

DENHAM CAPITAL MANAGEMENT LP

BROCHURE

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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 not an amendment. In the future, this Item 2 will be used to provide a summary of material changes that are made to this brochure subsequent to the prior annual update.

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4. Advisory Business

A. Description of Advisory Business

Founded in 2007, Denham Capital Management LP 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, metals & mining and power & renewables (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.

As used in this brochure, (i) “we,” “us” and “our” refer to Denham Capital Management LP and its investment advisory business; and (ii) the “Denham funds” and “clients” refer to the Denham funds we advise.

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. Denham executives serve as investment committee members for our clients. Our clients’ investment committees must approve all investments and related transactions entered into by our clients. Denham focuses on a theme-driven investment approach, utilizing its knowledge of and experience in, and global relationships within, the Energy Sector to make investments in order to seek superior risk-adjusted returns for its clients. Denham uses the experience of its team 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 concluded between us and each Denham fund. Investments in the Denham funds are privately offered only to qualified investors, typically institutional investors (for example, public and private pension funds) and eligible high-net-worth individuals.

The investment advice Denham provides to its client funds is limited to the private equity investment program conducted by the Denham funds.

Denham may enter into specific agreements with certain investors of each of its clients. These agreements are often referred to as side letters. The side letters may alter certain aspects of the applicable partnership agreement and often address specific needs of a particular investor such as regulatory monitoring or disclosure requirements. From time to time, these side letters will also include a specific agreement regarding fees to be charged to the particular investor.

C. Tailoring of Advisory Services

Denham tailors its advisory services to the mandate and descriptions included in the private placement memorandums, 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.

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, 2011 is \$5,487,701,297. As of December 31, 2011, 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

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 ranges from 1.5% to 2% of assets under management. Employees of Denham who are investors of our clients do not pay these management fees. Investors fund management fees via capital contributions called by Denham, based on their commitment to such client.

Further to the offering documents of each client, the general partner receives 20% of distributions for investments and fund expenses after 100% of capital contributions for investments and fund expenses are returned to investors of a client, together with a preferred return (typically, an 8% preferred return).

Denham charges the management fee described above on a quarterly basis. The performance-based fee, or carried interest, is paid to Denham once the distribution thresholds described above are met and capital is being distributed to the investors of a client, at all times at the discretion of the general partner of a client and subject to the terms of the applicable partnership agreement.

C. Other Fees and Expenses

Other fees may be paid to Denham or to a Denham fund’s general partner, managing member, or affiliates. Further to the offering documents of each of our clients, investors of our clients pay their pro rata share of all legal, accounting, filing and other organizational expenses incurred in organizing and raising capital for the client and any related vehicles, up to a specified maximum. Such expenses are borne by the investors of each client in the form of capital contributions. Additionally, a client will pay all expenses arising in connection with the organization and operations of a client 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, fees, costs and expenses of information technology and systems related to accounting and reporting for the client and monitoring of portfolio investments, any insurance, indemnity or litigation expense, broken deal expenses, certain taxes and any fees or other governmental charges levied against a client. Such fees are paid via capital contribution by an investor of a client

D. Refunds

Upon termination of the investment advisory agreement with a Denham fund, 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, we or our affiliates may receive certain fees from portfolio companies in which the Denham funds invest in connection with the purchase, monitoring or disposition of investments or in connection with unconsummated transactions, such as break-up, monitoring, directors', organizational, set-up, advisory, investment banking, underwriting, syndication and other similar fees. All or a portion 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 accepts performance based fees as outlined in Item 5(A), described as the carried interest. "Carried interest" is negotiated separately for each Denham fund at a market standard rate in the private equity industry.

Performance fee arrangements 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. At any given point in time, Denham is generally allocating investment opportunities for only one client. Due to fundraising and timing issues, Denham may, for a limited period of time, allocate opportunities to two clients. In those instances, Denham abides by all applicable provisions in the partnership agreement of each client. 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 sharing rules set forth in the applicable governing agreements and the terms of the governing documents of the applicable Denham funds. Under no circumstances may we or any of our affiliates allocate investment opportunities based on anticipated compensation or profits to ourselves or any of our affiliates or employees.

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 investors.

