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If you have sold or otherwise transferred all of your holding of Ordinary Shares in Baker Steel Resources Trust Limited (the **Company**), please send this document, together with the Form of Proxy, as soon as possible, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold any part of your holding of Ordinary Shares in the Company, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately. The accompanying Prospectus and the personalised Open Offer Application Form should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including, but not limited to, of the United States and any of the other Excluded Territories.

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Board of Directors of the Company which is set out in Part I of this document and which contains the Board's recommendation that you vote in favour of the resolutions to be proposed at the Extraordinary General Meeting referred to below.

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# **BAKER STEEL RESOURCES TRUST LIMITED**

*(a company incorporated in Guernsey under The Companies (Guernsey) Law, 2008,  
as amended, with registered number 51576)*

## **Acquisition of Additional Investments**

### **Approval of Waiver of Obligation to make a Mandatory Offer under Rule 9 of the Takeover Code**

**Disapplication of pre-emption rights in connection with the proposed fundraising by way of an Initial Placing and Open Offer to raise up to £100 million and approval for the issue of certain New Ordinary Shares at a discount to Net Asset Value**

**Disapplication of pre-emption rights in connection with a subsequent Placing Programme of New Ordinary Shares to raise up to £100 million (less the amount raised under the Initial Placing and Open Offer) at a premium to Net Asset Value**

### **Renewal of Share Issuance Authority**

### **Amendment of Articles of Incorporation**

**and**

### **Notice of Extraordinary General Meeting**

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You will find in Part IV of this document a notice of an Extraordinary General Meeting of the Company to be held at Arnold House, St Julian's Avenue, St Peter Port, Guernsey, GY1 3NF, at 9.30 a.m. on 23 February 2015.

Shareholders will find enclosed a Form of Proxy for use in relation to the Extraordinary General Meeting. To be valid, the Form of Proxy should be completed, signed and returned so as to be received by the Company's UK Transfer Agent, Capita Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4ZF as soon as possible but, in any event, so as to arrive not later than 48 hours before the time appointed for the Extraordinary General Meeting or any adjournment of that meeting.

The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission. Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council has taken any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it in this document. The Company's Ordinary Shares are admitted to trading on the main market for listed securities of the London Stock Exchange under ticker symbol "BSRT".

If you have a query concerning this document or the Extraordinary General Meeting, please telephone Capita Asset Services between 9.00 am and 5.00 pm (London time) Monday to Friday on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline (other network providers' costs may vary). Calls to this line from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot give any financial, legal or tax advice.

Numis Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company in connection with the proposals set out in this Circular and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the proposals set out in this Circular.

**Shareholders should make their own investigation of the proposals set out in this Circular, including the merits and risks involved. Nothing in this Circular constitutes legal, tax, financial or other advice, and if they are in any doubt about the contents of this Circular, Shareholders should consult their own professional advisers.**

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## EXPECTED TIMETABLE

Calculation Date	close of business on 18 February 2015
Latest time and date for receipt of Open Offer Application Forms	11.00 a.m. on 20 February 2015
Latest time and date for receipt of Forms of Proxy	9.30 a.m. on 21 February 2015
Extraordinary General Meeting	9.30 a.m. on 23 February 2015
Admission of Acquisition Shares and Initial Issue Shares, crediting of CREST accounts where applicable and admission and dealings in New Ordinary Shares commence	8.00 a.m. on 25 February 2015
Despatch by post of definitive share certificates for the Acquisition Shares and Initial Issue Shares, where applicable	week commencing 2 March 2015

Notes:

1. Apart from the date and time by which Forms of Proxy must be received and of the EGM, these times and dates are indicative only. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service.
2. All references to times in this document are to times in London, England.

## SUMMARY

Subject to the conditions set out in this document, the Company will seek to:

- acquire a portfolio of Additional Investments from GNRMF and GDGF with a value of £18.60 million (unaudited) as at 31 December 2014, with the potential to acquire Further Additional Investments with a value of up to £60.72 million (unaudited) as at 31 December 2014. A significant proportion of these Additional Investments are already represented in the Company's existing portfolio, and the balance are consistent with the Company's investment policy. The Company will issue New Ordinary Shares as consideration for the Additional Investments and the Further Additional Investments;
- raise up to £100 million pursuant to an Initial Placing and Open Offer;
- to the extent that less than £100 million is raised under the Initial Issue, institute a Placing Programme which would permit it to issue further New Ordinary Shares pursuant to one or more non-pre-emptive Placings over the next 12 months with a view to raising up to £100 million less the amount raised under the Initial Issue;
- following completion of the Proposals, introduce discount management and distribution policies as described in this Circular;
- obtain the approval of the Independent Shareholders of a waiver granted by the Takeover Panel under Rule 9; and
- amend the Existing Articles so that the Company will not be required until the Annual General Meeting falling in 2018, to propose a special resolution to the effect that the Company shall be wound up, and, if the Company is not then liquidated or reorganised, at each third Annual General Meeting thereafter.

The New Ordinary Shares will be issued at Net Asset Value in respect of Unlisted Investments acquired and at a 15 per cent. discount to the prevailing Net Asset Value in respect of the acquisition of Listed Investments and cash raised through the Open Offer and Initial Placing.

Shareholders will have the opportunity to subscribe, *pro-rata* to their existing shareholdings, for all of the Ordinary Shares available under the Initial Issue.

As a result of the Acquisitions existing Shareholders will suffer dilution of their existing shareholdings which would be mitigated if Shareholders take up their Open Offer Entitlement. Notwithstanding this dilution, the Directors believe that the Proposals are in the best interests of Shareholders as a whole because they will provide the Company with greater critical mass, providing a stronger investment proposition. In particular:

- the increase in net assets and market capitalisation of the Company is expected to widen the appeal of the Ordinary Shares to potential investors which *inter alia* is expected to improve the liquidity of the Ordinary Shares and reduce the discount at which the Ordinary Shares may trade relative to their Net Asset Value in the future. Furthermore, the increase in net assets will facilitate the introduction of discount management and distribution policies;
- the Acquisitions broadly retain the current shape and focus of the Company's portfolio and its inherent upside potential, given the high level of commonality between the Current Investments, the Additional Investments and the Further Additional Investments;
- to the extent that new capital is raised through the Initial Issue and/or the Placing Programme, it is anticipated that deployment of additional funds into selected existing investments can accelerate the process of creating and realising inherent value in these assets as they move up the value curve, as described below;
- the Investment Manager believes that the commodities cycle is close to its trough and that current market conditions therefore represent an attractive time to be investing in mining and resources assets, many of which are priced well below their risk adjusted fair values. Capital markets are generally unreceptive to development companies' need for capital and such companies are currently being particularly undervalued due to perceived financing risk. The Investment Manager believes that it is therefore timely to seek to exploit this opportunity through carefully selected investment with a preference towards companies with late stage development projects requiring the last tranche of capital to reach positive cashflow from operations;

- the increase in scale should provide the Investment Manager with better opportunities to achieve favourable terms for investment by the Company given the stronger negotiating position derived from its ability to invest in larger 'ticket sizes' in investee companies;
- the potential addition of Salamanca as an additional Investment Adviser, should negotiations to acquire certain co-owned assets from Salamanca clients be concluded, will enhance the existing skill set of the Investment Manager and broaden its network for identifying attractive investment opportunities for the Company; and
- the increased size of the Company will reduce the level of its ongoing charges per Ordinary Share.

