

OFFERING MEMORANDUM “OM”

Sierra Madre Gold & Silver Venture Capital Fund SICAV PLC (the “Fund”)

(a collective investment scheme organised as a multi-class investment company with variable share capital under the laws of the Republic of Malta, on the 19th September 2006 and licensed by the Malta Financial Services Authority (the “MFSA”) under the Investment Services Act, 1994 as a Professional Investor Fund (“PIF”) targeting Experienced Investors

This Offering Memorandum is an updated version of the Offering Memorandum dated 26th October 2009

7th May 2010

IMPORTANT INFORMATION

PIF's are Non-Retail collective investment schemes, accordingly the protection normally arising as a result of the MFSA's investment and borrowing restrictions and other requirements for retail schemes do not apply.

Investors in PIF's are not protected by any statutory compensation arrangements in the event of the fund's failure.

The Fund is organized under the laws of Malta as an investment company with variable Share capital (SICAV) pursuant to the Companies Act 1995 and the Fund is licensed by the MFSA as a PIF. The Fund reserves the right to convert itself, subject to MFSA approval, to a close-ended Fund.

The MFSA has made no assessment or value judgement on the soundness of the Fund or for the accuracy or completeness of statements made or opinions expressed with regard to it.

The Investment Manager and Directors of the Fund, whose names appear under the sections headed 'The Investment Manager' and Fund Directors and Fund Secretary, are the persons responsible for the information contained in this Offering Memorandum. To the best of the knowledge and belief of the Investment Manager and the Directors (who have taken reasonable care to ensure such is the case) the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The Investment Manager and the Directors of the Fund accept responsibility accordingly.

No broker, dealer, salesman or other person has been authorized by the Fund, its Directors or P. Zihlmann Investment Management AG (the "Investment Manager") to issue any advertisement or to give any information or to make any representations in connection with the offering or sale of Shares (as defined herein) other than those contained in this Offering Memorandum and in the documents referred to herein, in connection with the offer hereby made, and if given or made, such

information or representations must not be relied upon as having been authorized by the Fund, its Directors or the Investment Manager.

The licensing of the Fund does not constitute a warranty by the MFSA as to the performance of the Fund (as understood herein) and the MFSA is not in any way liable for the performance or default of the Fund.

This Offering Memorandum does not constitute, and may not be used for purposes of, an offer or invitation to subscribe for Shares by any person in any jurisdiction:

- (i) in which such offer or invitation is not authorized, or,
- (ii) in which the person making such offer or invitation is not qualified to do so, or,
- (iii) to any person to whom it is unlawful to make such offer or invitation.

It is the responsibility of any persons in possession of this Offering Memorandum and any persons wishing to apply for Shares to inform themselves of, and to observe and comply with, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to the legal requirements of so applying and any applicable exchange control requirements and taxes in the countries of their nationality, residence or domicile.

The Shares have not been nor will be registered under the United States Securities Act of 1933, as amended (the “1933 Act”) or under any State securities law and, except with the specific consent of the Investment Manager, may not be offered or sold directly or indirectly, in the United States of America, its territories or possessions or any area subject to its jurisdiction (the “United States”) or to any U.S. Person (as defined in Regulation S of such Act, as amended from time to time). In addition the Fund will not be registered under the United States Investment Company Act of 1940 (the “1940 Act”), as amended and the investors will not be entitled to the benefits of the 1940 Act. Based on interpretations of the 1940 Act by the staff of the United States Securities and Exchange Commission relating to foreign investment companies, if the Fund has more than 100 beneficial owners of its securities who are U.S. Persons, it may become subject to the 1940 Act. The Investment Manager will not knowingly permit the number of holders of Shares who are U.S. Persons to exceed 70.

A copy of this Offering Memorandum has been lodged with the Registrar of Companies and the MFSA in satisfaction of the requirements of PIF's under the Investment Services Act 1994 and the Companies Act 1995.

Applications for the purchase of Shares are accepted only on the basis of the current Offering Memorandum. Any person relying on the information contained in this Offering Memorandum, which was current at the date shown, should check with the Investment Manager that this document is the most current version and that no revisions have been made nor corrections published to the information contained in this Offering Memorandum since the date shown.

Statements made in this Offering Memorandum are, except where otherwise stated, based on the law and practice currently in force in Malta and are subject to changes therein.

Investment in the Fund should be regarded as a long-term investment. Your attention is drawn to the section headed "Risk Factors" of this Offering Memorandum.

DEFINITIONS

“Accounting Period” means, unless otherwise determined by the Directors, a fiscal period of the Fund commencing in the case of the first such period on the date of the registration of the Fund and terminating on the 31st December 2007 and in any other case commencing on the 1st January and ending on the 31st December in each year.

“Act or ISAct” means the Investment Services Act 1994 of Malta.

“Base Currency” means in respect of the Fund, Canadian Dollars (CAD) or such other currency selected in accordance with the Articles of Association of the Fund hereof.

“Board of Directors” means the Board of Directors of the Fund including any committee thereof.

“Business Day” means any normal banking day, except Saturdays and Sundays, in Malta.

“Calculation Day” means the day on which the Net Asset Value is calculated, which shall be on a weekly basis on a Monday, or the next appropriate Business Day.

“Custodian” means any person, bank, firm or company appointed and for the time being acting as custodian of any of the assets of the Fund in accordance with the applicable law and which is entrusted with the safekeeping of such assets in accordance with the terms of the Custodianship Agreement.

“Custodianship Agreement” means any agreement for the time being subsisting between the Fund and any Custodian relating to the appointment and duties of such Custodian and relating to the safekeeping of the assets of the Fund, acting as banker and prime broker to the Fund.

“Director” means any director of the Fund for the time being, including an alternate director.

“Duties and Charges” means all duties, taxes, governmental charges, valuation fees, agency fees, brokerage fees, bank charges, transfer fees, registration fees and other charges whatsoever, whether in respect of the constitution or increase of the assets or the creation, exchange, sale, purchase or transfer of shares or the purchase or proposed purchase of investments or otherwise which may have become or will become payable in respect or prior to or upon the occasion of any transaction, dealing or valuation.

“Experienced Investor” means a person having the expertise, experience and knowledge to be in a position to make his own investment

decisions and understand the risks involved. An investor must state the basis on which he satisfies this definition, either

1. by confirming that he is:
 - a. a person who has relevant work experience having at least worked in the financial sector for one year in a professional position or a person who has been active in these type of investments; or
 - b. a person who has reasonable experience in the acquisition and/or disposal of funds of a similar nature or risk profile or property of the same kind as the property, or a substantial part of the property, to which the PIF in question relates; or
 - c. a person who has carried our investment transactions in significant size at a certain frequency (for example a person who within the past 2 years carried out transactions amounting to at least EUR 50,000 at an average frequency of 3 per quarter);

OR

2. by providing an other appropriate justification

“Experienced Investor Declaration Form” shall mean any form provided by the Fund, as reproduced in Appendix A to this OM.

