not limited to: (i) labor disputes, shortages of skilled labor or work stoppages; (ii) shortages of fuels or materials; (iii) slower than projected construction progress and the unavailability or late delivery of necessary equipment; (iv) delays caused by or in obtaining the necessary regulatory approvals or permits; (v) less than optimal coordination with public utilities in the relocation of their facilities; (vi) adverse weather conditions and unexpected construction conditions; (vii) accidents, breakdowns or failures of equipment or processes; (viii) difficulties in obtaining suitable or sufficient financing; and (ix) catastrophic events such as flooding, explosions, fires and terrorist activities and other similar events beyond a client's control, such as any event of force majeure. Events of this nature could severely delay or prevent the completion of, or significantly increase the cost of, construction or operation of portfolio company assets or businesses. Such delays or disruptions in the completion of any project may result in lost opportunities, lost revenues or increased expenses, including higher operation, maintenance and restoration costs related to a portfolio company. Portfolio investments under development or portfolio investments acquired to be developed may receive little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion. In addition, market conditions may change during the course of development that make such development less attractive than at the time it was commenced.

New or Emerging Geographies. Our clients' portfolio companies may hold, or seek to hold, undeveloped properties and/or properties in new or emerging geographies. Undeveloped properties may not ultimately be developed or become commercially productive, which could have a material adverse effect

on its resource reserves and future production. As a result, results in these areas are uncertain, and the value of undeveloped properties will decline if results are unsuccessful.

In addition, results in new emerging geographies are more uncertain than results in areas that are developed. Often, new or emerging properties are located in remote locations with difficult and mountainous terrain that requires specialized equipment and costly engineering solutions, additional security and increased health care personnel. These areas may be prone to natural disasters that insurance may not sufficiently cover. Further, new or emerging properties have limited or no production history, portfolio companies may be unable to use past results in those areas to help predict future results. As a result, costs in these areas may be higher than initially expected, and the value of undeveloped properties will decline if results are unsuccessful.

Operating Pursuant to Complex Government Licenses, Leases, Concessions or Contracts. A portfolio company may be subject to substantial regulation by government agencies. In addition, a portfolio company's operations may rely on government licenses, concessions, leases or contracts that are generally very complex and may result in a dispute over interpretation or enforceability. If a portfolio company fails to comply with these regulations or contractual obligations, it could be subject to monetary penalties or may lose its right to operate, or both. Where a client's ability to operate a portfolio company is subject to a permit, license, concession or lease from the government, such requirements may restrict the portfolio company's ability to operate the business in a way that maximizes cash flows and profitability. The permit, license, lease or concession may also contain clauses more favorable to the government counterparty than a typical commercial contract. For instance, the government may be able to terminate or amend a permit, license, lease or concession in certain circumstances unilaterally, or without requiring payment of adequate compensation. In addition, government counterparties also may have the discretion to change or increase regulation of a portfolio company's operations, or implement laws or regulations affecting the portfolio company's operations, separate from any contractual rights they may have. Governments have considerable discretion in implementing regulations that could impact a portfolio company's business and governments may be influenced by political considerations and may make decisions that adversely affect a portfolio company's business. It may be subject to unfavorable price determinations that may be final with no right of appeal or which, despite a right of appeal, could result in its profits being negatively affected.

Additional regulatory approvals, including, without limitation, renewals, extensions, transfers, assignments, reissuances or similar actions, may become applicable in the future, including due to a change in laws and regulations, a change in the portfolio companies' customer(s) or for other reasons. There can be no assurance that a portfolio company will be able to (i) obtain all required regulatory approvals that it does not yet have or that it may require in the future, (ii) obtain any necessary modifications to existing regulatory approvals or (iii) maintain required regulatory approvals. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals, or amendments thereto, or delay or failure to satisfy any regulatory conditions or other applicable requirements could impair or prevent operation of a facility or sales to third parties or could result in additional costs to a portfolio company.

Land Title Risks. Certain portfolio companies may require large areas of land to install and operate their equipment and associated infrastructure. The rights to use the necessary land may be obtained through freehold title, easements, leases and other rights of use. Different jurisdictions adopt different systems of land title, and in some jurisdictions it may not be possible to ascertain definitively who has the legal right

to enter into land tenure arrangements with respect to investments. In addition, the grantor's fee interests in the land which is the subject of such easements and leases are or may become subject to mortgages securing loans, other liens (such as tax liens) and other lease rights of third parties (such as leases of oil, gas, coal or other mineral rights). As a result, a portfolio company's rights under such leases or easements are or may be subject and subordinate to the rights of third parties. It is also possible that a default by the grantor under any mortgage could result in a foreclosure on the grantor's interest in the property and thereby terminate the investment's right to the leases and easements required to operate such investment. Similarly, it is possible that a government authority, as the holder of a tax lien, could foreclose upon a parcel and take possession of the portion of the investment located on such parcel. The rights of a third party pursuant to a superior lease (such as leases of oil, gas, coal or other mineral rights) could also result in damage to or disturbance of the physical assets of an investment or require relocation of portfolio company assets. If any portfolio company were to suffer the loss of all or a portion of their underlying real estate interests or equipment as a result of a foreclosure by a mortgagee or other lienholder of a land parcel, or damage arising from the conduct of superior leaseholders, such portfolio company's operations and revenues may be adversely affected. In addition, any declaration of native title or other indigenous rights in respect of land on which portfolio companies are located may adversely affect the owner or occupier of that land. It may not be possible to mitigate or remove a risk associated with indigenous claims.

Volatility of Commodities Prices. The performance of certain investments of our clients may be dependent upon prevailing prices of certain commodities. Historically, the markets for certain commodities, especially oil and natural gas, have been volatile, and such markets are likely to continue to be volatile in the future. Prices for certain commodities are subject to wide fluctuation in response to relatively minor changes in the supply of and demand for such commodities, market uncertainty and a variety of additional factors that are beyond the control of Denham or its clients. These factors include the level of consumer product demand, weather conditions, domestic and foreign governmental regulations, the price and availability of alternative commodities, political conditions, the price of foreign imports and overall economic conditions, and with respect to oil and gas specifically, refining capacity, actions of the Organization of Petroleum Exporting Countries and the foreign supply of oil and natural gas. In addition, governments from time to time intervene, directly and by regulation, in certain markets. Such intervention is often intended to influence price directly and may cause rapid movement in these markets.

More specifically, oversupply in the oil market has caused a recent drop in oil prices, which may make investments in certain geographies uneconomic. There can be no assurance that oil prices will return to historic levels, and a prolonged reduction in oil prices may have a material adverse effect on a client's investment program, particularly on a client's ability to make and exit investments on desirable terms.

Effects of Sector Regulation. The energy and commodities sector is subject to extensive regulation under a wide range of statutes, rules, orders and regulations. These regulations may have a significant adverse impact on the financial condition, prospects and profitability of the Denham funds' investments. There can be no assurance that (i) existing regulations applicable to such portfolio companies will not be revised or reinterpreted; (ii) new laws and regulations will not be adopted or become applicable to such companies; (iii) the technology and equipment selected by such companies to comply with current and future regulatory requirements will meet such requirements; (iv) such companies' business and financial conditions will not be materially and adversely affected by such future changes in, or reinterpretation of, laws and regulations (including the possible loss of exemptions from laws and regulations) or any failure to comply with such current and future laws and regulations; or (v) regulatory agencies or other third

parties will not bring enforcement actions in which they disagree with regulatory decisions made by other regulatory agencies.