## PART I

### LETTER FROM THE CHAIRMAN

# BAKER STEEL RESOURCES TRUST LIMITED

*(a company incorporated in Guernsey under The Companies (Guernsey) Law, 2008,  
as amended with registered number 51576)*

*Directors*

Howard Myles (Chairman)  
Edward Flood  
Charles Hansard  
Chris Newall  
Christopher Sherwell

*Registered office*

Arnold House  
St. Julian's Avenue  
St Peter Port  
Guernsey GY1 3NF  
Channel Islands

26 January 2015

To holders of Ordinary Shares and Management Ordinary Shares in the Company

Dear Shareholder,

### **Acquisition of Additional Investments**

#### **Approval of Waiver of Obligation to make a Mandatory Offer under Rule 9 of the Takeover Code**

**Disapplication of pre-emption rights in connection with the proposed  
fundraising by way of an Initial Placing and Open Offer to raise up to  
£100 million and approval for the issue of certain New Ordinary Shares at a  
discount to Net Asset Value**

**Disapplication of pre-emption rights in connection with a subsequent  
Placing Programme of New Ordinary Shares to raise up to £100 million (less  
the amount raised under the Initial Placing and Open Offer) at a premium to  
Net Asset Value**

#### **Renewal of Share Issuance Authority**

#### **Amendment of Articles of Incorporation**

**and**

#### **Notice of Extraordinary General Meeting**

### **1 Introduction**

The Board is pleased to announce that the Company has entered into a number of conditional acquisition agreements to acquire certain additional investments, with an approximate aggregate value, as at 31 December 2014, of £18.60 million (unaudited) in consideration for the issue of fully paid New Ordinary Shares (**Acquisition Shares**).

The Company is also proposing to raise up to £100 million pursuant to an Initial Placing and Open Offer (together the **Initial Issue**) of New Ordinary Shares. To the extent that the Company raises less than £100 million pursuant to the Initial Issue, the Company is also proposing a Placing Programme which would permit it to issue further New Ordinary Shares pursuant to one or more non-pre-emptive Placings over the next 12 months with a view to raising up to £100 million less the amount raised under the Initial Issue. The Directors intend to invest the net proceeds of the Initial Issue and any Placings under the Placing Programme in accordance with the Company's investment objective and investment policy.

In the event that Existing Shareholders do not take up any of their entitlements pursuant to the Open Offer and no Initial Issue Shares are issued pursuant to the Initial Issue, and on the basis of (i) the Net Asset Value of the Ordinary Shares and (ii) the value of the Additional Investments,

each as at 31 December 2014, 42,772,053 Acquisition Shares would be issued as consideration for the Additional Investments. Accordingly certain Shareholders who are deemed to be acting in concert (pursuant to the Takeover Code) (the **Deemed Concert Party**) would hold 51,991,984 Ordinary Shares representing 45.53 per cent. of the ordinary share capital.

Furthermore, under the terms of the Acquisition Agreements, as the value of the Additional Investments and the Net Asset Value of the Ordinary Shares is not to be calculated until 18 February 2015, the total amount of Ordinary Shares in which the Deemed Concert Party could be interested could vary such that their aggregate interest may be in excess of or less than 45.53 per cent. of the ordinary share capital. Accordingly, if on such Calculation Date the aggregate holding of Ordinary Shares in which the Deemed Concert Party is interested is in excess of 49.99 per cent. of the ordinary share capital, provisions have been included in the GNRMF Acquisition Agreement and the GDGF Acquisition Agreement such that the investments to be sold to the Company will be scaled back to ensure that the aggregate interests of the Deemed Concert Party cannot exceed 49.99 per cent. of the voting rights of the Company.

As a result of the above, under Rule 9 of the Takeover Code, on completion of the Acquisitions the Deemed Concert Party would normally be obliged to make a mandatory offer to all Shareholders (other than the Deemed Concert Party) to acquire their Ordinary Shares. Following an application to the Takeover Panel, the Takeover Panel has agreed to waive this obligation, subject to the approval of the Independent Shareholders (on a poll) at the Extraordinary General Meeting. Accordingly, the Whitewash Resolution (as defined below) is being proposed at the EGM to approve the waiver granted by the Takeover Panel. The members of the Deemed Concert Party are not considered to be Independent Shareholders and will therefore not be permitted to vote on the Whitewash Resolution. In addition, CF Ruffer Baker Steel Gold Fund is not considered to be an Independent Shareholder and will not be permitted to vote on the Whitewash Resolution. Your attention is drawn to the Takeover Code and the Rule 9 Waiver section contained in paragraph 4 below which, together with Part III of this Circular, contains full details of the Deemed Concert Party.

The Company's Existing Articles require that at the Annual General Meeting of the Company falling in 2015 and each third Annual General Meeting thereafter, the Board is required to propose a special resolution to the effect that the Company shall be wound up (a **Discontinuation Vote**). In view of the Acquisitions and further fundraisings now proposed by the Company, which together are intended to significantly increase the size of the Company and attract new investors, and because the Proposals are subject to the passing of the Resolutions to be proposed at the Extraordinary General Meeting, the Board believes it is appropriate for the Existing Articles to be amended so that the Board will not be required to propose a Discontinuation Vote until the Annual General Meeting of the Company falling in 2018 and, if the Company has not then been liquidated or reorganised, at each third Annual General Meeting thereafter.

The Acquisitions, the Initial Issue and the Placing Programme are conditional, *inter alia*, upon Shareholders approving the amendments to the Existing Articles as referred to above. It is also proposed that the Company's general authority to issue shares, which is due to expire on 29 March 2015, shall be renewed.

Consequently, an extraordinary general meeting of the Company is being convened at which Shareholders will be asked to consider:

- the disapplication of pre-emption rights in respect of the proposed fundraising by way of the Initial Issue to raise up to £100 million and, as required by the Listing Rules, the issue of New Ordinary Shares for cash pursuant to the Initial Issue at an issue price representing a 15 per cent. discount to the Net Asset Value per Ordinary Share prevailing as at the Calculation Date (the **Initial Issue Resolution**);
- the disapplication of pre-emption rights in respect of the issue of New Ordinary Shares for cash pursuant to the Placing Programme at an issue price representing a premium to the prevailing Net Asset Value per Ordinary Share (the **Placing Programme Resolution**);
- the approval of the waiver granted by the Takeover Panel of any requirement under Rule 9 for the Deemed Concert Party to make a general offer to Shareholders as a result of the issue and allotment of the Acquisition Shares (the **Whitewash Resolution**);

- the renewal of the Company's general authority to issue new Ordinary Shares (the **Authority Resolution**), which the Directors currently intend to use only in connection with the Proposals; and
- the proposed amendment to the Existing Articles in respect of the Discontinuation Vote provisions and certain other amendments described below under the heading "Amendment of the Articles" (the **Amendment Resolution**).

The purpose of this Circular is to provide you with details of the Proposals and to set out the reasons why the Directors are recommending that you vote in favour of all the Resolutions to be proposed at the Extraordinary General Meeting.

**Nothing in this Circular constitutes legal, tax, financial or other advice, and if they are in any doubt about the contents of this Circular, Shareholders should consult their own professional advisers.**

## **2 Background to and reasons for the Acquisitions and the Initial Issue**

The Company's investment objective is to seek capital growth over the long-term through a focussed, global portfolio consisting principally of the equities, or related instruments, of natural resources companies. The Company invests in unlisted companies (i.e. those companies that have not yet made an initial public offering or **IPO**), and in listed securities (including special situations opportunities and less liquid securities) with a view to making attractive investment returns through uplift in value resulting from development progression of the investee companies' projects and through exploiting value inherent in market inefficiencies and pricing anomalies.

On its IPO in April 2010, the Company issued approximately 66 million Ordinary Shares, at an issue price of £1 per share (with subscription shares attached on a one for five basis). Approximately 30.5 million of these Ordinary Shares were issued for cash pursuant to a placing and offer for subscription and 35.5 million Ordinary Shares were issued in consideration for the acquisition of a seed portfolio of assets (the **IPO Seed Portfolio**) in connection with the scheme of reorganisation of Genus Capital Fund.

Several investments have since been made by the Company in accordance with its investment policy.