“Initial Offer Price” shall mean the price on the first Subscription Day of the Fund, i.e. on the Launch Date.

“Launch Date” is the first Subscription Day.

“License” means the license granted to the Fund by the MFSA according to the ISAct.

“Management Agreement” means any agreement for the time being subsisting to which the Fund and the Investment Manager are parties and relating to the appointment and duties of the Investment Manager, including the Investment Manager’s back-office administration duties that the Investment Manager may sub-contract to other persons.

“Member” means a person who is registered as the holder of shares in the Register.

“Minimum Investment” means a holding of shares in the Fund the value of which by reference to the price is not less than such amount, if any, as may be specified in the OM, which is in no case less than Thirty thousand CAD (CAD 30,000) or other currency equivalent.

“NAV Calculator” means any person, bank, firm or company appointed and for the time being calculating the Net Asset Value of the Fund in accordance with the terms of the NAV Calculation Agreement.

“NAV Calculation Agreement” means any agreement for the time being subsisting to which the Fund and the NAV Calculator are parties and relating to the appointment and duties of the NAV Calculator.

“Net Asset Value” or **“NAV”** means the net asset value of the Fund.

“Non-Voting Shares” means the shares of the Fund that are Non-Voting and that are open to subscription by Experienced Investors.

“Redemption Day” means the day on which the Non-Voting Shares of a Member may be redeemed by the Fund, subject to any Redemption Day being at all times the day after any Calculation Day, on a weekly basis, or the next Business Day.

“Redemption Price” means the price paid on redemption of Non-Voting Shares.

“Register” means a register in which are listed the names of Members of the Fund.

“Registrar” means the Investment Manager or any person sub-contracted by the Investment Manager to act as Registrar to the Fund.

“Share” means a share in the Fund without any nominal value assigned to it having the rights provided for under these Articles of Association, and shall refer to all classes of shares unless it appears otherwise from the context.

“Subscriber” means any person who subscribes for Non-Voting Shares pursuant to the OM.

“Subscription Day” means the day upon which Non-Voting Shares may be subscribed, which shall always be a Calculation Day and shall be on a weekly basis.

“Subscription Price” means the price at which the Shares may be subscribed on any Subscription Day.

“Subsidiary Company” means any subsidiary company within the meaning of the Act.

“Valuation Day” means the day of which the closing prices will be used for calculation of the Net Asset Value, subject to any Valuation Day being the day before a Calculation Day, or the previous Business Day in the event that the day before a Calculation Day is not a Business Day.

“Voting Shares” means the shares of the Fund that carry a voting right and that are not open to subscription by Experienced Investors.

DESCRIPTION OF THE FUND

The Fund is organized under the laws of Malta as an investment company with variable share capital (SICAV) pursuant to the Companies Act 1995. The Fund is licensed by MFSA as an Experienced Investor PIF.

Reference is made to subsequent pages of this OM where the investment objectives, policies and restrictions of the Fund are explained in detail.

The directors of the Fund may, at their sole discretion, but with the consent of the MFSA, alter the investment policies and restrictions of the Fund provided that any material change in investment policy shall be notified to the Members of the Fund within a notification period of at least thirty (30) Business Days.

The Fund has appointed the Investment Manager to provide management and back-office administration services to the Fund, the Custodian to provide custodial/safekeeping, banking and prime brokerage services, and the NAV Calculator to provide NAV calculation services to the Fund. The custodian will also be responsible for monitoring the activities of the Investment Manager to ensure that the Fund is managed in accordance with the provisions of the OM and its constitutional documents.

The Fund shall issue accumulation shares. Accordingly the whole of the Fund's net income (if any), after expenses, will be accumulated within the Fund and reflected in the price of the shares of the Fund. However, at the discretion of the Investment Manager, the Fund shall reserve the right subject to MFSA approval to also issue distribution shares in the Fund, and accordingly dividends will be paid on those shares. In the case of distribution shares, part or all of the net income (if any) attributable to distribution shares may be distributed to Members by way of dividends in accordance with the dividend policy as specified in this OM and in the Memorandum and Articles of Association ("M&A") of the Fund.

The base currency of the Fund is the CAD.

The Fund's accounting reference date is 31st December, with the first financial period running from the date of registration of the Fund till 31st December 2007. Each year, the audited annual financial statements of the Fund shall be provided to investors in the Fund within four months from the accounting reference date.

The Voting Shares do not carry a right to participate in any dividends or other distributions of the Fund, if applicable, or in the assets of the Fund on a winding up (except repayment of paid up capital following settlement of any and all amounts due to the Non-Voting Shares. The Non-Voting Shares participate in the assets of the Fund, in any dividend distributions, if applicable, and in any distributions of the Fund in the event of liquidation. **THE NON-VOTING SHARES DO NOT CARRY ANY RIGHT TO VOTE AT THE GENERAL MEETINGS OF THE FUND AND ACCORDINGLY**

HOLDERS OF NON-VOTING SHARES IN THE FUND CANNOT INFLUENCE THE MANAGEMENT AND OPERATIONS OF THE FUND.

Share Capital

The Initial share capital of the Fund is divided as follows

CAD 3000 (Three thousand Canadian Dollars) divided into 2999 (two thousand nine hundred ninety-nine) Voting Shares and 1 (one) Non-Voting Share, referred to as 'A' Shares. These have been issued and fully paid up

The option of issuing up to five billion (5,000,000,000) non voting 'B' shares without a nominal value issued to them

Date of Incorporation

19th September 2007

Registered Address

Sierra Madre Gold & Silver Venture Capital Fund Sicav plc
168, St. Christopher Street
Valletta VLT 1467
Malta

KEY FEATURES

The following should be read in conjunction with the full text of this Offering Memorandum.

The Fund is a collective investment scheme established as an investment company with variable share capital under the laws of Malta. The Fund is not set-up as an umbrella fund but as a single fund. The Fund shall issue Voting Shares, which shall be fully subscribed by P. Zihlmann Investment Management AG and shall not be made available to the public, and Non-Voting Shares, which shall be open to subscription to Experienced Investors. Information on the Directors and ultimate beneficial owners of P. Zihlmann Investment Management AG will be made available upon request.

Investment Objective

The global objectives of the Fund are capital gains.

The Fund's investment objective set out above, and the investment policies set out below shall, in the absence of unforeseen circumstances, be adhered to for at least three years. At any time, the investment objective can only be changed with the approval of the Voting and Non-Voting Shareholders of the Fund.

Any changes to the investment objectives of the Fund, shall be notified to holders on the Non-Voting Shares in advance of the change. The change in the investment objectives will only become effective after all redemption requests received during such notice period, have been satisfied.

Investment Policies

The Fund will seek to achieve its investment objective by investing a minimum of 50% of the assets of the Fund in listed and tradable securities, issued by metal exploration, mining and production companies operating in **Mexico** but domiciled in North America, Australia or Europe.