Effects of Ongoing Changes in the Utility Industry. Our clients may make certain investments in electric utility industries both in the United States and abroad. In many regions, including the United States, the electric utility industry is experiencing increasing competitive pressures, primarily in wholesale markets, as a result of consumer demands, technological advances, greater availability of natural gas and other factors. In response, for example, the Federal Energy Regulatory Commission (the “FERC”) has implemented regulatory changes to increase access to the nationwide transmission grid by utility and non-utility purchasers and sellers of electricity; similar actions are being taken or contemplated by regulators in other countries. A number of countries, and some States in the United States, are considering or have implemented methods to introduce and promote retail competition. To the extent competitive pressures increase and the pricing and sale of electricity assume more characteristics of a commodity business, the economics of independent power generation projects into which the client may invest may come under increasing pressure. Changes in regulation are fueling not only the current trend toward consolidation among domestic utilities, but also the disaggregation of many vertically integrated utilities into separate generation, transmission and distribution businesses. As a result, additional significant competitors could become active in the independent power industry. In addition, independent power producers may find it increasingly difficult to negotiate long-term power sales agreements with solvent utilities, which may affect the profitability and financial stability of independent power projects.

There can be no assurance that (i) existing regulations applicable to electric utility portfolio companies will not be revised or reinterpreted; (ii) new laws and regulations will not be adopted or become applicable to electric utility companies; (iii) the technology and equipment selected by such companies to comply with current and future regulatory requirements will meet such requirements; (iv) such companies’ business and financial conditions will not be materially and adversely affected by such future changes in, or reinterpretation of, laws and regulations (including the possible loss of exemptions from laws and regulations) or any failure to comply with such current and future laws and regulations; or (v) regulatory agencies or other third parties will not bring enforcement actions in which they disagree with regulatory decisions made by other regulatory agencies.

Pursuant to certain federal statutes, the FERC has jurisdiction over the transmission and wholesale sale of electricity in interstate commerce and over the transportation, storage and certain sales of natural gas in interstate commerce, including the rates, charges and other terms and conditions for such services, respectively. Failure to comply with applicable FERC regulations could result in the prevention of operation of a FERC-jurisdictional facility or prevention of the sale of such a facility to a third party, as well as the loss of certain rate authority, refund liability, penalties and other unnamed remedies, all of which could result in additional costs to a portfolio company and adversely affect our client’s investment results.

GENERAL RISK FACTORS

No Assurance of Investment Return. No assurance can be given as to the ability to choose, make and realize investments in any particular company or portfolio of companies. There can be no assurance that our clients will be able to generate returns for their respective investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described in each client’s offering documents. Investments made by our clients are subject to a wide range of risks, including the impact of terrorist acts or threats thereof, economic trends and other externalities beyond the control of our clients or Denham that could cause such investments to lose value. There can be no assurance that

any investor of our clients will receive any distribution from the client. Accordingly, an investment in the client should only be considered by persons that can afford a loss of their entire investment. There can be no assurance that projected or targeted returns for our clients will be achieved.

Prior Investment Performance Not Indicative of Future Results. The prior investment performance of our clients does not necessarily represent the performance of the investment program pursued by our clients, nor is such performance indicative of the future results of our clients. Until recently, our clients' investment strategy had included assets in each of our three sectors; our most recent clients' investment strategies revolve around only one of the three sectors. There can be no assurance that the historical investment returns achieved by our clients will be achieved in the future, and our client's performance may be materially different. Prior performance and track records should be considered with particular caution in light of the recent and ongoing volatility and turbulence in the U.S. and global economies. When considering statements in the offering documents of our clients regarding actual or projected returns on investments made by our clients, potential investors should note that (i) the mix of assets invested in by earlier clients in the past may differ from the mix of assets in which the client invests currently or will invest in the future, so the returns will be different as well, and (ii) the actual and projected returns in many cases reflect projected cash flows from or projected valuations of investments made by clients that have not been fully realized and which are accordingly inherently uncertain.

Forward-Looking Statements; Opinions. Statements contained in our clients' offering documents that are not historical facts are based on current expectations, estimates, projections, opinions and/or beliefs of the general partners of our clients and Denham. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Moreover, certain information contained in such offering documents constitutes "forward-looking" statements, which often can be identified by the use of forward-looking terminology such as "may," "can," "will," "would," "seek," "should," "expect," "anticipate," "project," "estimate," "intend," "continue," "target," "plan" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, including those set forth herein, actual events or results or the actual performance of our clients may differ materially from those reflected or contemplated in such forward-looking statement.

Global Economic Conditions; Market Dislocation. General economic conditions may affect our clients' activities. 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 a client. Instability in the securities markets may increase the risks inherent in portfolio investments made by a client. Ongoing events have caused significant dislocations, illiquidity and volatility in the leveraged loan and high yield bond markets, as well as in the wider global financial markets. To the extent a client participates in such markets, the results of its operations may suffer. In addition, to the extent that such marketplace events continue (or even 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. Such marketplace events have also caused a decrease in the availability of financing (and an increase in the interest cost) for leveraged transactions, which may impair a client's ability to consummate certain transactions or cause a client to enter into such transactions on less attractive terms.

In addition, current 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 investments; (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 a client's investors to meet their obligations to a client in a timely manner or at all.

General Tax Considerations. Most of our clients are treated as partnerships for U.S. federal income tax purposes. Each investor of a client, in determining its U.S. federal income tax liability, should take into account its allocable share of items of income, gain, loss, deduction and credit of the client, without regard to whether it has received distributions from the client. As is generally the case for similar private equity investment vehicles, an investment in our clients will give rise to a variety of complex U.S. federal income tax and other tax issues for investors. Certain of those issues may relate to special rules applicable to certain types of investors, such as tax-exempt entities, life insurance companies, banks, individuals, dealers in securities and non-U.S. persons and entities. The offering documents of our clients summarize certain of these tax issues, and prospective investors are urged to consult their own tax advisors with specific reference to their own situations concerning an investment in our clients. To the extent that certain of our clients are domiciled outside the U.S., in addition to the above, various other tax considerations may arise that are summarized in the offering documents of such clients and should also in any event be discussed by prospective investors with their own tax advisors.

Investors May Recognize Taxable Income Without Receiving Cash. When a client is treated as a partnership for U.S. federal income tax purposes, a partner's tax liability could exceed the cash distributions from a client in any year. In addition, a client may invest in other entities treated as partnerships for U.S. federal income tax purposes and in certain securities, such as original issue discount obligations, preferred stock with redemption or repayment premiums and stock of certain types of foreign corporations, such as a "controlled foreign corporation" or "passive foreign investment company." Because of a client being treated as a partnership for U.S. federal income tax purposes and holding these type of investments, a client may generate taxable income in excess of cash distributions to investors and no assurance can be given that a client will be able to make cash distributions to cover such tax liabilities as they arise. In this case, a partner would have to satisfy its tax liability that arises from an investment in a client from the partner's own funds. Accordingly, each investor should ensure that it has sufficient cash flow from other sources to pay all tax liabilities resulting from such investor's ownership of an interest in a client. Prospective investors are urged to consult their own tax advisors with specific reference to their own situations concerning an investment in a client.