The Company's Net Asset Value as at 31 December 2014 was approximately £32.2 million (unaudited) and its investment portfolio comprised 7 Listed Investments (valued at £7.8 million) and 9 Unlisted Investments (valued at £24.5 million). Its cash and accruals totalled approximately £(0.18) million. As at the same date the Net Asset Value per Ordinary Share was 44.9 pence. The 54.1 per cent. fall in the Company's Net Asset Value since its IPO in April 2010 has broadly tracked the downturn in the general market for mining shares with the Euromoney Global Mining 100 Index down 47.5 per cent. in Sterling terms over the same period.

The Board is looking to significantly increase the size of the Company through the Acquisitions and the Initial Issue which it believes will provide the Company with greater critical mass, providing a stronger investment proposition. In particular,

- the increase in net assets and market capitalisation of the Company is expected to widen the appeal of the Ordinary Shares to potential investors which *inter alia* is expected to improve the liquidity of the Ordinary Shares and reduce the discount at which the Ordinary Shares may trade relative to their Net Asset Value in the future. Furthermore, the increase in net assets will facilitate the introduction of discount management and distribution policies;
- the Acquisitions broadly retain the current shape and focus of the Company's portfolio and its inherent upside potential, given the high level of commonality between the Current Investments, the Additional Investments and the Further Additional Investments;
- to the extent that new capital is raised through the Initial Issue and/or the Placing Programme, it is anticipated that deployment of additional funds into selected existing investments can accelerate the process of creating and realising inherent value in these assets as they move up the value curve, as described below;
- the Investment Manager believes that the commodities cycle is close to its trough and that current market conditions therefore represent an attractive time to be investing in mining and resources assets, many of which are priced well below their risk adjusted fair values. Capital markets are generally unreceptive to development companies' need for capital and such companies are currently being particularly undervalued due to perceived financing risk. The



Investment Manager believes that it is therefore timely to seek to exploit this opportunity through carefully selected investment with a preference towards companies with late stage development projects requiring the last tranche of capital to reach positive cashflow from operations;

- the increase in scale should provide the Investment Manager with better opportunities to achieve favourable terms for investment by the Company given the stronger negotiating position derived from its ability to invest in larger 'ticket sizes' in investee companies;
- the potential addition of Salamanca as an additional Investment Adviser, should negotiations to acquire certain co-owned assets from Salamanca clients be concluded, will enhance the existing skill set of the Investment Manager and broaden its network for identifying attractive investment opportunities for the Company; and
- the increased size of the Company will reduce the level of its ongoing charges per Ordinary Share.

### **3 The Acquisitions and issue of Acquisition Shares**

The Company has entered into the Acquisition Agreements, details of which are set out below. Pursuant to the Acquisition Agreements the Company has agreed to acquire the Additional Investments which, as at 31 December 2014, had an aggregate value of approximately £18.60 million (unaudited).

All of the Additional Investments fall within the Company's investment policy and of the 18 Additional Investments to be acquired pursuant to the Acquisition Agreements, 92.1 per cent. by value of the Additional Investments are in investee companies in which the Company has already made an investment and 7.9 per cent. by value of the Additional Investments are not common to the Company's existing portfolio. The value attributed to the Additional Investments will be determined as at the Calculation Date, in accordance with the Company's usual valuation policies save that the value of the Listed Investments will be their volume weighted average traded price (**VWAP**) on the principal stock exchange on which they are traded over the 10 dealing days prior to and including the Calculation Date rather than their latest closing price as published by the relevant exchange or clearing house quoted on such exchange. The reason for using the 10 day VWAP is to account for any one day volatility on the relevant stock exchange. Further details of the Additional Investments proposed to be acquired pursuant to the Acquisition Agreements are set out in Part II of this document.

The consideration payable under the Acquisition Agreements will be satisfied by the issue of fully paid Acquisition Shares. The issue price and the number of Acquisition Shares to be issued will depend on whether the Additional Investments are Unlisted Investments or Listed Investments:

- in the case of Unlisted Investments, the Acquisition Shares will be issued at an issue price equal to the prevailing Net Asset Value per Ordinary Share as at the Calculation Date and the value of the Unlisted Investments used to calculate the consideration will be their fair value as at 31 December 2014, as determined by the Investment Manager, in consultation with the Directors, in accordance with the Company's usual valuation policies, subject to adjustment if there is a significant change in value between such date and the Calculation Date. The valuation process will be subject to an independent review by Grant Thornton UK LLP; and
- in the case of Listed Investments and any cash attributable to those GNRF Shareholders who elect to roll-over their investment (to the extent it is not distributed to those shareholders), the Acquisition Shares will be issued at an issue price equal to 85 per cent. of the prevailing Net Asset Value per Ordinary Share as at the Calculation Date and the value of the Listed Investments used to calculate the consideration will be their VWAP on the principal stock exchange on which they are traded over the 10 dealing days prior to and including the Calculation Date, as determined by the Administrator. The Board believes it is appropriate to apply a 15 per cent. discount to the Net Asset Value per Ordinary Share in respect of the Listed Investments being acquired so as not to dis-incentivise their prospective vendors, who could otherwise reasonably expect to realise market value for them. Accordingly they have been treated in the same manner as funds proposed to be raised through the Initial Issue. The valuation process will be subject to an independent review by Grant Thornton UK LLP.

The Acquisition Shares will rank *pari passu* in all respects with the existing Ordinary Shares, save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the Acquisition Shares.

Applications will be made to the FCA for admission of all the Acquisition Shares to the premium segment of the Official List and to the London Stock Exchange for the Acquisition Shares to be admitted to trading on the main market for listed securities of the London Stock Exchange. It is expected that Admission of the Acquisition Shares will become effective and that unconditional dealings in the Acquisition Shares will commence on the main market for listed securities of the London Stock Exchange at 8.00 a.m. on 25 February 2015.

The Acquisition Agreements are conditional on Admission of the relevant Acquisition Shares and on Shareholders approving certain resolutions set out in Part IV of this Circular.

The Company has conditionally entered into the following Acquisition Agreements:

- *GNRMF Acquisition Agreement*

Genus Natural Resources Master Fund (**GNRMF**) is a Cayman Islands exempted company and is managed by Baker Steel Capital Managers (Cayman) Limited, the Company's Manager, which has delegated investment management to Baker Steel Capital Managers LLP, the Company's Investment Manager. GNRMF, together with Genus Natural Resources Fund (**G NRF**), forms a master/feeder fund structure, whereby all of G NRF's assets (to the extent not retained in cash) are invested in the ordinary shares of GNRMF.

Pursuant to the GNRMF Acquisition Agreement, the Company has agreed to acquire a portfolio of 18 assets from GNRMF in connection with a proposed scheme of reorganisation of GNRMF and G NRF (the **Scheme of Reorganisation**). Of these Additional Investments, 92 per cent. by value of the Additional Investments are common to the Company's existing portfolio and, as at 31 December 2014, these Additional Investments had an aggregate value of approximately £13.34 million (unaudited).

Pursuant to the Scheme of Reorganisation, G NRF Shareholders will be given the option to roll-over their investment in G NRF into New Ordinary Shares and/or to elect to redeem their G NRF Shares for cash. To the extent that G NRF Shareholders elect to redeem their G NRF Shares, the cash sum payable to them will be funded using G NRF's own cash resources. No cash payable to G NRF Shareholders pursuant to the Scheme of Reorganisation will be funded out of the net proceeds of the Initial Issue.

G NRF Shareholders who do not elect to redeem their G NRF shares for cash will receive fully paid New Ordinary Shares in consideration for the transfer of the relevant proportion of the GNRMF Additional Investments (including any residual cash held by GNRMF, to the extent not distributed to its shareholders) commensurate to their shareholdings in G NRF.