The Fund will furthermore seek to achieve its investment objective by investing a maximum of 50% of the assets of the Fund in listed and tradable securities, issued by metal exploration, mining and production companies operating in **other Latin American** countries also domiciled in North America, Australia or Europe,

Capital gains may also be achieved by investing up to 10% of the assets of the Fund in unlisted and non-tradable shares of private metal exploration, mining and production (or near-production) companies in any of the territories mentioned above, which will be listed within twelve months through an Initial Public Offering “IPO”.

In both cases, securities of those issuers will be chosen that, after undergoing professional financial analysis and due diligence, are earmarked by the Investment Manager or its delegates as issuers with an expanding business, and with sound and modern management capable of increasing the market share and scope of the business whilst at the same time delivering shareholder value and capital gains.

The Fund also retains the right to invest in Time/Cash deposits as circumstances may dictate. As a general policy the Fund will not maintain liquid assets beyond 20% of NAV, unless exceptional market conditions dictate otherwise.

Initially the Fund will only issue accumulation shares, however it retains the option to create distribution shares at a later stage, even if this is unlikely for the foreseeable future. Accordingly, no distributions will be made and hence no distribution shares will be created at the outset.

The Directors of the Fund may, at their sole discretion, alter the investment policies listed above, provided that any material change thereof shall be notified to the MFSA, the shareholders of the Fund and any other competent authorities.

Investment Restrictions

Any borrowing may only be affected to satisfy short term liquidity requirements.

Changes to the Investment Policies and Restrictions of the Fund

Any material alterations to the investment policies or restrictions shall be notified to the Members within a notification period of at least thirty (30) Business Days in advance of the change.

RISK FACTORS

Market Fluctuations

Investments in the Fund should be regarded as a long-term investment. There can be no guarantee that the investment objective of the Fund, set out above will be achieved. The Fund's investments are subject to fluctuations in the asset values of the underlying assets and the risks inherent in all investments and there are no assurances that capital appreciation or dividend distribution will occur.

The value of any investment and the income therefrom (if any) can, from time to time, go down as well as up and investors may not realize the amount of their initial investment. In particular, deduction of any charges (where applicable) means that if an investor withdraws from the investment in the short-term he may not get back the amount he invested.

Exchange Rate Risk

Currency fluctuations between the base currency of a fund, and,

- (i) the investor's currency of reference of a fund, and,
- (ii) the currency of the underlying investments of the Fund, may adversely affect the value of investments and the income derived therefrom.

Specific emerging company and market risks

Investments in emerging companies and in emerging markets can be subject to risks not normally associated with more developed companies and markets.

These risks mainly relate to the liquidity of the company and of the market.

Investments in sub investment grade unquoted equity

Since the Fund retains the right to invest up to 10% of the assets in non-listed and non-tradable private securities, it is more important to consider that these can be considered as sub investment grade securities and such sub investment grade securities offer a very low level of protection towards the honouring of principal and interest payments by issuers. The lower the rating of a sub investment grade security, the lower is the protection (if at all) afforded against credit defaults by the respective issuers. Investments in the securities of smaller companies can involve greater risk than is customarily associated with investments in larger, more established companies. In particular, smaller and unquoted companies often have limited product lines, markets or financial resources and may be dependent for their management on one or two key individuals.

Liquidity risk

Since the Fund retains the right to invest up to 10% of the assets in non-listed and non-tradable private securities, the Fund is exposed to a liquidity risk as there is no ready market in these securities and the Fund may be forced to hold on to the securities for longer periods than may be desirable.

EXPERIENCED INVESTORS AND MINIMUM INVESTMENT RULE

Only Experienced Investors are allowed to invest in the Fund. Each and every prospective investor in the Fund shall confirm their status as Experienced Investors by completing, signing and submitting to the Investment Manager, or any person sub-contracted by the Investment Manager, either directly or through their nominees, one of the Experienced Investor Declaration Forms (“EIDF”) hereto attached as Appendices ‘Ai’ and ‘Aii’), as part of the purchase application form. Each Experienced Investor acting directly will be assigned an investor No., whilst each Experienced Investor acting through a nominee will be assigned an investor No and an investment code, to be inserted in such EIDF, and the Fund is obliged to maintain appropriate records accordingly.

The Fund is obliged to maintain all EIDF and related records in its offices, and where applicable to annually certify to MFSA that all coded investors in the Fund are Experienced Investors and that all the terms and conditions of the EIDF are current.

The Minimum Investment Rule is laid out in the EIDF forms hereto attached as Appendix A).

ISSUING, VALUATION, REPURCHASING AND TRANSFER

Issue of Shares

The Fund on any Subscription Day, on receipt by it or its authorized agent of the following:-

- (i) a complete and signed subscription agreement and application form from a Subscriber in the form as the Fund may from time to time determine.
- (ii) such declarations as to the Subscriber's status, residence and otherwise as the Fund time to time may require; and
 - a) 2 certified copies of the identification pages of the Subscriber's passport; or
 - b) when a corporate applicant, 2 certified copies of the Certificate of Incorporation and, if the company is older than 12 months, 2 certified copies of the Certificate of Good Standing; or
 - c) when a corporate applicant, 2 certified copies of the Extract of the Commercial Register, not older than 12 months.

A copy of the subscription agreement and application form should be retained by the investor for the investor's personal reference and records.

- (iii) payment of the Subscription Price in such manner as the Fund from time to time may specify, provided that if the Fund receives the Subscription Price in a currency other than the Base Currency, the Fund shall convert or arrange for the conversion of the monies received into the Base Currency and shall be entitled to deduct therefrom all expenses incurred in the conversion;
- (iv) a declaration on the appropriate EIDF as reproduced in the OM;

may issue such shares in such classes created from time to time by the Fund at the Net Asset Value then obtaining.

The Fund and the Registrar are entitled to require additional documents, such as, but not limited to, trust instruments, appointments as executor or administrator and certificates of corporate authority prior to accepting any subscription.

Minimum Subscription

The minimum initial subscription permitted for Non-Voting Shares is CAD 30,000 or any currency equivalent. Subsequent subscriptions shall be minimum CAD 10,000 or any currency equivalent.

Subscription Fee The Fund has the right to charge a maximum Subscription Fee of up to 6.5%.

Subscription Day Every Monday of every week or in the case that the main markets are closed on this day, the following Business Day.

Subscription Applications Applications to subscribe for Non-Voting Shares must be received by the Investment Manager or his agent by not later than 12:00 noon GMT five (5) Business Days prior to the Launch Date. If an application is made after the Launch Date, the application is to be received by the Investment Manager or his agent at least three (3) Business Days prior to the relevant Subscription Day. If an application to subscribe is received less than three (3) days prior to the relevant Subscription Day, the subscription will be made on the Subscription Day subsequent to the relevant Subscription Day; however the Fund may, if conditions allow, accept a shorter notice period for any application.