Tax-Exempt and Non-U.S. Investors Are Expected to Be Subject to U.S. Tax. Certain investments may generate income that is (i) treated as income effectively connected with a U.S. trade or business ("ECI"), which will create a U.S. tax liability for non-U.S. investors, and/or (ii) taxable to certain tax-exempt investors as unrelated business taxable income ("UBTI"). Such investments are also likely to give rise to U.S. tax reporting and payment obligations for non-U.S. investors or tax-exempt investors in a client. The general partners of our clients generally will not be subject to any covenant to avoid or limit the amount of ECI or UBTI that is generated by our clients.

Recent and Expected Changes to Partnership Audit Procedures. Under recently-enacted legislation, the federal income tax rules for auditing partnerships will change significantly for partnership taxable years beginning after December 31, 2017. As a result of these changes, tax liabilities relating to earlier years may result in taxes being indirectly imposed on investors in later years, including investors who acquired their Interests after the taxable year to which the adjustment relates. In addition, the new procedures can

result in tax liabilities that may be higher than the taxes that would have been imposed directly on an investor under current rules. In addition to applying to our clients, this legislation will apply to flow-through vehicles in which our clients have an investment. It is not clear how the rules to be promulgated by the U.S. Treasury Department will apply to such structures and our clients or how their investors may be adversely affected by this new legislation. Prospective investors should consult their own tax advisors regarding the potential consequences of these rules with respect to an investment in our clients.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing attractive private equity investments is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions. Our clients will be competing for investments with other private equity investors, as well as companies, public equity markets, individuals, financial institutions and other investors. Over the past several years, an ever-increasing number of private equity funds have been formed, resulting in an unprecedented amount of capital available for private equity investment. Additional funds with similar objectives may be formed in the future by other unrelated parties. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to our clients and adversely affecting the terms upon which investments can be made. There can be no assurance that our client will be able to locate, consummate and exit investments that satisfy a client's rate of return objectives or realize upon their values, or that our clients will be able to invest fully their committed capital.

Limited Number of Investments. Our clients will participate in a limited number of investments, and as a result, the aggregate return of our clients may be substantially adversely affected by the unfavorable performance of even a single investment. In particular, our clients will only participate in investments in their respective sector, and as such a client's investments may not be diversified across the energy and commodities investment space. Further, investors have no assurance as to the degree of diversification of our clients' investments, either by number, geographic region, or asset type within the sector. Finally, to the extent that the total commitments to a client are less than the targeted amount, our clients may invest in fewer issuers and therefore be less diversified.

Co-investment Opportunities. There can be no assurance that co-investment opportunities will arise with respect to any given portfolio investment of a client. Any such opportunities will be allocated by the general partner of the respective client solely in accordance with the governing agreement. As a result, there can be no assurance that any investor will be entitled to participate in co-investment. The performance of co-investments is not aggregated with that of a client, including for purposes of determining any carried interest that may arise under the governing agreement. Past performance is not necessarily indicative of future results and the actual number of co-investment opportunities made available to investors, if any, may be significantly higher or lower than those made available in connection with other Denham funds. Denham may or may not charge management fees, one-time funding fees and/or carried interest in respect of co-investments, as it determines in its sole discretion. Certain co-investment vehicles may not pay broken deal expenses.

Reliance on Portfolio Company Management. Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although the general partner of each of our clients and Denham will be responsible for monitoring the performance of each investment and generally intends to invest in companies operated by strong management, there can be no assurance that the existing

management team, or any successor, will be able to operate the portfolio company in accordance with our client's plans and/or objectives.

Use of Senior Advisors and Operating Partners. As described in detail in a client's offering document, Denham's operating partners and senior advisors may join a portfolio company's board of directors, assist in executing operational improvements, corporate development and M&A activities, and, when necessary, act as interim management. Such operating partners or senior advisors may, in accordance with a client's governing agreement, be compensated by the client or by a portfolio company as an expense of the client for which the investors would be required to make capital contributions. As a result, other shareholders of a portfolio company may benefit from the activities of Denham's operating partners and senior advisors without sharing payment obligations. It should also be noted that, in accordance with the governing agreement, any amounts paid to independent contractors of Denham (including, without limitation, operating partners, advisors and consultants of the Denham) typically will not comprise "other fees" and, in turn, will not reduce the management fee payable by a client.

Special Services Vehicle. Our clients (in particular, our single-sector clients focused on Mining and International Power investments) may capitalize, form, operate and manage one or more entities (a "ServiceCo") designed to facilitate the client's investment activities, including, without limitation, the ownership and operation of any intermediate entities formed in connection with the client's investments. The fees, costs and expenses incurred in connection with capitalizing, developing, structuring, operating and winding up any ServiceCo will comprise a fund expense borne by the applicable client (including, without limitation, any travel and accommodation expenses related to any such ServiceCo, the salary and benefits of any personnel reasonably necessary for the maintenance of any such ServiceCo, or other overhead expenses in connection therewith). To the extent a ServiceCo of one client shares resources with any other client's ServiceCo, (i) Denham intends to allocate related shared expenses on a fair and reasonable basis (determined quarterly) among the applicable clients, and (ii) Denham may effect payments or reimbursements between the clients and any ServiceCos to give effect to the foregoing.

Non-U.S. Investments. Our clients may invest a substantial portion of capital in portfolio companies located or operating principally outside of the United States. Non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to (i) currency exchange matters, such as fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which the client's non-U.S. investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; (iii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iv) certain economic and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, nationalization of business enterprises, the risks of political, economic or social instability, the possibility of substantial rates of inflation and the possibility of expropriation or confiscatory taxation; (v) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities; and (vi) less-developed laws regarding corporate governance, fiduciary duties and the protection of investors, and other differences in applicable legal systems, including the possibility that our clients may experience difficulty in asserting legal claims or obtaining legal remedies in non-U.S. jurisdictions; (vii) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (viii) political hostility to investments by foreign or private equity investors; and (ix) less publicly available information.

Non-Controlling Investments; Investments with Third Parties. Our clients may hold a non-controlling interest in certain portfolio companies and, therefore, may have a limited ability to protect its position in such portfolio companies, although as a condition of investment in a portfolio company, it is expected that appropriate shareholder rights generally will be sought to protect the client's interests.

Our clients may co-invest with third parties in consortia, through joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-venturer may have financial, legal or regulatory difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the client or may be in a position to take (or block) action in a manner contrary to the client's investment objectives. In addition, the client may in certain circumstances be liable for the actions of its third-party co-venturers. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

Investment in Restructurings. Our clients may make investments in restructurings that involve portfolio companies that are experiencing or are expected to experience financial difficulties. These financial difficulties may never be overcome and may cause such portfolio companies to become subject to bankruptcy proceedings. Such investments could, in certain circumstances, subject a client to certain additional potential liabilities that may exceed the value of a client's original investment therein. For example, under certain circumstances, a lender that has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to a client and distributions by a client to the investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or recharacterize investments made in the form of debt as equity contributions.

Management Team "Platforms." From time to time, our clients may recruit a management team to pursue a new "platform" opportunity expected to lead to the formation of a future portfolio company. In other cases, the client may form a new portfolio company and recruit a management team to build the portfolio company through acquisitions and organic growth. In both cases the client will bear the expenses of the management team or portfolio company, as the case may be, including any overhead expenses, diligence expenses or other related expenses in connection with backing the management team or the build out of the platform company. Such expenses may be borne directly by the applicable client as partnership expenses or indirectly as the client will bear the start-up and ongoing expenses of the newly formed platform portfolio company. None of these expenses will offset any management fees paid by the client to us.