The GNRMF Acquisition Agreement provides that in the event that (i) the Whitewash Resolution is not passed at the Extraordinary General Meeting and (ii) the number of Acquisition Shares to be issued under the GNRMF Acquisition Agreement would, immediately following Admission and after taking into account the Acquisition Shares to be issued under the GDGF Acquisition Agreement and the New Ordinary Shares to be issued under the Initial Issue, result in the Deemed Concert Party being directly or indirectly interested in shares carrying 30 per cent. or more of the voting rights in the Company as at Admission, the Additional Investments to be sold to the Company shall be scaled back in a manner to be agreed between the parties so as to ensure the aggregate shareholding of the Deemed Concert Party is less than 30 per cent. of the voting rights in the Company.

The GNRMF Acquisition Agreement also provides for the scaling back of any of the Additional Investments to be sold to the Company in a manner to be agreed between the parties where necessary in order to avoid the investment restrictions of the Company being breached which would otherwise occur as a result of the acquisition of such Additional Investments.

In addition, as described above and more particularly below, the GNRMF Acquisition Agreement also provides for the scaling back of the Additional Investments to be sold to the Company in a manner to be agreed between the parties to ensure that there are no circumstances, following the Calculation Date, in which the aggregate shareholding of the Deemed Concert Party could exceed 49.99 per cent. of the voting rights in the Company.

Irrevocable undertakings have been given to the Company in respect of approximately 88.3 per cent. of GNR Shares to roll-over these interests for Acquisition Shares and to vote in favour of the Scheme of Reorganisation. Accordingly, subject to the GNRMF Acquisition Agreement becoming unconditional in accordance with its terms, the Company will acquire assets representing at least approximately 88.3 per cent. of the GNRMF portfolio, subject to scaling back, as referred to above.

Trevor Steel and David Baker, both of whom are principals of the Manager and the Investment Manager, have an interest in over 75 per cent. of GNR Shares.

The registered holders of the interests of Trevor Steel and David Baker have confirmed to the Company that they do not intend from the period of Admission to 31 December 2016, to dispose of such Acquisition Shares as are issued to them pursuant to the GNRMF Acquisition Agreement (save for the possible transfer of such shares to the Investment Advisers in part consideration for the services provided by them under their investment advisory agreements).

Trevor Steel and David Baker are also indirectly interested in GNR Shares through their respective interests in BS Cayman which holds 6.9 per cent. of the GNR Shares. Baker Steel Limited (a subsidiary of BS Cayman) also holds a further 0.5 per cent. of the GNR Shares. As BS Cayman already holds 504,832 Ordinary Shares (representing 0.7 per cent. of the Company's issued share capital), the boards of directors of BS Cayman and Baker Steel Limited have informed the Directors that BS Cayman and Baker Steel Limited will both elect to redeem all of their GNR Shares for cash.

As described above, all redemptions of GNR Shares for cash will be funded from GNR's existing resources and not out of the proceeds of the proposed Initial Issue.

Christopher Sherwell, a Director of the Company, holds 513 US\$ class shares in GNR (representing 0.24 per cent. of GNR's net asset value as at 31 December 2014 (unaudited)). Mr Sherwell has informed the Board that he intends to roll-over his interest in GNR in exchange for Acquisition Shares pursuant to the Scheme of Reorganisation.

In addition to the conditions referred to above, the acquisition of the GNRMF Additional Investments is also conditional on fulfilment of the conditions of the Scheme of Reorganisation (which includes the directors of GNR and GNRMF agreeing to proceed with the Scheme of Reorganisation).

- *GDGF Acquisition Agreement*

Genus Dynamic Gold Fund (**GDGF**) is a Cayman Islands exempted company and is managed by Baker Steel Capital Managers (Cayman) Limited, the Company's Manager, which has delegated investment management to Baker Steel Capital Managers LLP, the Company's Investment Manager.

Pursuant to the GDGF Acquisition Agreement, the Company has agreed to acquire 3 assets from GDGF. All of these Additional Assets are common to the Company's existing portfolio and, as at 31 December 2014, these Additional Investments had an aggregate value of approximately £5.25 million (unaudited).

The GDGF Acquisition Agreement provides that in the event that (i) the Whitewash Resolution is not passed at the Extraordinary General Meeting and (ii) the number of Acquisition Shares to be issued under the GNRMF Acquisition Agreement would, immediately following Admission and after taking into account the Acquisition Shares to be issued under the GNRMF Acquisition Agreement and the New Ordinary Shares to be issued under the Initial Issue, result in the Deemed Concert Party being directly or indirectly interested in shares carrying 30 per cent. or more of the voting rights in the Company as at Admission, the Additional Investments to be sold to the Company shall be scaled back in a manner to be agreed between the parties so as to ensure the aggregate shareholding of the Deemed Concert Party is less than 30 per cent. of the voting rights in the Company.

The GDGF Acquisition Agreement also provides for the scaling back of the Additional Investments to be sold to the Company in a manner to be agreed between the parties where necessary in order to avoid the investment restrictions of the Company being breached which would otherwise occur as a result of the acquisition of such Additional Investments.

In addition, as described above and more particularly below, the GDGF Acquisition Agreement also provides for the scaling back of the Additional Investments to be sold to the Company in a manner to be agreed between the parties to ensure that there are no circumstances, following the Calculation Date, in which the aggregate shareholding of the Deemed Concert Party would exceed 49.99 per cent. of the voting rights in the Company.

#### *Further Additional Investments*

In addition to the Additional Investments which will be acquired under the Acquisition Agreements, the Investment Manager has also identified a number of holdings of common assets which it believes the Company may be able to acquire on the same terms as the Additional Investments. In particular, the Company is in negotiations with Salamanca Group Advisers Limited to acquire certain co-owned assets from Salamanca's clients which, if completed, is expected to result in Salamanca becoming an additional investment adviser. All of the Further Additional Investments fall within the Company's investment policy and all of the 7 Further Additional Investments which might be acquired are in investee companies in which the Company has already made an investment or in which the Company will be interested following completion of the Acquisitions. As at 31 December 2014, the Further Additional Investments had an aggregate value of £60.72 million (unaudited).

The Investment Manager has not yet been able to finalise these further potential acquisitions to the stage that the Company has been able to sign acquisition agreements prior to the publication of this Circular and the Prospectus, but expects to do so by 31 July 2015, in which case the consideration payable for such acquisitions will be satisfied by the issue of fully paid Acquisition Shares. However, there can be no assurance that all or any of the Further Additional Investments will be acquired. The Further Additional Investments will be acquired on the same basis as the Additional Investments and the issue price and the number of Acquisition Shares to be issued will depend on whether the Further Additional Investments are Unlisted Investments or Listed Investments as set out above.

#### **4 Takeover Code and Rule 9 Waiver**

The Takeover Code applies to the Company and governs, *inter alia*, transactions which may result in a change of control of the Company. Under Rule 9 of the Takeover Code, any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he is already interested or in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, Rule 9 of the Takeover Code also provides that when any person, together with persons acting in concert with him, is interested in shares which, in aggregate, carry more than 30 per cent. of the voting rights of such company, but does not hold shares carrying 50 per cent. or more of such voting rights, a general offer will normally be required if any further interest in shares is acquired by any such person.

An offer under Rule 9 must be in cash and must be at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company in question during the 12 months prior to the announcement of the offer.

Persons acting in concert include persons who, pursuant to an agreement or understanding (whether formal or informal) co-operate to obtain or consolidate control of that company.

In the event that Existing Shareholders do not take up any of their entitlement pursuant to the Open Offer and no Initial Issue Shares are issued pursuant to the Initial Issue, and on the basis of (i) the Net Asset Value of the Ordinary Shares and (ii) the value of the Additional Investments, each as at 31 December 2014, 42,772,053 Acquisition Shares would be issued as consideration for the Additional Investments. Accordingly the Deemed Concert Party would hold 51,991,984 Ordinary Shares representing 45.53 per cent. of the ordinary share capital which, without a waiver of the obligations under Rule 9 of the Takeover Code, would oblige the Deemed Concert Party to make a general offer to Shareholders under Rule 9 of the Takeover Code.