Subscription monies must be received by the relevant bank by not later than 12:00 noon GMT two (2) Business Days prior to the Launch Date and, thereafter, by not later than 12:00 noon GMT two Business Days prior to the relevant Subscription Day.

Subscriptions should be paid by SWIFT in accordance with the instructions provided in the application form, unless paid for in any other method allowed under the Fund's M&A. Non-Voting Shares will be issued with effect from the relevant Subscription Day. Upon final calculation of the Net Asset Value per Share, written confirmation will be sent to investors within five (5) Business Days of the number and value of Non-Voting Shares purchased.

No issue shall be made in respect of an application, nor shall any transfer be registered by the Fund, which would result in the Subscriber holding less than the Minimum Investment, or if the Fund has reason to believe that the Subscriber does not satisfy the requirements as set-out in the IDF as an Experienced Investor.

Price per Share

Subscription Price Non-Voting Shares will be offered at the Initial Offer Price of CAD 1 on the Launch Date and, thereafter, at

the relevant prevailing Subscription Price on each Subscription Day.

The Subscription Price shall be calculated at the Net Asset Value on the relevant Subscription Day, which shall always be a Calculation Day, plus any applicable subscription fees.

In the event the Fund has suspended or postponed calculation of the Net Asset Value, the Subscription price on the Subscription Day occurring after receipt of the order will be utilised.

The commission payable on any subscription shall be determined by the Investment Manager from time to time, and shall be subject to the maximum stated in the OM.

The price of any share on any Subscription Day shall be the Net Asset Value of such share as determined in accordance with the Articles of Association and the OM and the Fund shall be entitled to deduct from any payment by a Subscriber, prior to the issue of shares, any commission payable on purchases as may be set out in the OM or as provided for herein.

The Fund may require a Subscriber for shares to pay to the Fund, in addition to the price per share, such duties and charges in respect of the shares as the Fund from time to time may determine and set out in the OM.

No Shares shall be issued on any Subscription Day on which the determination of the Net Asset Value of the Fund is suspended.

Determination of Net Asset Value

The Net Asset Value and the Net Asset Value per Share will be determined on the Calculation Day by the NAV Calculator, on the basis of the prevailing prices at the close of business of the markets on the Valuation Day.

The Net Asset Value and the Net Asset Value per Share shall be determined by the NAV Calculator and made available at the Registered Office of the Fund or such other office as the Fund may determine.

The Calculation Day shall be the first business day of the NAV Calculator following the Valuation Day.

The Valuation Day shall be Friday of each week, subject to any Valuation Day being the day preceding a Calculation Day. In the case that the main markets in which the fund trades are closed on this day, the Valuation Day shall be the previous available Business Day when the markets are open.

Redemption Day Every Monday of every week, or in the case that the main markets are closed on this day, the following Business Day.

Redemption Requests Requests for the redemption of Non-Voting Shares must be made on the appropriate redemption request form to be used by the Fund.

The Fund and Registrar are entitled to require additional documents, such as, but not limited to, trust instruments, death certificates, appointments as executor or administrator and certificates of corporate authority prior to making any payment in respect of redemptions.

Requests for redemption of Non-Voting Shares must be received by the Administrator by not later than 12:00 noon GMT five (5) Business Days prior to the relevant Redemption Day. If a Redemption Request is received less than five (5) days prior to the relevant Redemption Day, the Non-Voting Shares will be redeemed on the Redemption Day subsequent to the relevant Redemption Day; however the Fund may, if conditions allow, accept a shorter notice period for any redemptions.

Non-Voting Shares will be redeemed with effect from the relevant Redemption Day. Upon final calculation of the Net Asset Value, written confirmation will be sent to investors within ten (10) Business Days of the number and value of Non-Voting Shares redeemed.

Redemption Fee No redemption Fee shall be levied.

Payment of Redemptions Normally the Fund will arrange for payment to the Members of the net proceeds within ten (10) Business Days after the Redemption Day. Payment on redemption may be delayed in the case of extraordinary circumstances, such as the inability to liquidate existing positions, or the default or delay in payments due to the Fund from banks or other persons.

Payment will be made by SWIFT (with charges for the account of the recipient), or by cheque or bank draft, in

accordance with the instructions of the Member given in the redemption request form. Requests for redemption in the proper form will be honoured and the Fund's positions in the markets will be liquidated to the extent necessary (if any) to discharge its liability on the Redemption Day.

Payment will ordinarily be made in the Base Currency, or in any other freely convertible currency.

If the Fund has requests for the repurchase of shares in respect of ten per cent (10%) or more of the outstanding shares in the Fund on any Redemption Day, the Investment Manager or the Directors may elect to restrict the total number of shares repurchased to ten per cent (10%) of the outstanding shares in the Fund, as appropriate, in which case all the relevant requests will be scaled down pro rata to the number of shares requested to be repurchased. The balance of such shares will be repurchased on the next Redemption Day. Any part of a repurchase request to which effect is not given by reason of the exercise of this power by the Investment Manager or the Directors will be treated as if the request had been made in respect of the next Redemption Days (in relation to which the Investment Manager and the Directors have the same powers just described) until the original request has been satisfied in full.

The Investment Manager and the Directors retain the right to compulsorily redeem all or part of the shares of any Member at any time if they deem that the continued ownership of shares by such Member would cause an undue risk of adverse tax or other consequences to the Fund or to any of its Members, or if any Member has ceased to qualify as an Experienced Investor, or if the Investment Manager or the Directors deem that such ownership of shares is not in the best interests of the Fund.

Transfer and Transmission of Non-Voting Shares

Transfer of Non-Voting Shares

Requests for the transfer or assignment of Non-Voting Shares must be made in writing. The Transferee shall complete a normal subscription form, leaving the amount to be subscribed blank. This subscription form shall be delivered to the Registrar, accompanied by a letter from the transferor, instructing that this transfer takes place. The instrument of transfer of a share shall be signed by or on behalf of the transferor and the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof.

A Member desiring to transfer his Non-Voting Shares

must make available to the Investment Manager such information as the Investment Manager may require, including information necessary to satisfy the Investment Manager that the proposed transfer complies with applicable laws. In addition, the proposed transferee must agree to take such Non-Voting Shares subject to the same conditions, warranties and restrictions pursuant to which the Non-Voting Shares were held by the transferor.

Refusal to Approve
Transfer of Non-Voting Shares

If, within thirty (30) days of receipt by the Investment Manager of an acceptable instrument of transfer, the Investment Manager does not deny permission for the transfer, the Investment Manager shall be deemed to have approved the transfer. However, the Investment Manager may only refuse to approve the proposed transfer of any Share if the manner, form or evidence of transfer is unacceptable, if the transfer might violate applicable laws or when such transfer is deemed by the Investment Manager in its absolute discretion to be contrary to the best interests of the Fund by virtue of resulting in legal, pecuniary, regulatory, taxation or administrative disadvantage to the Fund.

The registration of transfers may be suspended at such times and for such periods as the Investment Manager from time to time may determine, PROVIDED ALWAYS that such registration of transfers shall not be suspended for more than thirty days in any one calendar year.