Early-Stage Investments. Our clients may invest in portfolio companies that are at a conceptual or early stage of development or that may have little or no operating history; may offer services or products that are not yet developed or ready to be marketed or that have no established market; may be operating at a loss or have significant fluctuations in operating results; may be engaged in a rapidly changing business; and may need substantial additional capital to set up infrastructure, hire management and personnel,

develop product prototypes, support expansion or achieve or maintain a competitive position. Such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

A client may invest a significant portion of its assets in the securities of smaller, less-established companies. Investments in such companies may involve greater risks than are generally associated with investments in more established companies. To the extent there is any public market for the securities held by a client, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources, and, therefore, often are more vulnerable to financial failure. Such companies may also have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. There can be no assurance that any such losses will be offset by gains (if any) realized on a client's other assets. Our clients have not established any minimum size for the companies in which it will invest.

Bridge Financings. From time to time, a client may provide short-term financing (whether as debt or equity) to portfolio companies on a short-term, unsecured basis or otherwise invest on an interim basis in portfolio companies in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge financings would typically be convertible into a more permanent, long-term security; however, for reasons not always in a client's control, such long-term securities issuance or other refinancing may not occur and such bridge financings may remain outstanding. In such event, the interest rate on such loans or the terms of such interim investments may not adequately reflect the risk associated with the unsecured position taken by a client.

Leverage. Our client's investments are expected to include portfolio companies whose capital structures may have significant leverage. Although the general partner of each of our clients will seek to use leverage in a manner it believes is prudent, the leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the portfolio company or its industry. A decrease in the availability of financing (or an increase in interest rates or other costs) for leveraged transactions would impair our client's ability to consummate such transactions. In addition, if a portfolio company cannot generate adequate cash flow to meet its debt obligations, our client may suffer a partial or total loss of capital invested in such portfolio company.

Fund Borrowing. As described in more detail in the governing agreements of our clients, a client may borrow funds or enter into other financing or credit arrangements, including a fund-level credit facility. Subject to the terms and conditions of any fund-level credit facility, the general partner of a client will have the ability from time to time to designate a holding company or portfolio company of a client as a borrower under such credit facility. The commitments (or client assets) may be pledged as collateral to support these arrangements, and a client may charge its portfolio companies fees (which may be received in cash or in kind) for providing any applicable credit support. The agreements for any of the foregoing may impose additional restrictions on a client and the general partner of such client. For example, the general partner may not be permitted to consent to certain transfers of Interests, or a client may be prohibited or restricted from making certain distributions to the investors. Borrowings under the fund-level credit facility will be used to finance a client's investment activities permitted under its governing agreement and to provide working capital and for other purposes permitted by the governing agreement.

Illiquid and Long-Term Investments. Our client's investments require long-term commitment with no certainty of return. Although investments by our clients may generate some current income, the full return of capital and the realization of gains, if any, from an investment is generally not expected to occur until the partial or complete disposition of such investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the investment is made. It is unlikely that there will be a public market for the securities held by our client at the time of their acquisition. Our clients will generally not be able to sell the securities of portfolio companies publicly unless their sale is registered under applicable securities laws or unless an exemption from such registration requirements is available. In addition, in some cases our clients may be prohibited by contract or regulatory reasons from selling certain securities for a period of time. There can be no assurances that private purchasers of our client's investments will be found.

Investments Longer than Term. Our clients may make investments that may not be advantageously disposed of prior to the date a client will be dissolved, either by expiration of a client's term or otherwise. Although the general partners of our clients expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution and the general partners have a limited ability to extend the term of our clients, a client may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. There can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the investors will occur.

Uncertainty of Financial Projections. Denham will generally establish the capital structure of portfolio companies on the basis of financial projections for such portfolio companies. Projected operating results will normally be based primarily on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic, political and market conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.

Additional Capital. Certain of our client's portfolio companies, especially those in a development or "platform" phase, can be expected to require additional financing to satisfy their working capital requirements or acquisition strategies. The amount of additional financing needed will depend upon the maturity and objectives of the particular portfolio company. Each round of financing (whether from the client or other investors) is typically intended to provide a portfolio company with enough capital to reach the next major corporate milestone. If the funds provided are not sufficient, a company may have to raise additional capital at a price unfavorable to the existing investors, including our client. In addition, our client may make additional debt and equity investments or exercise warrants, options or convertible securities that were acquired in the initial investment in such company in order to preserve its proportionate ownership when a subsequent financing is planned or to protect the initial investment. There can be no assurance that the portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available.

Recent Developments in the U.S. and Global Financial Markets. The current environment is one of significant uncertainty for the financial services industry. Recently, the global markets have experienced a great degree of volatility and financial turmoil. These developments have heightened the risks associated with the investment activities and operations of investment funds, including without limitation, those resulting from a substantial reduction in the availability of credit and the increased cost of short-term credit, a decrease in market liquidity, an increased risk of insolvency of prime brokers and

other counterparties, and regulatory changes that may have an adverse effect on investment funds generally, and in particular, on the our clients' ability to achieve its investment objective. In addition, U.S. governmental action concerning instability in the U.S. financial markets could have a significant impact on the financial services industry or other industries generally. Global financial markets have experienced considerable declines in the valuations of equity and debt securities and an acute contraction in the availability of credit. As a result, certain government bodies and central banks worldwide, including the U.S. Treasury and the Federal Reserve, have undertaken unprecedented intervention programs, the effects of which remain uncertain. The U.S. economy has experienced declines in employment, household wealth and lending. Moreover, the global credit markets continue to experience substantial disruption and liquidity shortages and financial instability extends beyond the United States. There can be no assurances that conditions in the global financial markets will not worsen and/or adversely affect one or more of our clients' investments, their access to capital or leverage or their overall performance. In light of the distress in the global financial markets, any bankruptcy, insolvency or default by a counterparty to our clients could result in a loss of a client's investments.

Recent Developments in the Chinese Financial Markets. Recently, the economy of China has experienced a great degree of volatility and financial turmoil. China's two major equity indices have experienced significant losses. Such losses were magnified domestically by prior rapid growth in the domestic credit market and consumer margin investing. These market losses, along with the recent devaluation of the yuan by the Chinese government, are viewed by many as a sign of a general economic slowdown in China. The extent of the slowdown and the potential financial and economic turmoil is unknown and may be significant. Additionally, the economic condition of the country is disproportionately impacted by government decisions and intervention, which increases the unpredictability of the situation. Moreover, current Chinese economic conditions may have a negative effect on market conditions worldwide. As the world's second-largest economy, economic and/or financial turmoil in China is likely to impact other global markets in ways that cannot be planned for. Instability in the securities markets and economic conditions generally (including a slowdown in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in a client's investments and could have a negative impact on the performance and/or valuation of the portfolio companies, particularly those relying on business from China. In particular, dislocations in the Chinese economy may slow its demand for minerals, which, in turn, may have adverse effects on companies operating within the energy and commodities sector.