**Full details of the members of the Deemed Concert Party and a summary of the basis on which the Takeover Panel has determined them to be acting in concert are set out in Part III of this Circular.**

### Maximum potential controlling position

Set out below are the current interests of the Deemed Concert Party in the Company as at 31 December 2014 and as at Admission on the basis of the assumptions set out above and the maximum potential aggregate shareholding in which the Deemed Concert Party may have an interest.

In addition, as stated above, under the terms of the Acquisition Agreements, as the value of the Additional Investments and the Net Asset Value of the Ordinary Shares is not to be calculated until 18 February 2015, the total amount of Ordinary Shares in which the Deemed Concert Party could be interested could vary such that their aggregate interest may be in excess of or less than 45.53 per cent. of the ordinary share capital. **Accordingly, if on such Calculation Date the aggregate holding in which the Deemed Concert Party is interested is in excess of 49.99 per cent. of the ordinary share capital, provisions have been included in the GNRMF Acquisition Agreement and the GDGF Acquisition Agreement such that the Additional Investments to be sold to the Company will be scaled back to ensure that the aggregate interests of the Deemed Concert Party cannot exceed 49.99 per cent. of the voting rights of the Company.**

	Current Shareholding	Maximum Shareholding <sup>(1)</sup>	Maximum Shareholding %
Baker Steel Capital Managers LLP (Management Ordinary Shares)	10,000	10,000	0.01
Baker Steel Capital Managers (Cayman) Limited	604,832	604,832	0.53
Genus Dynamic Gold Fund	3,000,000	14,392,503	12.60
Baker Steel Gold Fund	1,472,070	1,472,070	1.29
Baker Steel Alpha Gold Fund	520,000	520,000	0.46
The Sonya Trust <sup>(2)</sup>	82,257	12,766,764	11.18
Northcliffe Holdings Pty Limited <sup>(3)</sup>	0	16,186,107	14.18
Ironman Investment Company Limited	150,000	3,862,479	3.38
Francis Johnstone	314,649	314,649	0.28
Massif Limited	959,545	959,545	0.84
AWR Lloyd Capital Limited	74,484	74,484	0.07
Jeremy Ayre	510,830	510,830	0.45
Members of Baker Steel Capital Managers LLP and consultants	177,802	313,830	0.27
Persons connected to David Baker	3,891	3,891	0.00
<b>Total</b>	<b>9,607,668</b>	<b>51,991,984</b>	<b>45.53</b>

(1) Based on the assumption that Existing Shareholders do not take up any of their entitlements pursuant to the Open Offer and no Initial Issue Shares are issued pursuant to the Initial Issue and on the basis that 42,772,053 Acquisition Shares would be issued as consideration for the Additional Investments (such number of Acquisition Shares being calculated by reference to the value of the Additional Investments and the Net Asset Value per Ordinary Share as at 31 December 2014 (unaudited)).

(2) The Sonya Trust is a Jersey discretionary trust, the discretionary beneficiaries of which include Trevor Steel and persons connected with him.

(3) Northcliffe Holdings Pty Limited is a discretionary trust which is controlled by David Baker.

In light of the above, the Company has applied to the Takeover Panel for a waiver of Rule 9 of the Takeover Code in order to permit the GNRMF Additional Investments and the GDGF Additional Investments to be acquired by the Company without triggering an obligation on the part of the Deemed Concert Party to make a general offer to Shareholders.

**The Takeover Panel has agreed, subject to the Whitewash Resolution being passed on a poll of Independent Shareholders, to waive the requirement which might otherwise arise as a result of the Acquisition Shares to be issued pursuant to the GNRMF Acquisition Agreement and the GDGF Acquisition Agreement (after taking into account the New Ordinary Shares to be issued under the Initial Issue) for the members of the Deemed Concert Party to make a general offer to all Shareholders.**

The Deemed Concert Party is not intending to seek any changes to the Board and has confirmed that, following completion of the Proposals, the business of the Company will be continued in substantially the same manner as it is at present.

Additional information required by the Takeover Code in relation to the Rule 9 Waiver is set out in Part III of this Circular.

If the Whitewash Resolution is not passed, the Acquisition Shares to be issued pursuant to the GNRMF Acquisition Agreement and the GDGF Acquisition Agreement will be scaled back under the terms of that agreement (as summarised above) to ensure that the Deemed Concert Party would not be directly or indirectly interested in shares carrying 30 per cent. or more of the voting rights in the Company as at Admission.

## **5 Initial Placing and Open Offer**

### *Background to and reasons for the Initial Placing and Open Offer*

The mining sector is a naturally cyclical one as oversupply leads to a decrease in commodity prices which in turn leads to a closure of mines and a reduction in funding for exploration and development of new mines. Once demand increases sufficiently to exceed supply, such is the long lead time between exploration and actual production, this leads to increased commodity prices and a consequent increase in margins for producers and an increased appetite for funding new projects. The current downturn has been exacerbated by the lack of availability of debt finance since the global financial crisis in 2008.

The market for mining shares has fallen 47.5% since the end of 2010 as measured by the Euromoney Global Mining 100 Index in Sterling terms. This compares to the previous two downturns of 39% (1990-1991) and 58% (1996-1998) respectively. The Company's strategy has focused on generating returns in a neutral commodity environment through investing in high quality mining projects which seek to gain value by moving up or "riding" the development curve through to production. The Investment Manager believes that the mining cycle is close to its trough and hence that current market conditions represent an attractive time to be investing in mining assets which are priced well below their risk adjusted fair values and that the value of the development curve is set to rise in the next up-cycle.

The increased size of the Company through both the Acquisitions and the funds to be raised through the Initial Issue will have a two fold benefit. The size of the Company and its individual investments will put it in a stronger negotiating position with respect to terms for new and follow-on investments. In addition, a wider shareholder base and greater market capitalisation should bring it onto the investment horizon of more investors and therefore increase liquidity of the Company's Ordinary Shares leading to a reduction in the discount between its Net Asset Value per Ordinary Share and the share price. Furthermore, the increase in net assets will facilitate the introduction of discount management and distribution policies as described below.

### *Use of net proceeds of the Initial Issue*

The Directors intend to apply the net proceeds of the Initial Issue in making investments in accordance with the Company's investment objective and investment policy.

As a result of the limited availability of capital in the mining and resources sector over the past several years, certain of the Company's assets have not been able to progress their projects as fast as they could have, had finance been available. Part of the Company's investment approach is to hold strategic stakes in investments and be in a position to influence investee company management such that they do not pursue financing strategies which might be unduly dilutive to the Company's interest.

The Investment Manager intends to invest up to £20 million in existing investments of the Company in order to unlock the value inherent in their projects. The Initial Issue will also give the Company the capacity to subscribe for its rights in cases where any of its investee companies considers an otherwise dilutive issue.

The Investment Manager has also identified a pipeline of potential new investments which it has been unable to pursue due to lack of available funds. In view of the high number of projects chasing a limited amount of capital in the sector, the Investment Manager will seek to make new investments through structures which give the Company an element of downside protection whilst still maintaining equity upside, such as investments through convertible debt. Subject to retaining a cash holding of up to 10 per cent. of total assets, the Investment Manager expects the Company to be fully invested within a year of completion of the Proposals.

### *Structure and pricing of the Initial Placing and Open Offer*

Under the Initial Placing and the Open Offer, subject to compliance with the Law and the Articles, the Company is proposing to raise up to £100 million (before expenses). The Open Offer ensures that all of the New Ordinary Shares to be issued under the Initial Issue are reserved in the first instance for Qualifying Shareholders.