DIVIDEND POLICY

It is the policy of the Fund that shares shall be created as accumulation shares in the Fund. However, at the discretion of the Directors of the Fund, and subject to the prior approval of the MFSA, shares may also be created as distribution shares in the Fund. Once distribution shares are created, the Fund would from time to time as it thinks fit, and subject to the applicable laws, pay such dividends on such distribution shares of the Fund as deemed appropriate by the Directors of the Fund. Dividends may be paid in such currency as the Fund may deem appropriate subject to the observance of any applicable law. When dividends are not paid, income will be accrued within the Net Asset Value of the Fund.

The dividends, if any, shall be a sum recommended by the Fund not in excess of the pro-rata income received or receivable by the Fund (whether in the form of dividends, interest or otherwise) during the Accounting Period less appropriate expenses, deductions, charges and like as detailed in the Articles of Association of the Fund.

Where shares in the Fund are issued with rights to receive dividends, the conditions applicable for the equalization of rights of other Members holding shares within the Fund not carrying rights to receive dividends shall be as determined by the Fund from time to time.

FUNCTIONARIES & OFFICIALS

The Investment Manager

The Fund will be managed by P. ZIHLMANN INVESTMENT MANAGEMENT AG, Zurich, Switzerland, which is a member of the SRO - Swiss Association of Asset Managers, Bahnhofstrasse 35 CH – 8001, Zurich. Mr. Peter Zihlmann, manager and founder of P. ZIHLMANN INVESTMENT MANAGEMENT AG, has thirty years experience in investment management with various Swiss banks. He has closely followed the precious metals market for many years.

P. ZIHLMANN INVESTMENT MANAGEMENT AG, Zurich, Switzerland has its registered office at: P. ZIHLMANN INVESTMENT MANAGEMENT AG, Limmatquai 72, 8001 Zürich, Switzerland. Tel.: +41 44 268 51 11 / Fax: +41 44 268 51 51 / Email: invest@pzim.ch. SKYPE: peterzihlmann

The Investment Manager is entitled to receive an annual management and back-office administration fee from the Fund, details of which are given in the section under the heading “Charges and Expenses” and to receive reimbursement from the Fund of all its out-of-pocket expenses, in connection with the Fund, as may be fully described in the Management Agreement between the Fund and the Investment Manager.

The Investment Manager does not assume any responsibilities for activities not explicitly provided for in the Management Agreement.

The Investment Manager may retain back-office administrators to assist it in its back-office administration of all or part of the funds and assets of the Fund.

Custodian, banker and prime broker

HSBC Bank Malta Plc will be appointed as the custodian, banker and prime broker to the Fund. It is a fully licensed bank under the laws of Malta. HSBC Bank Malta plc is also authorised by the MFSA to provide custody, banking and prime brokerage services to collective investment schemes. HSBC Bank Malta plc will also assume a monitoring

function over the management activities of the Fund to ensure that the Fund is managed in compliance with the provisions of this OM.

HSBC Bank Malta Plc has its registered office at 233 Republic Street, Valletta VLT05, Malta. Tel No: +356 2597 2295 – Fax No: +356 2597 2925. The Bank is regulated by the Malta Financial Services Authority.

The Custodian is entitled to receive a fee from the Fund for its custodial, banking and prime brokerage services, details of which are given in the section under the heading “Charges and Expenses” and to receive reimbursement from the Fund of all its out-of-pocket expenses, as more fully described in the Custody Agreement between the Fund and the Custodian.

The Custodian does not provide any services to the Fund other than those described above. In particular, it is not responsible for (i) the valuation of the investments of the Fund, (ii) the calculation of the Net Asset Value of the Fund and of the Shares, and for (iii) the compliance of the investments of the Fund with the investment objectives, policy and restrictions set forth herein; and (iv) the marketing and distribution of the Fund’s shares.

It is understood that, as far as the securities kept on deposit for the Fund are documents of title which are not current financial assets duly registered in the securities systems, the Custodian will have to rely on confirmation of local advisors (lawyers, local banks or advisors) and will not be in a position to establish with certainty the authenticity of any such security or instrument.

NAV Calculator

Subsequent to the date of appointment of HSBC Fund Management (Malta) Ltd (HFMM) as the NAV Calculator of the Company, HFMM has undergone a restructuring exercise whereby with effect from 1 October 2007, the fund administration activities were segregated from its mainstream investment management business. The administration activities, including NAV calculation services were transferred to HSBC Securities Services (Malta) Ltd, which is a member of the HSBC Group.

Accordingly on the 24th September 2007, the Company entered into a tripartite novation agreement whereby it was agreed that with effect from 1st October 2007, HSBC Securities Services (Malta) Ltd will take on the role of NAV Calculator in lieu of HSBC Fund Management (Malta) Ltd, assuming all the duties and obligations previously undertaken and assumed by HFMM.

HSBC Securities Services (Malta) Ltd was incorporated in 2002 and it provides a full range of fund administration services including fund valuation and unit pricing, transfer agency, statutory reporting and corporate secretarial services. It currently acts as a fund administrator to various collective investment schemes.

HSBC Securities Services (Malta) Ltd forms part of the HSBC Group, which is one of the largest banking and financial services organisations in the world, with well-established businesses in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. HSBC Securities Services (Malta) Ltd is regulated by the MFSA.

HSBC Securities Services (Malta) Limited was appointed as the NAV Calculator, with the duty to provide the Fund with NAV and Unit Pricing services, Trade and Income processing services, Expense accrual services, Custody Reconciliation services and Monitoring of Investment Restrictions.

HSBC Securities Services (Malta) Ltd can be contacted as follows:-

Address:

HSBC Securities Services (Malta) Ltd.
116 Archbishop Street
Valletta VLT 1444
Malta.

E-mail: ammt@hsbc.com
Tel No (+356) 2597 5126
Fax (+356) 2597 5190

Fund Directors and Fund Secretary

Mr. Peter Zihlmann

Mr. Peter Zihlmann, manager and founder of P. ZIHLMANN INVESTMENT MANAGEMENT AG, has thirty years experience in investment management with various Swiss banks. He has closely followed the precious metals market for many years. His recommendations of precious metals companies and on the precious metals and currencies markets appear regularly on various internet sites such as Gold-Eagle and Gold\$eek and reach numerous, global readership. Peter Zihlmann may be contacted at the following address:

P. ZIHLMANN INVESTMENT MANAGEMENT AG
FAO Mr. P. Zihlmann
Limmatquai 72
8001 Zürich
Switzerland

Tel.: +41 1 268 51 10
Fax: +41 1 268 51 51
Email: invest@pzim.ch
SKYPE: [peterzihlmann](#)
Website: www.pzim.com

Ms. Maria Christine Melian Bodenmann

Ms. Christine Melian Bodenmann has over ten years experience in the financial services industry in her role as director and consultant for Swiss banks and investment companies. She has a good knowledge of alternative investment products including standard and complex tailor-made hedge funds and structured products. Ms. Melian Bodenmann is a director of Magnitude Advisors, a hedge fund management company based in Geneva offering a variety of hedge fund investments. She may be contacted at the following address:

Ms. Maria Christine Melian Bodenmann
Im Waidi 3
8142 Uitikon Waldegg
Switzerland

Tel +41 794055587
Fax +41 794055587
Email christine@ftdm.com
SKYPE: mcm-ftdm

Dr. David Griscti TEP; LL.M. (Lond); LL.D.