Use of Derivatives and Other Specialized Techniques. Companies in the energy and commodities industries engage in derivatives transactions to insulate against changes in commodities prices, and our clients or their portfolio companies may engage in other derivative or similar transactions. These transactions may involve the purchase and sale of commodities or commodity futures, the use of forward contracts, swap agreements, put and call options, floors, collars or other arrangements. Such instruments may be difficult to value, may be illiquid and may be subject to wide swings in valuation caused by changes in the price of commodities or other underlying assets. Derivative instruments may trade principally on markets organized outside the United States. Markets for such instruments may be illiquid, highly volatile and subject to interruption. Suitable hedging instruments may not continue to be available at reasonable cost. The investment techniques related to derivative instruments are highly specialized and may be considered speculative. Such techniques often involve forecasts and complex judgments regarding relative price movements and other economic developments. The success or failure of these investment techniques may turn on small changes in exogenous factors not within the control of portfolio companies, Denham or our clients. Exchange-traded futures and options on futures are subject to extensive statutes,

regulations and margin requirements, which may include without limitation position limits or accountability standards and daily priced limits. For all the foregoing reasons, the use of derivatives and related techniques can expose our clients and its portfolio companies to significant risk of loss.

Hedging Policies and Commodities Price Risks. In connection with certain investments, a client or its portfolio companies are expected to employ hedging or other structuring techniques designed to reduce the risks of adverse movements in commodities prices, interest rates, securities prices and currency exchange. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while our clients may benefit from the use of these hedging mechanisms, unanticipated changes in commodity prices, interest rates, securities prices or currency exchange rates may result in a poorer overall performance for our clients than if they had not entered into such hedging transactions.

Currency and Exchange Rates. A significant portion of our clients' investments, and the income received by our clients with respect to such investments, may be denominated primarily in foreign currencies. However, the books of our clients are maintained, and contributions to and distributions from are clients generally are made, in U.S. dollars. Accordingly, changes in currency exchange rates may adversely affect the dollar value of investments and the amounts of distributions, if any, to be made by our clients. In addition, our clients will incur costs in converting investment proceeds from one currency to another. The general partner of each of our clients may enter into hedging transactions designed to reduce such currency risks. With respect to investors of Denham funds from any country in which U.S. dollars are not the local currency, changes in the exchange rate between U.S. dollars and such currency may have an adverse effect on the value, price or income of the investment to such investor. Each prospective investor of our clients should consult with its own counsel and advisors as to all legal, tax, financial and related matters concerning an investment in one of our clients.

Due Diligence Risks. Before making investments, the general partners of our clients, Denham intends to conduct due diligence that they deem appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, and legal and regulatory issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third-party advisors or consultants may present a number of risks primarily relating to the general partner's reduced control of the functions that are outsourced. In addition, if Denham is unable to timely engage third-party providers, its ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an investment, Denham will rely on the resources available to it, including information provided by the issuer and, in some circumstances, third-party investigations.

The due diligence investigation that Denham carries out with respect to any investment opportunity may be limited and may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful. Additionally, among the other risks inherent in investments, particularly so in companies experiencing financial distress, is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. There can be no assurance that attempts to provide downside protection with respect to investments will achieve their desired effect.

Valuation Risks. The General Partner or its affiliates will value a Fund's assets. The General Partner may cause a Fund to engage qualified valuation experts to assist in these determinations, however, it is not

required to do so. Given that the assets of a Fund may at any time include investments that are very thinly traded, for which no market exists or which are restricted as to their transferability under applicable laws or regulations, a Fund's investments may be extremely difficult to value accurately. Furthermore, because of overall size or concentration in the energy and commodities sector, the value at which a Fund's investments can be liquidated may differ, sometimes significantly, from the assigned valuation of such investments. There may be a relative scarcity of market comparables on which to base the value of a Fund's investments. Accordingly, the carrying value of an investment may not reflect the price at which the investment could be sold in the market, and the difference between carrying value and the ultimate sales price could be material.

The General Partner may cause a Fund to make a distribution in-kind of investments and the General Partner may be entitled to Carried Interest distributions in connection with such in-kind distribution based on a valuation determined by the General Partner. The valuation of investments will affect the amount and timing of the General Partner's Carried Interest and, under certain circumstances, the amount of Management Fees payable to the Advisor. The valuation of investments may also affect the ability of Denham to raise a successor fund to a Fund. As a result, there may be circumstances where the General Partner is incentivized to determine valuations that may be higher than the actual fair value of investments.

Environmental Matters. Environmental laws, regulations and regulatory initiatives play a significant role in the energy and commodities industries and can have a substantial impact on investments in such industries. For example, many jurisdictions have complex regulations that can change abruptly, making it difficult to estimate closure and reclamation costs. Required expenditures for environmental compliance have adversely impacted investment returns in a number of segments of the industry. Certain rules and regulations require that investments address prior environmental concerns, including soil and groundwater contamination caused by the spillage of fuel, hazardous materials or other pollutants. The energy and commodities industries will continue to face considerable oversight from environmental regulatory authorities, and Denham will seek to evaluate carefully the expected impact of environmental compliance on all potential investments. Our clients may invest 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.

Cybersecurity Risks. Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. Denham will seek to prevent and mitigate any such incidents, but there is no guarantee that it will be successful in such efforts. A cybersecurity incident could have numerous material adverse effects on Denham, including on the operations, liquidity and financial condition of the Denham funds. Cyber threats and/or incidents could cause financial costs from the theft of a fund's assets (including proprietary information and intellectual property) as well as numerous unforeseen costs including, but not limited to: litigation costs, preventative and protective costs, remediation costs and costs associated with reputational damage.

Broken Deal Expenses. Our client's investments often require extensive due diligence activities prior to acquisition, including feasibility and technical studies, preliminary engineering costs and marketing studies, environmental review and legal costs. In the event that an investment is not consummated, some or all of such third-party expenses will be borne by a particular client and its investors and may be significant.

Anti-Corruption Laws and Regulations. Conducting business on a worldwide basis require our client's portfolio companies to comply with the laws and regulations of the U.S. government and various international jurisdictions, and their failure to comply with these rules and regulations may expose both our client and such portfolio companies to liabilities. These laws and regulations may apply to companies, individual directors, officers, employees and agents, and may restrict our client's portfolio companies' operations, trade practices, investment decisions and partnering activities. In particular, our client's international portfolio companies are subject to U.S. and foreign anti-corruption laws and regulations, such as the Foreign Corrupt Practices Act ("FCPA") and the U.K. Bribery Act 2010 (the "Bribery Act"). In particular, the FCPA prohibits U.S. companies and their officers, directors, employees and agents acting on their behalf from corruptly offering, promising, authorizing or providing anything of value to foreign officials for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records and accounts that accurately and fairly reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. As part of their business, our client's portfolio companies are expected to deal with state-owned business enterprises, the employees and representatives of which may be considered foreign officials for purposes of the FCPA. The Bribery Act contains similar restrictions. In addition, some of the international locations in which our client's portfolio companies operate may lack a developed legal system and have elevated levels of corruption. As a result of the above activities, our client's portfolio companies may be exposed to the risk of violating anti-corruption laws. Violations of these legal requirements are punishable by criminal fines and imprisonment, civil penalties, disgorgement of profits, injunctions, debarment from government contracts as well as other remedial measures. A portfolio company's employees, subcontractors and agents could take actions that violate these requirements, which could adversely affect our client's portfolio companies' reputation, business, financial condition and results of operations.

