

RAB CAPITAL

RAB Capital plc
("RAB" or "the Company")

8 January 2010

Trading Update

RAB announces its trading update for the year ended 31 December 2009.

- Assets under management up by approximately \$100 million since 30 June 2009 to an estimated \$1.37 billion
- Strong balance sheet maintained - net current assets and investments at 31 December 2009 expected to be approximately 21 pence per share (30 June 2009: 21.7 pence per share) after dividend payment of 0.6 pence per share during the second half of 2009
- Strengthening net flows into the RAB funds in the second half of the year

Assets under management have increased since the half year announcement by approximately \$100 million or 9% to an estimated \$1.37 billion (30 June 2009: \$1.26 billion). Some 40% of this increase is attributable to net flows into continuing share classes. Over the course of 2009, the disposal of the Northwest business and restructuring of RAB funds had the effect of reducing assets under management by approximately \$650 million from the \$1.87 billion at 31 December 2008.

The Company has continued to improve the liquidity position in its restructured funds. In the RAB Energy and RAB Octane strategies, further distributions have been made to holders of redemption share classes, while RAB Special Situations has been successful in removing all leverage and reducing the proportion of unlisted securities from over two thirds of the portfolio value at 31 December 2008 to nearer one third at 31 December 2009.

Performance in RAB funds has continued to be very encouraging. While nearly all funds were in positive territory for the year, RAB's Credit, Natural Resources, Emerging Markets and Asian strategies have delivered particularly strong risk-adjusted returns for investors. This has created a good context for asset-raising in the coming months and has taken a higher percentage of the Company's assets under management to a position at, or close to, their high water marks.

The position regarding asset flows has improved in the second half with more consistent net flows into the continuing share classes. The Company has made a significant effort to engage with new investor groups and while the environment is

still somewhat challenging, the repositioning of the Company and its more focused offering are beginning to gain traction with investors.

The expected loss after tax is approximately £3 million and non-cash charges represent a significant proportion of this loss. This brings the anticipated loss per share to approximately 0.6 pence per share. Net income, principally comprising management and performance fees and gains on disposal of available-for-sale financial assets, is expected to be £18 million for 2009 (2008: £43.1 million). Costs have been reduced by 37% to approximately £24.7 million (2008: £39.4 million) and it is not anticipated that there will be any exceptional charges (2008: £17.7 million).

The minimal erosion in tangible book value in the second half is reflected in the value of net current assets and investments, which is expected to be approximately £99 million at 31 December 2009 (30 June 2009: £102.2 million), notwithstanding the payment of an interim dividend of £2.8 million in the period. On the basis of 472.5 million shares in issue at 31 December 2009 (net of 32.7 million shares held in Treasury) net current assets and investments are expected to be approximately 21 pence per ordinary share at 31 December 2009 (31 December 2008: 23.6 pence).

Audited results for 2009 are expected to be announced on 23 March 2010.

RAB Chief Executive Stephen Couttie said:

“In the early months of 2009 trading conditions were challenging but as the year progressed there was a steady improvement.

The RAB investment strategies performed well and at the corporate level our liquid resources remain strong.”

Further Enquiries:

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