Dr. Griscti is a founding partner of DAVID GRISCTI & ASSOCIATES – Law Firm. He holds a doctorate degree in law from the University of Malta and a Master’s degree in Securities, International Tax and International Finance Law from the University of London, and is also a founding member of STEP (Malta) and a full member of STEP (Society of Trust and Estate Practitioners). His area of practice is predominantly financial services law, with an emphasis on Investment Services (particularly Funds and Fund Managers), Corporate, and Finance. Dr. Griscti may be contacted at the following address:

Dr. David E. Griscti
TEP; LL.M. (London), LL.D
DAVID GRISCTI & ASSOCIATES – Law Firm
168 St. Christopher Street
Valletta, VLT 1467
Malta

Tel.: +356 2569 3000
Fax: +356 21 227731
E-mail: dgriscti@dglawfirm.com.mt
Website: www.dglawfirm.com.mt

Dr. David Griscti TEP; LL.M. (Lond); LL.D. is the secretary of the Fund.

Legal Advisors

The lead legal advisor to the Fund is DAVID GRISCTI & ASSOCIATES – LAW FIRM of 168, St. Christopher Street, Valletta VLT 1467 Malta (www.dglawfirm.com.mt)

Auditors

The auditors of the Fund are PricewaterhouseCoopers, Malta and may be contacted at the following address:

PricewaterhouseCoopers
167, Merchants Street
Valletta, VLT03
Malta
Tel: +356 2124 7000
Fax: +356 2124 4768

E-mail: joseph.camilleri@mt.pwc.com
Website: www.pwc.com/mt

CONFLICTS OF INTEREST

The Directors, the Investment Manager, the Custodian, the NAV Calculator, other companies within their respective groups and their officers and major Shareholders are or may be involved in other financial, broking, investment or other professional activities which, in the course of their business, will on occasion give rise to conflicts of interest with the Fund. In such circumstances, such persons will have appropriate regard to their respective obligations under the agreements appointing them to act in the best interests of the Fund, so far as practicable having regard to their obligations to other clients or schemes, when potential conflicts of interest may arise. Having regard to these obligations, the Fund may buy investments from or sell investments to such persons, provided that such dealings are on an arm's length basis and on terms no less favourable to the Fund than could reasonably have been obtained had the dealing been affected with an independent third party. Such persons may also hold Shares in the Fund. Should a conflict of interest arise, the Directors will endeavor to ensure that it is resolved fairly and that the Fund shall not be disadvantaged.

CHARGES AND EXPENSES

Fees, Compensation and Expenses The Fund will be responsible for its various administrative and operational expenses.

Subscription fee

The Fund may charge a Subscription Fee of up to 6.5%, calculated on the investment amount.

Management and
Back-office Administration Fees

The Fund will pay the Investment Manager an annual management fee of 1.8% of NAV of the Fund, payable quarterly in arrears at the end of each quarter, and an annual back-office administration fee of 0.2% of NAV of the Fund, payable quarterly in arrears at the end of each quarter.

Performance Fees

The Fund will pay the Investment Manager a performance fee of 18% of the net return made by the Fund, payable quarterly in arrears at the end of each quarter. The performance fee shall be paid on the rise-in-value sum on a per quarter basis less all costs and less any prior losses not yet compensated for in previous quarters. The performance fee will be payable on a high watermark basis whereby losses would need to be recouped prior to the payment of the performance fees.

Custodian Fees

The Fund will be liable to pay to the Custodian an annual fee, payable quarterly in arrears, calculated on the NAV of the Fund, as follows:

CAD 0 - CAD 17.5 M - 5.00 basis points per annum

CAD 17.5 M - CAD35 M - 3.50 basis points per annum

CAD 35 M - CAD70 M - 3.00 basis points per annum

Over CAD 70 M - negotiable

Minimum fee of CAD 9,500 per annum, per fund.

Trading Fees

All trading fees, such as prime brokerage fees, banking charges, stock exchange fees, taxes, etc., shall be paid by the Fund.

NAV Calculation Fees

The Fund will be liable to pay to the NAV Calculator an annual fee, payable quarterly in arrears, calculated on the NAV of the Fund as follows:

CAD 0 - CAD 25 M - 15.00 basis points per annum

CAD 25 M - CAD 50 M - 12.5 basis points per annum

CAD 50 M - CAD 100 M - 10.00 basis points per annum
Over CAD 100 M - negotiable

Minimum fee of CAD 33,600 per annum, first fund.

Directors Fees and Expenses

The Fund will be liable to pay fees to the Directors, which will not exceed a total of CAD 40,000 per annum, payable quarterly in arrears. The Fund will also reimburse the Directors for any travel, accommodations or other properly incurred and documented out-of-pocket expenses incurred in carrying out their duties as Directors.

Fund Secretary and Registered Office Fees

A fee of CAD 8,000 will be payable for Fund Secretary services and Registered Office services.

Operating Expenses

In addition to the fees and expenses referred to above, the Fund will be liable to pay certain operating expenses incurred by the Fund, including legal, auditing, registration, licensing, governmental filing fees and printing costs.

Organisation and Offering Expenses

The expenses incurred by the Fund in connection with the organisation of the Fund and as attributable to the Fund and initial and on-going offerings of Non-Voting Shares, which, at the date of this Memorandum, are estimated not to exceed CAD 37,000 will be reimbursed by the Fund. These expenses may be amortised over a period of sixty (60) months, or such shorter period as the Directors may determine, so long as the Fund remains operating. Offering expenses incurred in any subsequent offerings of the Shares will be paid by the Fund.

Extraordinary Expenses

Possible extraordinary expenses, arising from but not limited to legal fees, government fees, or other regulatory issues, or any other unanticipated expenses shall be paid by the Fund. When any third party must pay an expense on behalf of the Fund, the third party shall be reimbursed by the Fund.

Audit and Legal Fees

Audit fees shall be agreed between the Board of Directors of the Fund and the Auditors. Legal fees shall be agreed between the Investment Manager

and the legal advisors and will be negotiated on a time-spent basis. Audit and legal fees will be paid out of the property of the Fund.

Redemption Fees

No Redemption fees.

TAXATION

The Fund

The Fund is classified as a non-prescribed company for tax purposes in Malta. All income of non-prescribed Funds are exempt from tax in Malta. Moreover, the Fund is not taxed on its Net Asset Value.