Under the Open Offer, Qualifying Shareholders will be entitled to subscribe for the New Ordinary Shares to be issued under the Initial Issue *pro rata* to their holdings of Ordinary Shares on the Record Date (being 23 January 2015) as follows:

#### **3.65 New Ordinary Shares for every 1 Ordinary Share held at the Record Date based on an indicative issue price of 38.2p per New Ordinary Share (being equal to 85 per cent. of the Net Asset Value of an Ordinary Share as at 31 December 2014)**

New Ordinary Shares not taken up by Qualifying Shareholders in accordance with their Open Offer Entitlement will be made available under the Initial Placing and the Excess Application Facility (as described in Part VI of the Prospectus).

The actual issue price of the New Ordinary Shares to be issued under the Initial Placing and the Open Offer (the **Initial Issue Shares**) will be equal to 85 per cent. of the prevailing Net Asset Value per Ordinary Share as at the Calculation Date (the **Initial Issue Price**) and accordingly will be the same as the issue price for the Acquisition Shares, as calculated on the Calculation Date, which are to be issued in respect of the Listed Investments (including any residual cash held by GNRMF to the extent not distributed to its shareholders) to be acquired under the Acquisition Agreements (as described above).

If the Net Asset Value per Ordinary Share as at the Calculation Date is less than 44.9p (being the Net Asset Value per Ordinary Share as at 31 December 2014 on which the Open Offer Entitlement to subscribe for the number of New Ordinary Shares set out above has been calculated), every Qualifying Shareholders' Open Offer Entitlement will be adjusted on a *pro rata* basis to reflect the resulting lower Initial Issue Price and the number of New Ordinary Shares which each Qualifying Shareholder will be entitled to subscribe for on a pre-emptive basis will be increased accordingly. Conversely, if the Net Asset Value per Ordinary Share as at the Calculation Date is more than 44.9p per Ordinary Share, every Qualifying Shareholders' Open Offer Entitlement will be adjusted on a *pro rata* basis to reflect the resulting higher Initial Issue Price and the number of New Ordinary Shares which each Qualifying Shareholder will be entitled to subscribe for on a pre-emptive basis will be decreased accordingly.

For illustrative purposes only, the effect of these adjustments on the indicative Initial Issue Price referred to above and the total number of New Ordinary Shares subscribed by a Qualifying Shareholder is shown in the examples below. The following examples are unaudited and are not intended to be a forecast of the Net Asset Value per Ordinary Share as at the Calculation Date nor the actual Initial Issue Price. The actual Initial Issue Price will be calculated as at the Calculation Date by reference to the Net Asset Value per Ordinary Share prevailing as at that date.

The following examples assume that the Qualifying Shareholder referred to in the examples is entitled under his Open Offer Entitlement to subscribe for 1000 New Ordinary Shares under the Open Offer (calculated on the basis of a Net Asset Value per Ordinary Share as at 31 December 2014 of 44.9p) and wishes to take up his Open Offer Entitlement in full:

#### *Example of adjustments if Net Asset Value per Ordinary Share on the Calculation Date falls to 40p*

	<b>As at date of this Circular</b>	<b>As at Calculation Date</b>
Net Asset Value per Ordinary Share	44.9p	40.0p
Initial Issue Price (being a 15% discount to NAV)	38.2p	34.0p
No. of New Ordinary Shares to be subscribed by the Qualifying Shareholder	1,000	1,123
Total amount invested	<u>£382.00</u>	<u>£382.00</u>

Example of adjustments if Net Asset Value per Ordinary Share on the Calculation Date rises to 50p

	As at date of this Circular	As at Calculation Date
Net Asset Value per Ordinary Share	44.9p	50p
Initial Issue Price (being a 15% discount to NAV)	38.2p	42.5p
No. of New Ordinary Shares to be subscribed by the Qualifying Shareholder	1,000	898
	<hr/>	<hr/>
Total amount invested	£382.00	£382.00
	<hr/> <hr/>	<hr/> <hr/>

To the extent that the adjustment would result in the issue of a fraction of a New Ordinary Share to the Qualifying Shareholder, the number of New Ordinary Shares subscribed will be rounded down to the nearest whole number and the balance of the subscription amount which would otherwise have been used to subscribe for such fractional entitlement shall be retained by the Company for its own account and will not be refunded to the Qualifying Shareholder.

As can be seen from the illustrative examples set out above, the adjustments to reflect any decrease or increase in the Net Asset Value per Ordinary Share will only affect the Initial Issue Price and the consequential number of New Ordinary Shares subscribed, but will not alter the total amount invested. Each Qualifying Shareholder will remain entitled to subscribe for his *pro rata* share of the total number of New Ordinary Shares available for issue under the Initial Issue. In addition Shareholders will be entitled to apply for additional new shares in excess of their entitlement if all Shareholders do not take up their entitlement. Further details of the Excess Application Facility are set out in the Prospectus.

Except as described below, New Ordinary Shares allocated to Placees under the Initial Placing will be subject to clawback to meet valid applications made by Qualifying Shareholders under the Open Offer in respect of their Open Offer Entitlement only.

The Company has received irrevocable undertakings from certain Shareholders not to take up their Open Offer Entitlements representing in aggregate 122,007,363 New Ordinary Shares available for issue, based on the Open Offer Entitlements as at the date of this Circular. The entitlements to New Ordinary Shares to which these undertakings relate will be available to be placed firmly with Placees under the Initial Placing and will not be subject to clawback in respect of valid applications under the Open Offer.

The Initial Issue Shares will rank *pari passu* in all respects with existing Ordinary Shares, save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the Initial Issue Shares.

Based on an indicative Initial Issue Price of 38.2p (being 85 per cent. of the Net Asset Value as at 31 December 2014) and assuming the Initial Issue is fully subscribed, the Initial Issue Shares would represent 365 per cent. of the Company's existing issued share capital as at the date of this Circular.

To the extent that they do not take up their entitlements, Shareholders will suffer dilution of their existing shareholdings as set out below. Notwithstanding this dilution, the Directors believe that the Proposals are in the best interests of Shareholders for the reasons set out above.

In the event that existing Shareholders do not take up any of their entitlements pursuant to the Initial Issue and no Initial Issue Shares are issued pursuant to the Initial Issue and on the basis that 42,772,053 Acquisition Shares are issued as consideration for the Additional Investments (such number of Acquisition Shares being calculated by reference to the value of the Additional Investments as at 31 December 2014 (unaudited) and the Company's Net Asset Value as at 31 December 2014), the number of Ordinary Shares in issue would increase by 59.7 per cent. and the level of dilution to the Net Asset Value per existing Ordinary Share would be approximately 2.0 per cent.

However, in the event that 261,718,782 Initial Issue Shares are issued pursuant to the Initial Issue (being the maximum number of Initial Issue Shares available pursuant to the Initial Issue and such number of Initial Issue Shares being calculated by reference to the Company's Net Asset Value as at 31 December 2014) the number of Ordinary Shares in issue would increase by a further



228.5 per cent. and the additional level of dilution to the Net Asset Value per existing Ordinary Share would be approximately a further 10.5 per cent.

The Initial Issue is conditional, *inter alia*, on:

- (i) each of the Initial Issue Resolution and the Amendment Resolution being passed at the EGM;
- (ii) the Whitewash Resolution being passed at the EGM or in the event that the Whitewash Resolution is not passed, the Deemed Concert Party being interested directly or indirectly in shares carrying less than 30 per cent. of the voting rights in the Company;
- (iii) the Placing Agreement becoming wholly unconditional (save as to Admission of the Initial Issue Shares) and not having been terminated in accordance with its terms prior to such Admission; and
- (iv) Admission of the Initial Issue Shares occurring by 8.00 a.m. on 25 February 2015 (or such later date as the Company, the Investment Manager and Numis may agree in writing, not being later than 8.00 a.m. on 31 March 2015).

The results of the Initial Placing and the Open Offer are expected to be announced at 8.00 a.m. on 23 February 2015.

