

Risks Relating to Investing in Emerging Markets

The Company's investments in emerging markets, specifically in Zimbabwe (as described above) and the Beira Corridor in Mozambique, are subject to greater risks than investments in developed countries.

The Company expects to invest in the securities of public and private issuers in emerging markets. Investment in emerging market securities involves a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, emerging market securities investments may carry the risk of less publicly available information, more volatile markets, less strict securities market regulation, less favourable tax provisions, and a greater likelihood of severe inflation, unstable currency, corruption, war and expropriation of personal property than investments in securities of issuers based in developed countries. In addition, investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities.

Emerging markets generally may not operate as efficiently as those in developed countries. In some cases, a market for a given security may not exist locally, and transactions will need to be made on a neighbouring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Moreover, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.

Furthermore, some securities may be subject to brokerage or stock transfer taxes levied by governments, which would have the effect of increasing the cost of investment and which may reduce the realised gain or increase the loss on such securities at the time of sale. The issuers of some of these securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. In addition, settlement of trades in some emerging markets is much slower and subject to a greater risk of failure than in markets in developed countries. In addition, dividend and interest payments from, and capital gains in respect of, certain securities may be subject to taxes that may or may not be reclaimable.

With respect to an emerging market country, including Zimbabwe, there is the possibility of nationalisation, expropriation or confiscatory taxation, imposition or withholding or other taxes on dividends, interest, capital gains or other income, political changes, government regulation, social instability, terrorism, civil wars, guerrilla activities, military repression, crime, extreme fluctuations in currency exchange rates and hyperinflation, which could affect adversely the economies of such countries or the value of the Company's investments in those countries.

Many of the laws that govern private investment, securities transactions and other contractual relationships in emerging markets are new and largely untested. As a result, the Company may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain of the emerging markets in which the Company's assets will be invested. The Company can offer no assurance that this difficulty in protecting and enforcing rights will not adversely affect its investments.

Regulatory control and corporate governance of companies in emerging markets confer little protection on minority shareholders. Anti-fraud and anti-insider trading legislation is often rudimentary. The concept of fiduciary duty to shareholders by officers and directors is also limited when compared to such concepts in developed markets. In certain instances management may take significant actions without the consent of shareholders and anti-dilution protection also may be limited.

In the event that any of the above risks are realised, the Company could suffer a material adverse effect on its financial condition, results of operations and share price.