The Members

There is no stamp duty on share issues or transfers in the Fund. Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation applicable to the acquisition, holding and disposal of Shares as well as distributions, if any, made by the Fund.

GENERAL INFORMATION

Documents for inspection

The following documents shall be available for inspection at the offices of the Investment Manager, during normal business hours:

- (i) M&A of the Fund;
- (ii) A copy of the Custodianship Agreement, Management and back-office administration Agreement and NAV Calculation Agreement
- (iii) Copies of the most recently published Annual Financial Statements of the Fund.
- (iv) Copies of the most recently issued fact sheet, if any, in relation to the Fund.
- (v) Copy of the Fund's License.

INDEMNITIES

The Fund has agreed that it will indemnify the Directors, officers and liquidators without limitation as permitted by law save where the Directors, officers and liquidators have acted negligently or in bad faith.

The Fund may purchase and maintain insurance in relation to the Directors against any liabilities asserted against them.

In addition, the Fund has granted indemnities to the Investment Manager, the Custodian and the NAV Calculator in respect of actions brought against them in their respective capacities, where they have acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the Fund and provided again such actions did not involve gross negligence, wilful default, fraud or dishonesty.

ANTI-MONEY LAUNDERING

As part of the Fund's responsibility for the prevention of money laundering, the Fund, the Investment Manager or their delegates may require a detailed verification of a prospective investor's identity as well as information concerning the origin of the assets. Depending on the circumstances of each application, a detailed verification may not be required if:

- a) the applicant makes the payment from an account held in the applicant's name at a recognised financial institution; or
- b) the application is made through a recognised intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised as having money laundering regulations equivalent to those in force in Malta.

An individual may be required to produce a copy of his passport or identification card certified by a notary public. Corporate, trust or partnership applicants will be required to produce (as applicable) a certified copy of the Certificate of Incorporation (and any change of name), Articles of Incorporation and By-Laws (or other document evidencing the existence of the legal entity), trust deed or partnership agreement, the names and addresses of the beneficial owners or partners, the register of Directors or an extract from the trade register held at the relevant chamber of commerce and the signatory card verifying the authority of the directors, officers or partners to sign on behalf of the legal entity or partnership.

The Fund reserves the right to request such further information as is necessary to verify the identity of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes the Fund may refuse to accept the application and the subscription monies in relation thereto.

In the case of pooled or institutional investments, the subscribing institution is obliged to conduct appropriate due diligence on its clients. The Fund may, at its absolute discretion, request information from such subscribing institution on its anti-money laundering procedures regarding the investors in the Fund.

It is understood that in carrying out its duties above the Fund will fully comply with its obligations under the Maltese Prevention of Money Laundering Act, and the Prevention of Money Laundering and Funding of Terrorism Regulations, 2003. Such obligations include the identification of investors, the retention of the relevant identification and transaction documentation and the reporting of transactions suspected of involving money laundering to the Financial Intelligence Analysis Unit. In this regard, the Fund will establish appropriate internal procedures to fulfil these obligations”.

Experienced Investor Declaration Form

Scheme: Sierra Madre Gold & Silver Venture Capital Fund SICAV plc

This section should be completed by the Experienced Investor or his/her duly authorised agent (tick where appropriate)

Name of Investor/duly authorised agent:

The Investment is being made directly by the investor (not through a duly authorised agent)

- I hereby confirm that I am eligible to be treated as a “Experienced Investor”, since I satisfy the definition thereof in light of the positive response(s) that I have given to the question (s) below. I certify that I have read and understood the Offering Document including the mandatory risk warnings.

Where applicable:

- I hereby confirm that I have been warned by the Manager/Sales Agent/ third party selling Units of the Scheme that I do not possess the necessary experience and knowledge in order to understand the risks involved in investing in the Scheme.

The Investment is not being made directly by the investor but through a duly authorised agent

- I hereby confirm that I have been properly appointed as a duly authorised agent of a prospective investor in the Scheme described above. I certify that my principal is eligible to be treated as an “Experienced Investor” since my principal satisfies the definition thereof in light of the positive response(s) that I have given to the question(s) below in respect of my principal or appropriate reasons provided. I certify that my principal has read and understood the Offering Document/Marketing Document including the mandatory risk warnings.

Where applicable:

- I hereby confirm that I have been warned by the Manager/Sales Agent/ third party selling Units of the Scheme that my principal does not possess the necessary experience and knowledge in order to understand the risks involved in investing in the Scheme and that I have informed my principal accordingly.

APPENDIX 'B'
**(Extract from Articles of Association of Sierra Madre Gold and Silver Venture Capital
Fund SICAV PLC)**

10. Determination of Net Asset Value

10.0 The Company shall on each Subscription Day determine the Net Asset Value, which shall be the value of that Fund's assets less its liabilities. The Net Asset Value per share of the Fund shall be its Net Asset Value divided by the number of Shares in issue. The Net Asset Value shall be expressed in the Base Currency (or in such other currency as the Directors may determine) as a per Share figure (rounding down to at least the fourth significant figure of the relevant Base Currency) and shall be determined for each Subscription Day in accordance with Article 11 below.

10.1 The Investment Manager at any time may, but shall not be obliged to, temporarily suspend the determination of the Net Asset Value and the sale and redemption of Shares in the Company, in the following instances:-

(i) during any period (other than holiday or customary weekend closings) when any market is closed which is the main market for a significant part of the investments, or in which trading thereon is restricted or suspended; or

(ii) during any period when an emergency exists as a result of which disposal by the Company or any Fund of investments which constitute a substantial portion of the Company's or any Fund's assets is not practically feasible; or

(iii) during any period when for any reason the prices of investments cannot be reasonably, promptly or accurately ascertained by the NAV Calculator; or

(iv) during any period when remittance of monies which will, or may, be involved in the realisation of, or in the payment for investments cannot, in the opinion of the NAV Calculator, be carried out at normal rates of exchange; or

(v) during any period when the proceeds of sale or redemption of Shares in the Company cannot be transmitted to or from the Company's account.

10.2 The Company may elect to treat the first Subscription Day on which the conditions giving rise to the suspension have ceased as a substitute Subscription Day in which case the Net Asset Value calculations shall be effected on the substitute Subscription Day.

10.3 Any such suspension shall be published by the Company in at least one local newspaper. The Investment Manager shall also inform in any manner it may deem appropriate the persons who have made an application to the Company for

the purchase and redemption of Shares in the Company. Any suspension shall be immediately notified, by the Investment Manager, to the MFSA.

10.4 The dealing in shares shall also be suspended upon the order of the MFSA or the MSE in terms of the Regulations.

11. Valuation of Assets

11.0 The net asset value of the shares in the Company shall be determined by dividing the value of all the assets properly allocated to such shares less all the accrued liabilities of the Company attributable to such shares, by the total number of such shares outstanding on the Valuation Day.