Applications will be made to the FCA for admission of the Initial Issue Shares to the premium segment of the Official List and to the London Stock Exchange for the Initial Issue Shares to be admitted to trading on the main market for listed securities of the London Stock Exchange. It is expected that Admission of the Initial Issue Shares will become effective and that unconditional dealings in the Initial Issue Shares will commence on the main market for listed securities of the London Stock Exchange at 8.00 a.m. on 25 February 2015.

The Initial Issue Shares will be issued in registered form and may be held in uncertificated form. The Initial Issue Shares will be issued to Placees through the CREST system unless otherwise stated. The Initial Issue Shares will be eligible for settlement through CREST with effect from their Admission.

Further details of the Initial Placing and Open Offer and how Shareholders can apply for New Ordinary Shares are set out in the Prospectus.

## 6 The Placing Programme

### *Background to and reasons for the Placing Programme*

To the extent that the Company raises less than £100 million under the Initial Issue, it is proposed that the Company should be able to raise the balance (being £100 million less the gross proceeds of the Initial Issue) on a non-pre-emptive basis pursuant to the Placing Programme. Any New Ordinary Shares issued under the Placing Programme will be issued at a premium to the prevailing Net Asset Value at the time of the relevant Placing as described below.

The reasons for raising any additional funds under the Placing Programme are the same as described above under the heading "*Background to and reasons for the Initial Placing and Open Offer*".

### *Use of net proceeds of the Placing Programme*

The Directors intend to apply the net proceeds of the Placing Programme in making investments in accordance with the Company's investment objective and investment policy as described above under the heading "*Use of net proceeds of the Initial Issue*".

### *Structure and pricing of the Placing Programme*

Conditional on the Placing Programme Resolution being passed at the EGM, the Directors will be authorised to issue further New Ordinary Shares (the **Placing Programme Shares**) for cash pursuant to the Placing Programme in order to raise up to £100 million (less the amount raised under the Initial Issue), without having to first offer those shares to existing Shareholders. The maximum aggregate amount to be raised under the Initial Issue and the Placing Programme will be capped at £100 million and accordingly if the Initial Issue is fully subscribed, no further Ordinary Shares will be issued under the Placing Programme.

New Ordinary Shares issued pursuant to the Placing Programme will be issued at a premium to the prevailing Net Asset Value per Ordinary Share at least sufficient to cover the costs and expenses of the relevant Placing. The issue price of any Placing Programme Shares will be

announced through a Regulatory Information Service as soon as is practicable following the allotment of such Placing Programme Shares.

The Placing Programme Shares will rank *pari passu* in all respects with the existing Ordinary Shares, save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the Placing Programme Shares.

New Ordinary Shares will be available for issue under the Placing Programme from 25 February 2015 until 22 January 2016. The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue New Ordinary Shares over a period of time and the issue of the Placing Programme Shares will be at the discretion of the Directors.

Assuming the Placing Programme is fully subscribed and no New Ordinary Shares are issued under the Initial Issue, and based on an issue price of 46.0p per Placing Programme Share (being a 2.4 per cent. premium to the Net Asset Value per Ordinary Share of 44.9p as at 31 December 2014), 217,341,304 Placing Programme Shares would be issued under the Placing Programme representing 309.9 per cent. of the issued share capital of the Company as at the date of this Circular. Whilst 303.2 per cent. is higher than the disapplication of pre-emption rights authority ordinarily recommended by corporate governance best practice, the Directors believe that taking a larger than normal authority is justified in the present circumstances to enable the Company to have the necessary flexibility to issue New Ordinary Shares on an on-going basis in order to provide it with further funding for the Company's existing investments and also to fund new investments by the Company in accordance with its investment policy. In addition, as the issue price of Placing Programme Shares will be at a premium to the prevailing Net Asset Value per Ordinary Share at least sufficient to cover the costs and expenses of the relevant Placing, such issues will not be dilutive to the prevailing Net Asset Value per Ordinary Share.

The Placing Programme is conditional, *inter alia*, on:

- (i) each of the Placing Programme Resolution, the Authority Resolution and the Amendment Resolution being passed at the EGM;
- (ii) Admission of the Placing Programme Shares occurring at such time and on such date as the Company, the Investment Manager and Numis may agree prior to the closing of that Placing, not being later than 8.00 a.m. on 22 January 2016;
- (iii) if a supplementary prospectus is required in accordance with FSMA, such supplementary prospectus having been approved by the FCA and published by the Company in accordance with the Prospectus Rules; and
- (iv) the Placing Agreement becoming otherwise unconditional and not having been terminated in accordance with its terms before the relevant Admission becomes effective.

If these conditions are not satisfied in respect of any Placing under the Placing Programme, the relevant issue of Placing Programme Shares will not proceed.

Applications will be made on an *ad hoc* basis to the FCA for admission of the Placing Programme Shares to the premium segment of the Official List and to the London Stock Exchange for such Placing Programme Shares to be admitted to trading on the main market for listed securities of the London Stock Exchange. It is expected that Admission of the Placing Programme Shares will become effective, and that unconditional dealings in the Placing Programme Shares issued will commence during the period from 25 February 2015 to 22 January 2016.

The Placing Programme Shares will be issued in registered form and may be held in uncertificated form. The Placing Programme Shares will be issued to Placees through the CREST system unless otherwise stated. The Placing Programme Shares will be eligible for settlement through CREST with effect from their Admission.

## **7 Authority to issue Ordinary Shares**

Pursuant to an ordinary resolution passed on 29 March 2010, the Directors were generally and unconditionally authorised to exercise all powers of the Company to issue up to a maximum aggregate amount of, *inter alia*, 1,000,000,000 Ordinary Shares, provided that such authority shall expire on the date which is five years after the date of that resolution.

In connection with the Proposals, the Directors believe it is appropriate to propose the Authority Resolution which seeks authority to issue up to 500 million New Ordinary Shares at the EGM, in substitution for the above existing authority before its expiry next year.

The Board does not have any current intention to issue further Ordinary Shares other than in connection with the Proposals, and any non pre-emptive issues for cash will be subject to the granting of necessary waivers by Shareholders by special resolution.

## **8 Amendment of the Articles**

The Company's Existing Articles require that at the Annual General Meeting of the Company falling in 2015 and each third Annual General Meeting thereafter, the Board is required to propose a special resolution to the effect that the Company shall be wound-up.

In view of the Acquisitions and the proposed Initial Issue and the Placing Programme, which together are intended to significantly increase the size of the Company and attract new investors, and because the Proposals are subject to Shareholder approval at the Extraordinary General Meeting, the Board believes it is appropriate to amend the Existing Articles so that the first Discontinuation Vote will be put to Shareholders at the Company's Annual General Meeting in 2018 and, if the Company is not then liquidated or reorganised, at each third Annual General Meeting thereafter.

In addition to postponing the first Discontinuation Vote until the 2018 Annual General Meeting, the Existing Articles will also be amended so that the special resolution that the Directors are required to put to the relevant Annual General Meeting will provide that, if passed, the Directors will then be required, within 6 months of the passing of the special resolution, to formulate and submit proposals to Shareholders that will provide Shareholders with an opportunity to realise the value of their Ordinary Shares at Net Asset Value per Ordinary Share.

The exact wording of the proposed new provision relating to the requirement to propose a Discontinuation Vote and the form of the special resolution to be put to Shareholders at the relevant Annual General Meeting is set out in Resolution 5 in the notice of the Extraordinary General Meeting in Part IV of this document.

In addition to the amendments described above, the Directors are also proposing the following amendments to the Existing Articles:

- deleting all references in the Existing Articles to the subscription shares as these are no longer in issue; and
- amending Article 5(b) which sets out Shareholders' rights of pre-emption on new issues of the Company's equity securities (or their sale out of treasury) to clarify that such pre-emption rights only apply on new issues or sales out of treasury for cash. This clarification reflects the current requirements of the Listing Rules and is also consistent with the statutory pre-emption rights contained in the UK Companies Act 2006 which apply on new issues and sales out of treasury for cash, but not to issues and sales for non-cash consideration.