Side Letters. The general partner, on behalf of the respective client, may from time to time enter into letter agreements or other similar agreements (collectively, "Side Letters") with one or more investors, which provide such investors with additional or different rights (including with respect to access to information and liquidity terms) than such investors have pursuant to the governing agreements, in connection with their admission to a client as limited partners therein without the approval of any other investor. As a result of such Side Letters, certain investors may receive additional benefits that other investors will not receive. The general partner, on behalf of the respective client, may enter into such Side Letters with any party as the general partner may determine, in its sole and absolute discretion, at any time. Such rights or terms in any such Side Letter or other similar agreement may include, without limitation, (i) fee or carried interest arrangements with respect to such investors; (ii) excuse rights applicable to particular investments (which may increase the percentage interest of other investors in, and contribution obligations of other investors with respect to, such investments); (iii) reporting obligations of the general partner; (iv) waiver of certain confidentiality obligations; (v) consent of the general partner to certain transfers by such investor; (vi) special rights with respect to co-investment; (vii) withdrawal rights; (viii) limits on indemnification obligations; or (ix) rights or terms necessary in light of particular legal, public policy or regulatory characteristics of an investor. Any rights or terms so established in a Side Letter with an investor will not require the approval of any other investor notwithstanding any other provision of the governing agreement.

Indemnification. Our clients will be required to indemnify its respective general partner, Denham and any sub-advisors, their affiliates and each of their respective members, officers, directors, employees, stockholders, shareholders or partners and other persons who serve at the request of the general partner

on behalf of a client for liabilities incurred in connection with the affairs of a client. Members of a client's advisory committee will also be entitled to the benefit of certain indemnification and exculpation provisions as set forth in the governing agreement. Such liabilities may be material. For example, in their capacity as directors of portfolio companies, the partners, managers or affiliates of the general partner may be subject to derivative or other similar claims brought by shareholders of such companies. The indemnification obligation of our clients would be payable from the assets of our clients, including the unpaid capital commitments of investors. If the assets of our clients are insufficient, the general partners may recall distributions previously made to the investors, subject to certain limitations set forth in the governing agreements.

No Market for Limited Partner Interests; Restrictions on Transfers. Interests in our clients have not been registered under the 1933 Act, the securities laws of any U.S. state thereof or the securities laws of any other jurisdiction; and, therefore, cannot be resold unless they are subsequently registered under the 1933 Act and other applicable securities laws or unless an exemption from registration is available. It is not contemplated that registration of the Interests under the 1933 Act or other securities laws will ever be effected. There is no public market for the interests, and one is not expected to develop. An investor will not be permitted to assign, sell, exchange or transfer any of its interests, rights or obligations with respect to its interests without the prior written consent of the general partner of the respective client, which consent may be given or withheld in the sole and absolute discretion of such general partner. Except in extremely limited circumstances, withdrawals from our clients will not be permitted. Investors must be prepared to bear the risks of owning Interests for an extended period of time.

European Union Alternative Investment Fund Managers Directive. The European Union Alternative Investment Fund Managers Directive (the "Directive"), as transposed into national law within the member states of the European Economic Area (the "EEA"), imposes requirements on EEA alternative investment fund managers managing or marketing alternative investment funds ("AIFs") and non-EEA alternative investment fund managers ("AIFMs") that market AIFs to professional investors within the EEA. Certain Denham entities may act as non-EEA AIFMs with respect to certain Denham AIFs (*i.e.*, client funds) and would therefore be in scope of certain of the Directive's requirements. The minimum requirements under the Directive for marketing an AIF under national private placement include transparency, disclosure and reporting requirements to both fund investors and regulators in the EEA. Where an AIF pursues a strategy of acquiring control of non-listed companies and issuers established in the EEA, the Directive restricts any distribution, capital reduction, share redemption and/or acquisition for a period of 24 months following the acquisition of control of the company (these are the so-called "asset stripping" rules). In parallel, certain member states of the EEA apply more stringent measures to marketing by non-EU AIFMs, such as requiring a depositary; while other member states have chosen not to allow non-EEA AIFMs to market AIFs in their territory at all. The Directive could adversely impact Denham's clients by, among other things: (i) limiting a client's ability to seek investors in the EEA; (ii) limiting a client's investment opportunities and Denham's operating flexibility both internally and with respect to investments made by a client; (iii) exposing a client and/or its manager to conflicting regulatory requirements in the United States and EEA; and (iv) adversely affecting a client's ability to carry out its investment approach and achieve its investment objectives and may materially increase the costs of doing business in the EEA.

9. Disciplinary Information

There are no legal or disciplinary matters that would be material to the evaluation of our advisory business or integrity of our management by a client, prospective client or investor in a Denham fund.

10. Other Financial Industry Activities and Affiliations

- A. Neither Denham nor any of its management persons is registered, or has an application pending to register as a broker-dealer or a registered representative of a broker dealer.
- B. Neither Denham nor any of its management persons is registered or has an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing entities.
- C. The General Partners are also investment advisers registered in accordance with SEC guidance under the Advisers Act pursuant to Denham Capital Management LP's registration. These affiliated investment advisers operate as a single advisory business together with Denham Capital Management LP, are under common control and are subject to Denham Capital Management LP's code of ethics and compliance programs adopted pursuant to the requirements of the Advisers Act.

PhaseCapital L.P. ("Phase") is an investment adviser registered with the SEC and based in New York. Denham Capital is under common control with Phase, and two Phase employees use limited space in Denham's Boston office on a part-time basis. Phase also utilizes the services of certain administrative and back office personnel of Denham, but such personnel have no operational role in Phase's business.

SD Porter Holdings LP ("SDPH"), an affiliate of Denham that is majority owned and controlled by Mr. Stuart Porter, indirectly holds approximately a 37.46% interest in Potamus Trading, LLC ("Potamus"), a registered broker-dealer and FINRA member firm. SDPH's interest is in preferred securities. Potamus seeks to provide execution services to broker-dealer clients. Potamus is under common control with Denham.

SDPH holds approximately a 13.55% interest in Ouisa LLC, the parent company of Ouisa Capital LLC ("Ouisa Capital"), a registered broker-dealer and FINRA member firm. SDPH's interest is in preferred securities. Ouisa Capital seeks to provide private placement and other broker-dealer services to clients.
- D. Denham may recommend or select other investment advisors for its clients, but Denham does not currently do so at this time.

11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Code of Ethics

Denham maintains a Code of Ethics to which each employee and certain related persons are required to adhere. Denham's Code of Ethics addresses various situations that may be presented to a particular employee or related person through his or her association with Denham. Such topics include potential conflicts of interest, personal securities trading, insider trading, outside activities, gifts and entertainment and political contributions.

Denham's Code of Ethics focuses on compliance with applicable federal and state securities regulations. It is of particular focus at Denham that no representative employs any device, scheme or artifice to defraud a client or an investor of a client, makes any untrue statements of a material fact to a client or an investor of a client, engages in any act, practice or course of business that operates as a fraud or deceit on a client or an investor of a client or engages in any manipulative practice with respect to a client or an investor of a client. Conflicts of interest and potential of conflicts of interest are required to be reported to the Chief Compliance Officer ("CCO"). Denham conducts ongoing training and has active discussions

with its employees to ensure understanding of potential conflicts and the avenues to report them to the proper management individuals.

Denham prohibits insider trading by any employee or related person in possession of Denham information. Through its evaluation of potential investment opportunities for its clients, Denham may, from time to time, come into possession of material nonpublic information regarding outside companies and businesses. Under applicable law, Denham and its employees are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Denham. Denham maintains internal procedures designed to ensure information is kept confidential and prohibits trading in such companies by its employees. Similar restrictions may be applicable as a result of Denham's employees serving as directors of public companies and may restrict trading on behalf of clients, including the Denham funds. Due to these restrictions, the Denham funds may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell an investment that they otherwise might have sold.