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 fund's investment objective and in concurrence with the offering documents of the applicable fund. Denham uses its sector knowledge and experience to conduct a comprehensive analysis of each candidate investment. Investment analysis includes 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;
- 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 who 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 objective 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 of a client 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

SECTOR RISK FACTORS

Mining, Drilling, Exploration and Development. 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. At the time of investment by our client in a portfolio company involved in mining or exploration, it may not be known if such portfolio company's properties have a known body of ore of commercial grade. Unusual or unexpected formations, formation pressures, fires, explosions, rock bursts, power outages, labor disruptions, flooding, cave-ins, landslides and the inability of such portfolio company 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 or that portfolio companies will be able to obtain the funds required for development on a timely basis or at all. The economics of developing such 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. There is no certainty that the expenditures to be made by such portfolio company in the exploration and development of the interests will result in discoveries of commercial quantities of a resource.

In addition, our clients may invest in businesses that engage in oil or gas exploration and development, 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, in making such

investments, our clients must rely on estimates of oil and gas reserves. 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.

Renewable Energy. Our clients may make investments in renewable energy projects. The market for renewable energy is emerging and rapidly evolving and its future success is uncertain. If renewable energy technology proves unsuitable for widespread commercial deployment or if the demand for renewable energy products fails to develop sufficiently, our client's investments in renewable energy 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.

Construction. Our client's 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.

GENERAL RISK FACTORS

No Assurance of Investment Return. No assurance can be given as to our client's 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 its 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. 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 currently and in the past may differ from the mix of assets in which the client invests, 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.

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. Prospective investors are urged to consult their own tax advisors with specific reference to their own situations concerning an investment in our clients

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.

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.

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.

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.

Illiquid and Long-Term Investments. 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.

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.

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.

Currency and Exchange Rates. A significant portion of our client's investments, and the income received by our client 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 subscribing for interests in 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.

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.

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.

9. Disciplinary Information

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

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. No material relationships to report
- D. Denham does not recommend or select other investment advisors for our clients

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 is required to adhere. Denham's code of ethics addresses various situations that may be presented to a particular employee 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 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 non public information regarding outside companies and businesses. Denham maintains internal procedures designed to ensure information is kept confidential and prohibits trading in such companies by its employees. 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 pre clearance requirements are 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 each Denham fund's investment portfolio 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.

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. It is our policy not to execute any principal transactions for client accounts unless the investment committee deems the transaction to be in the best interest of the particular client fund, and the CCO, as well as the client fund itself, gives prior consent, and the transaction complies with SEC requirements. We also generally refrain from cross trading between client accounts unless the consent of both clients is obtained, from the relevant advisory committees of the clients.

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 affiliates) is required by the fund's governing documents to commit capital to such 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

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, a qualified decision regarding broker selection is made, including best execution factors and relationships. When considering which broker to use for a particular trade, Denham weighs several factors, including:

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

If Denham uses a broker to serve as advisor in connection with a sales process of a current investment of a client, Denham considers the following:

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

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 thus have to 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 solely 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 aggregate the purchase or sale of securities for various Denham funds. In the rare occasion when two separate funds managed by Denham 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, Denham delivers to the investors of each client's written quarterly financial statements and annual statements, which annual statements are audited by an independent auditor in accordance with GAAP. Due to the current stage in its lifecycle and the minimal assets held by Denham Commodity Partners Fund LP ("DCPF"), it is no longer annually audited by an independent auditor and therefore an independent public accountant conducts an annual surprise examination of client funds and securities held by DCPF. The sole non-related party investor in DCPF requested the termination of DCPF's annual audit.

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 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 (including our affiliates or employees) will assist in the capital raising efforts of one or more of the Denham client 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 in the relevant private offering materials

15. Custody

Due to Denham's access to client funds and discretion to deduct fees and expenses from the client accounts and services by our affiliates as general partners of our funds, we are deemed to have custody of our clients' funds. Denham holds all assets of our clients with a bank or other qualified custodian. Denham's professionals review custodial statements regularly to ensure agreement with positions stated therein. Except as disclosed in Section 13C of this Brochure, Denham's clients are 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 our client funds within 120 days of the end of the fiscal year of each such client.

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.

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
- industry and business practices

If Denham determines that it has, or may be perceived to have, a conflict of interest when voting 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. Denham's client's investors 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.