11.1 The value of the assets comprised in a Company shall be ascertained on the following basis:-

(A) the value of any investment quoted, listed or normally dealt in, on or under the rules of a Regulated Market shall be calculated in the following manner:-

(i) by reference to the price appearing to the Directors to be the latest available dealing price or (if bid and offered quotations are made) the latest available middle quotation on such Regulated Market; and

(ii) if an investment is quoted, listed or normally dealt in, on or under the rules of more than one Regulated Market, the Directors may adopt the price or, as the case may be, the middle quotation on the Regulated Market which, in their opinion, provides the principal market for such Investment; and

(iii) in the case of any Investment which is quoted, listed or normally dealt in, on or under the rules of a Regulated Market but in respect of which, for any reason:

(a) prices on that Regulated Market may not be available at any relevant time, or

(b) the value thereof based on the said prices or a quotation as described in paragraphs (i) and (ii) above does not establish, in the opinion of the Directors, the fair value of any investment.

the value thereof shall be determined by such professional person as may be appointed by the Directors for such purpose or generally in relation to some or all the Investments of the Company and for such time as may be determined by the Directors;

(iv) the Directors shall not be under any liability by reason of the fact that a value reasonably believed by them to be the latest available price, or as the

case may be, middle quotation for the time being may be found not to be such;

- (v) there shall be taken into account interest accrued on interest-bearing investments up to the date at which the valuation is made unless such interest is included in the price or quotation referred to above;
- (B) the value of any investment which is not quoted, listed or normally dealt in, on or under the rules of a Regulated Market shall be the initial value thereof ascertained as hereinafter provided or the value thereof as assessed on the latest valuation thereof made in accordance with the provisions hereinafter contained. For this purpose:-
- (i) the initial value of such an Investment shall be the amount expended by the Company in the acquisition thereof (including in each case the amount of the stamp duties, commissions and other expenses incurred in the acquisition thereof and the vesting thereof in the Company); or
 - (ii) the Directors may at any time cause a valuation to be made of any such investment at a fair market value, by such professional person as may be appointed for such purpose by the Directors;
- (C) the value of each unit or share in any collective investment scheme that provides for the units or shares therein to be realized at any time at net asset value shall be the last published net asset value per unit or share;
- (D) the value of any futures contract shall be:-
- (i) in the case of a futures contract for the sale of the subject matter thereof, the positive or negative amount produced by applying the following formula:
$$a - (b + c)$$
 - (ii) in the case of a futures contract for the purchase of the subject matter thereof, the positive or negative amount produced by applying the following formula:-
$$b - (a + c)$$
- where:
- a = the contract value of the relevant futures contract (the "relevant contract");
- b = the amount determined by the Directors to be the contract value of such futures contract as would be required to be entered into by the Company in order to close the relevant contract, such determinate to be based on the latest available price or (if bid and offered quotations are made) middle quotation on the Regulated Market in which the relevant contract was entered into by the Company; and

c = the amount expended out of the Company in entering into the relevant contract, including the amount of all stamp duties, commissions and other expenses but excluding any deposit or margin provided in connection therewith;

- (E) cash, deposits and similar property shall be valued at their face value (together with accrued interest);
- (F) property other than investments and futures shall be valued in such manner and at such time or times as the Directors shall from time to time determine;
- (G) notwithstanding any of the foregoing sub-paragraphs, the Directors may, after consultation with the Custodian, adjust the value of any Investment or other property or permit some other method of valuation to be used if they consider that in the circumstances (including without limitation a material volume of subscriptions or requests for repurchase of shares in any Fund; or the marketability of the investments or other property; or such other circumstances as the Directors deem appropriate) such adjustment or other method of valuation should be adopted to reflect more fairly the value of such investment or other property;
- (H) every share allotted by the Company shall be deemed to be in issue and the relevant Fund shall be deemed to include the net amount of any cash or other property to be received in respect of each such share;
- (I) where, in consequence of any notice or repurchase request duly given, a reduction of any Fund by the cancellation of shares has been or is to be effected but payment in respect of such reduction has not been completed, the shares in question shall be deemed not to be in issue and any amount payable in cash or investments out of the Fund in pursuance of such reduction shall be deducted;
- (J) where any Investment or other property has been agreed to be acquired or realized but such acquisition or disposal has not been completed, such investment or other property shall be included or excluded, as the case may be, and the gross acquisition or net disposal consideration included or excluded as the Directors shall from time to time determine;
- (K) there shall be included in the assets an amount equal to all such costs, charges, fees and expenses as the Directors may have determined to amortize less the amount thereof which has previously been or is then to be written off;
- (L) where an amount in one currency is required to be converted into another currency, the Directors may effect such conversion using the latest available rates of exchange as the Directors shall determine as the relevant time except where otherwise specifically provided therein;

- (M) there shall be deducted from the assets such sum in respect of tax (if any) as in the estimate of the Directors will become payable in respect of the current Accounting Period;
- (N) where the current price of an Investment is quoted ex dividend or interest, there shall be added to the assets a sum representing the amount of such dividend or interest receivable by the Company but not yet received;
- (O) there shall be added to the assets the amount (if any) available for allocation in respect of the last preceding Accounting Period but in respect of which no allocation has been made;
- (P) there shall be deducted from the assets the total amount (whether actual or estimated by the Directors) of any other liabilities properly payable including outstanding borrowings and accrued interest or borrowings (if any) but excluding liabilities taken into account in terms of sub-paragraph (1) above.

11.2 Notwithstanding the foregoing, when the above system of valuation would not reflect the current value of the assets accurately, the Directors shall be entitled after consultation with the Custodian to value the shares using the amortized cost method of valuation, whereby the Investments of the Company are valued at their cost of acquisition, adjusted for amortization of premium or accretion of discount on the investments, rather than at the current market value of the investments.

11.3 Without prejudice to their general powers to delegate their functions herein contained, the Directors may delegate any of their functions in relation to the calculation of Net Asset Value to the Investment Manager or the Custodian, to a committee of the Directors or to any other duly authorized person. In the absence of willful misconduct or manifest error, every decision taken by the Directors or any committee of the Directors or by the Investment Manager, Custodian or any duly authorized person on behalf of the Company in calculating the Net Asset Value shall be final and binding on the Company and on present, past or future Members.

11.4 The Company, the Investment Manager or the Custodian shall not be responsible for any error in calculating the value of assets if the Company, the Investment Manager or the Custodian has acted in good faith when making such calculations, and no adjustments shall be made to the values of any assets unless the valuation error exceeds 0.5% (half a percentage point) of the Net Asset Value in which case it shall be adjusted. The MFSA shall be notified of such event together with information on such remedial action that the Company, the Investment Manager and the Custodian propose to take to ensure that such error does not occur again.

11.5 The Directors retain the right to adjust the value of any Investment in the Company, or to permit a different method of valuation, if circumstances dictate, as the Directors may deem appropriate, that such adjustment or different method of valuation would reflect more fairly the value of such Investment or of the shares of

the Company. Such adjustment or different method of valuation shall be binding on all persons.