Further to the Code of Ethics, Denham requires its employees to pre-clear the purchase or sale of securities for which they have beneficial ownership. Excluded from the preclearance requirements are open-ended mutual funds, open-ended funds, exchange traded funds and notes, direct obligations of the United States, banker's acceptances, bank certificates of deposit, high-quality government short-term debt instruments, employees stock option purchase plans of spouses, shares issued by money market funds and unit investment trusts. Additionally, Denham employees are required to pre-clear the purchase of any initial public offering or private placement.

Denham's Code of Ethics additionally places restrictions on employees' outside activities, requiring them to pre-clear employment by another entity, board or officer membership of an outside entity, holding an official position for a candidate seeking public office or being a candidate for public office, or operating a fund or group formed to invest in securities. Denham employees must also seek approval from the CCO or his or her designee prior to making a political contribution on any level.

Denham monitors gifts and entertainment both received and given by its employees, requiring reporting over a threshold of \$250 for gifts.

Denham provides a copy of the Code of Ethics to any client or prospective client upon request to at 617-531-7200 or legalnotices@denhamcapital.com.

If a violation of Denham's Code of Ethics is found to have occurred, the CCO in his sole discretion shall determine what appropriate actions are to be taken. Such actions may include disgorgement of personal trading profits, letter of censure or suspension, termination of employment and/or referral to civil or criminal authorities.

B. Participation or Interest in Client Transactions

Denham provides ongoing portfolio management and advisory services for the Denham funds. Investment decisions are made by the investment committee for the applicable Denham fund. The investment committee is responsible for monitoring and managing the investment portfolio of the applicable Denham fund in accordance with its particular investment objectives, limitations and guidelines, and as set forth in the applicable governing agreements. Denham also complies with restrictions provided in the applicable governing agreements relating to principal transactions or other

affiliated transactions, in which we or our personnel may have interests that are not aligned with the interests of one or more of our clients.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliate, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser acts as broker for both the advisory client and for another person on the other side of the transaction. Denham does not engage in such transactions, and, if it did, would follow all requirements applicable under its relevant agreements with its clients and the Advisers Act.

Client cross transactions occur where an adviser executes a securities transaction between two (or more) of its managed client accounts. These can create conflicts of interest because, by not exposing such buy and sell transactions to market forces, clients may not receive the benefits of best price, or an adviser might seek to prop up the performance of one fund by selling under-performing assets to another fund in order, for example, to earn higher fees in the aggregate. Client cross transactions are conducted either (i) in accordance with the governing agreements of the involved clients or (ii) pursuant to policies approved by the advisory committees or consented to by the limited partners of the Denham funds. For example, it is expected that Denham's funds operating in the Power and Mining sectors will permit purchase or sales to or from other Denham funds of projects that have not yet reached certain operational or financial milestones, without the consent of the applicable advisory committees or applicable limited partners. In some cases, these provisions will specify the price at which such purchases and sales are to be conducted. Moreover, Denham's Power and Mining funds are expected to permit the sharing of portfolio company personnel among portfolio companies of the Denham funds, without the consent of the applicable advisory committees or applicable limited partners. Related costs and expenses will be shared among the applicable Denham funds in accordance with the governing documents of the Denham funds (or other applicable procedures).

C. Personal Trading; Investment Alongside Client Funds

Conflicts of interest may arise between a Denham fund and us when we invest on our own behalf in the same securities that we recommend to the Denham funds. To address these potential conflicts, the governing documents for the Denham funds contain specified procedures for managing or obtaining client consent for conflicts of interests, including, in some cases, obtaining consent for any conflict from an advisory committee comprised of investor representatives.

In addition, we have established internal procedures to identify and manage such conflicts. Pursuant to our Code of Ethics, each of our employees is required to submit to the CCO a report of the employee's securities holdings (which must be updated annually), as well as provide to the CCO a report of any personal securities transactions on a quarterly basis. In addition to these reports, our employees have an obligation to report any personal conflict of interest to the CCO as such conflict becomes known. Our employees must obtain the CCO's prior approval before buying or selling any security for their own account with limited exceptions.

Further, each Denham fund's general partner (or its affiliates) is required by the fund's governing documents to commit capital to such Denham fund, either as an investor or through a parallel vehicle. This capital requirement is intended to further align the general partner's interest – i.e., Denham's interest – with that of the client fund's investors.

Denham, its employees, and certain business associates and other “friends and family” of key professionals currently invest and may in the future invest directly or indirectly in one or more Denham funds. Such investments generally are not subject to the management or performance-based fees described in Items 5 and 6 above. The fact that Denham and its employees have financial ownership interests in certain funds creates a potential conflict in that it could cause Denham to make different investment decisions than if such parties did not have such financial ownership interests. Denham carefully considers the risks involved in any investments and Denham provides to investors extensive disclosure in the Denham funds’ offering documents regarding the potential risks that come with an investment in the Denham funds.

Denham or its affiliates may, from time to time, receive fees or other payments in respect of investments completed by certain Denham funds, such as deal fees, monitoring fees or transaction fees. Such parties may also receive “break-up” fees and other compensation with respect to portfolio company investments (including unconsummated investments). Such fees are not dependent on the performance of the investment and may create a conflict of interest between Denham and its clients. To address this potential conflict, some or all of a client’s pro rata share of these fees generally offset the management fees otherwise payable by clients to Denham, if any. In addition, as described herein, Denham has internal policies and procedures designed to address conflicts of interest, and each Denham fund has a limited partner advisory committee which, in accordance with the governing agreements of the respective Denham fund or on a voluntary basis, the General Partner may consult in seeking to resolve any conflicts of interest.

Employees of and related persons of/consultants affiliated with Denham may serve on the boards of, serve as employees of, or otherwise be retained as consultants by portfolio companies of Denham clients. Since Denham may be reimbursed for certain compensation and other fees and expenses that relate to the employment of certain expected portfolio company employees or retention of certain consultants, Denham could have a conflict of interest in connection with the applicable fund’s initial investment in such portfolio company and the resulting reimbursement of such amounts. In addition, as a result of the funds’ controlling interests in portfolio companies, Denham typically has the right to appoint board members to such portfolio companies, or to influence their appointment, and to determine or influence a determination of compensation for board members, portfolio company employees and/or consultants retained by portfolio companies. Serving on a portfolio company board may give rise to conflicts to the extent that a Denham employee’s (or consultant’s) fiduciary duties to a portfolio company as a director may conflict with the interests of the Denham clients that are invested in such portfolio companies.

Denham may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Denham clients. Additionally, Denham and/or its personnel may maintain relationships with (or may invest in) financial institutions or other service providers, some of which may invest (or may be affiliated with an investor) in, engage in transactions with and/or provide services to, Denham, and/or Denham’s clients. From time to time, situations may arise where Denham is in the position of recommending one portfolio company’s services to other portfolio companies. Denham will generally have a conflict of interest in making such recommendations, in that Denham has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the funds, while the products or services recommended may not necessarily be the best available or the lowest priced for the other portfolio companies. The benefits received by a portfolio company providing a service may be

greater than those received by the fund(s) and its portfolio companies receiving the service. Denham seeks to mitigate any such conflicts where possible.

The performance-based fees (i.e., carried interest) may create an incentive for Denham to make investments that are riskier or more speculative than in the absence of such fees.

To the extent that one or more Denham investment vehicles invest in the same securities of the same issuer, Denham will generally seek to ensure that all participants in such investment participate on comparable terms. This may not be practicable or appropriate in all circumstances, however, and one or more Denham investment vehicles may participate in such investments on different and potentially less favorable terms than other participants if Denham deems such participation as being otherwise in the best interests of the participating Denham clients. This may have an adverse impact on one of the participating Denham clients.

D. Personal Trading Contemporaneous with Client Transactions
See discussions above in Items 11(A)-(C).

12. Brokerage Practices

A. Broker-Dealer Recommendations

Due to the nature of investments made by Denham's clients (mostly equity investments in private companies), Denham rarely executes trades on behalf of its clients through broker-dealers. When Denham does execute a trade on behalf of its clients through a broker-dealer, Denham will seek to obtain best execution, but Denham weighs several factors, including:

- available price and compensation to broker;
- financial standing of broker;
- efficiency and documentation needed to execute such trade; and
- past experience with any such broker.

As a result, the client may not necessarily pay the lowest commission or commission equivalent.

When selling a private company on behalf of a fund, Denham may retain a broker-dealer or investment bank, the costs of which will be borne by the relevant fund and/or portfolio company. In doing so, Denham considers a variety of factors, including:

- broker fees to be charged;
- networking ability and relationships of broker;
- financial integrity of broker; and
- past success of broker in similar transactions.

As a result, although Denham generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Denham funds may not necessarily pay the lowest commission or fee for such services.

1. *Research and Soft dollars.* Denham occasionally may receive unsolicited research and information from brokers. This is a benefit to Denham because we do not produce or pay for the research or related services. Thus, we could conceivably have an incentive to select a broker-dealer based on this interest, rather than on our clients' interest in receiving most

favorable execution. However, Denham does not seek to participate in any of these so-called soft dollar benefits, and they do not influence Denham's decisions on brokerage selection. Denham selects brokers based on the factors described above.

2. *Brokerage for Client Referrals.* Denham does not receive referrals for clients from any broker-dealers.
3. *Directed Brokerage.* As Denham's clients are all private investment funds, Denham selects all broker-dealers. Denham's clients do not direct brokerage.

B. Aggregation of Securities for various Denham funds

Denham's clients are private equity funds with differentiated sets of upstream investors, and therefore Denham does not typically aggregate the purchase or sale of securities for various Denham funds (with the exception of a parallel or co-investment fund with its main fund). On the occasion when two separate Denham funds share an investment, trades in connection with such investment would be executed and allocated separately to each fund.

13. Review of Accounts

A. Denham's professionals routinely review the accounts of its clients and their underlying portfolio investments. Denham reviews financial performance, exit strategy, operations and management during its routine reviews. Additionally, Denham's professionals review each quarter the valuation and performance of the client accounts, and a valuation committee approves all final information distributed.

B. There are no specific triggers to launch a portfolio review on a non-periodic basis.

C. In accordance with the applicable partnership agreement of each client (other than certain co-investment vehicles), Denham delivers to the investors of each client written quarterly financial statements and annual statements, which annual statements are audited by an independent auditor and prepared in accordance with GAAP.

14. Client Referrals and Other Compensation

A. Denham does not receive economic benefits from persons who are not clients for providing investment advice or advisory services to our clients. Denham may, on occasion, receive management fees, monitoring fees or similar fees, or reimbursements of certain expenses, from portfolio companies in which a Denham fund has invested. To address this potential conflict, a certain portion of the client's pro rata share of these fees may offset the management fees otherwise payable by investors in the Denham funds. These potential fee arrangements are disclosed in the private offering materials for each particular private offering and governed by the Denham fund's governing documents

B. We or our affiliates may, from time to time, enter into arrangements in which persons will assist in the capital raising efforts of one or more of the Denham funds in exchange for a fee. These relationships will affect the independence of the placement agent in connection with the placement agent's recommendations of a particular Denham fund. These types of arrangements are disclosed to investors of the Denham funds in the relevant private offering materials.

15. Custody

Due to Denham's access to clients' funds and discretion to deduct fees and expenses from the client accounts and services by our affiliates as general partners of the Denham funds, we are deemed to have custody of our clients' funds. Denham generally holds all assets of our clients with a bank or other qualified custodian, unless not otherwise required in accordance with SEC guidance. Denham's professionals review custodial statements regularly to ensure agreement with positions stated therein. Denham's clients are generally subject to audit at least annually by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounts Oversight Board. Denham distributes audited financial statements to all investors of the audited Denham funds within 120 days of the end of the fiscal year of each such client. For any clients that are not audited, Denham complies with the other provisions of the custody rule, such as confirming quarterly account statements are being sent by a qualified custodian and being subject to a surprise custody examination.

16. Investment Discretion

Denham has discretionary authority to manage accounts on behalf of its clients. Such discretion is subject to the investment strategy and guidelines as set forth in the offering document and partnership agreement of the applicable client. As a general matter, Denham does not allow clients to place limits on this discretionary authority. Denham and its affiliates, however, have entered (and may in the future enter) into agreements, or "side letters," with investors whereby such investors may be subject to terms and conditions that vary from those applicable to other investors in the Denham funds, including rights to opt out of particular investments.

17. Voting Client Securities

A. Policies and Procedures

Pursuant to rule 206(4)-6 of the Advisers Act, investment advisers who exercise authority over client securities are required to implement proxy voting policies and procedures. To the extent Denham exercises or is deemed to be exercising voting authority of client securities, it will vote those securities in accordance with such policies. Notwithstanding the foregoing, a client's ownership of securities may be subject to a voting agreement or shareholders' agreement, in which case, any such voting agreement or shareholders' agreement will control in the event of a conflict between the terms of such voting agreement and the terms of Denham's proxy policies. Denham's policy is to vote proxy proposals, amendments, consents or resolutions relating to its clients as determined by Denham in its discretion and at all times in the best interests of its clients, taking into account relevant factors including:

- the impact on the value of the returns of the relevant client;
- alignment of portfolio company management's interest with the relevant client's interest;
- the ongoing relationship between the client and the portfolio companies in which it invests, including the continued or increased availability of portfolio information; and
- industry and business practices.

If Denham determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, Denham will address matters involving such conflict of interest as follows:

- Denham may vote such proxy as it determines to be in the best interest of the relevant client without taking any action described below, provided that such vote would be against Denham's

own interest in the matter (i.e., against the perceived or actual conflict). Denham will memorialize the rationale of such vote in writing; and

-If Denham believes it should vote in a way that may also benefit, or be perceived to benefit, its own interest, then Denham must take action in accordance with its client's governing agreements or as otherwise determined by Denham to be in the best interest of the client in voting such proxy, which may include, but is not limited to, seeking approval of the voting decision for such proxy proposal from the relevant client's advisory committee.

Denham's CCO or his designee will maintain written or electronic copies of each proxy statement received and of each executed proxy. Investors of the Denham funds may receive a copy of Denham's proxy policies and procedures at any time upon request to 617-531-7200 or legalnotices@denhamcapital.com.

18. Financial Information

A. We are not required to include a balance sheet, as we do not require or solicit prepayment of fees six months in advance.

B. There is no financial condition that is reasonably likely to impair Denham's ability to continue to meet its contractual commitments and provide services to its clients.

C. We have not been the subject of a bankruptcy petition at any time during the past decade.

19. Requirements for State-Registered Advisers

This Item is inapplicable to Denham, as we are not registered with any state securities authority.