A copy of the Existing Articles, as proposed to be amended by the Amendment Resolution is available for inspection (i) from the date of this Circular to the conclusion of the Extraordinary General Meeting, at the registered office of the Company, Arnold House, St. Julian's Avenue, St Peter Port, Guernsey GY1 3NF; and (ii) at the place of the Extraordinary General Meeting for at least 15 minutes before and during the meeting.

If the Amendment Resolution is not passed, none of the Acquisitions, the Initial Issue or the Placing Programme will proceed. In these circumstances the Company will continue in existence in its present form and in accordance with the Existing Articles, Shareholders would retain the opportunity to vote on the continuation of the Company at the Annual General Meeting in 2015.

## **9 Discount Management Policy and Capital Returns Policy**

### *Discount Management Policy*

Subject to the passing of the Initial Issue Resolution and the Amendment Resolution and completion of the Acquisition Agreements and to the Company having the appropriate authorities in place at the relevant time to purchase its own shares, the Company will introduce a discount management mechanism from August 2015. Beginning from the publication of the Company's Net Asset Value as at 31 July 2015, the Company will on a monthly basis, following publication of its monthly Net Asset Value, calculate the aggregate net cash proceeds of realisation over the immediately preceding six month period. If the Ordinary Shares are trading at a discount in excess of 15 per cent. to their Net Asset Value, the Board intends to allocate at least 50 per cent. of such

realisation proceeds (less the aggregate value of any Ordinary Shares already bought back during the six month period) to buy back its own Ordinary Shares.

#### *Capital Returns Policy*

Subject to the passing of the Initial Issue Resolution and the Amendment Resolution and completion of the Acquisition Agreements, in respect of each financial year of the Company (the **Relevant Year**) commencing with the year to 31 December 2015, the Board intends to allocate cash for distribution to Shareholders (the **Distributable Amount**). The Distributable Amount for each Relevant Year will be calculated following the publication of the Company's audited financial statements for the Relevant Year.

Such Distributable Amount shall be no less than 15 per cent. of the aggregate net realised cash gains achieved in the Relevant Year. Such net realised cash gains will be calculated after deducting any losses realised in the Relevant Year.

The Board will retain discretion for determining the most appropriate manner by which to distribute any Distributable Amount, which may include but will not be limited to, share buybacks, tender offers and dividend payments.

#### *General*

The operation of the Discount Management Policy and the Capital Returns Policy will be subject to compliance with all necessary regulatory obligations of the Company, including close periods and the Guernsey law solvency test and will also be subject to the Company retaining sufficient cash for its working capital requirements and the protection of Shareholder value in respect of the existing Portfolio.

The Board will retain ultimate discretion for the allocation and distribution under the Discount Management Policy and of any Distributable Amount.

### **10 Extraordinary General Meeting**

The Extraordinary General Meeting, notice of which is set out in Part IV of this document, has been convened for 9.30 a.m. on 23 February 2015.

The Resolutions that will be put to Shareholders at the Extraordinary General Meeting are:

- the Initial Issue Resolution to approve the disapplication of pre-emption rights in respect of the proposed fundraising by way of the Initial Issue to raise up to £100 million and the issue of New Ordinary Shares for cash pursuant to the Initial Issue at an issue price reflecting a 15 per cent. discount to the Net Asset Value per Ordinary Share prevailing as at the Calculation Date (**Resolution 1**);
- the Placing Programme Resolution to approve the disapplication of pre-emption rights in respect of the issue of New Ordinary Shares for cash pursuant to the Placing Programme to raise up to £100 million (less the amount raised under the Initial Issue) at an issue price reflecting a premium to the prevailing Net Asset Value per Ordinary Share as at the date of the relevant issue (**Resolution 2**);
- the Whitewash Resolution to approve the waiver granted by the Takeover Panel of any requirement under Rule 9 for the Deemed Concert Party to make a general offer to Shareholders as a result of the issue and allotment of the Acquisition Shares (**Resolution 3**);
- the Authority Resolution to authorise the Directors to issue up to a maximum aggregate amount of 500,000,000 Ordinary Shares in substitution for the existing allotment authority, such authority to expire five years from the date of such resolution (**Resolution 4**); and
- the Amendment Resolution to approve the proposed amendments to the Existing Articles in respect of the Discontinuation Vote provisions and certain other amendments, as described above (**Resolution 5**).

The Acquisitions and the Initial Issue are conditional upon each of the Initial Issue Resolution and the Amendment Resolution being passed.

The Placing Programme is conditional upon each of the Placing Programme Resolution and the Amendment Resolution being passed.

The changes to the Existing Articles are conditional upon the Initial Issue Resolution and the Amendment Resolution being passed. If the Initial Issue Resolution and the Amendment Resolution

are not passed, the Existing Articles will remain in force and Shareholders will be given the opportunity to vote on the continuation of the Company at the Annual General Meeting in 2015.

All Qualifying Shareholders are entitled to attend, speak and vote at the Extraordinary General Meeting and to appoint a proxy or corporate representative to exercise that right. However, only Independent Shareholders are entitled to vote on the Whitewash Resolution.

### **11 Irrevocable undertakings**

The Board has consulted its 3 largest Shareholders, RIT Capital Partners plc, Overseas Asset Management (Cayman) Limited and CF Ruffer Baker Steel Gold Fund who hold in aggregate 40.0 per cent. of the Company's issued Ordinary Shares. RIT Capital Partners plc and Overseas Asset Management (Cayman) Ltd have signed irrevocable undertakings to vote in favour of all the Resolutions to be proposed at the Extraordinary General Meeting. Shareholders who are not Independent Shareholders will not be permitted to vote on the Whitewash Resolution. Accordingly, Ruffer LLP, on behalf of CF Ruffer Baker Steel Gold Fund, has signed an undertaking to vote in favour of all Resolutions to be proposed at the Extraordinary General Meeting other than the Whitewash Resolution.

In addition, the Investment Manager acts as the discretionary investment manager for a number of investment vehicles which, together hold 9.4 per cent. of the Ordinary Shares. Each of these investment vehicles have authorised the Investment Manager to exercise the votes attaching to these Ordinary Shares at the Extraordinary General Meeting, at the Investment Manager's discretion. The Investment Manager has signed an undertaking to vote in favour of Resolutions 1, 2, 4 and 5. The Investment Manager will not vote these shares in respect of the Whitewash Resolution.

Further details of these irrevocable undertakings are set out in Part III of this document.

### **12 Action to be taken**

Shareholders will find enclosed a Form of Proxy for use in relation to the Extraordinary General Meeting. Whether or not you propose to attend the Extraordinary General Meeting in person, you are requested either to complete the Form of Proxy and return it to the Company's UK Transfer Agent, Capita Asset Services at PSX, 34 Beckenham Road, Beckenham, Kent BR3 4ZF in accordance with the instructions printed on it, or, if you hold your Ordinary Shares in CREST, to utilise the CREST electronic proxy appointment service in accordance with the procedures set out on the Form of Proxy. In each case, proxy votes should be returned as soon as possible, but in any event not later than 48 hours before the time appointed for the Extraordinary General Meeting or any adjournment of that meeting.

Completion and return of Forms of Proxy will not prevent you from attending and voting in person at the Extraordinary General Meeting should you wish to do so.

### **13 Recommendation**

**The Board, which has been so advised by Numis in respect of the Rule 9 Waiver, consider the Proposals (comprising the Acquisitions, the Initial Issue, the renewal of share issuance authority, the amendment of the Existing Articles and the Rule 9 Waiver) to be fair and reasonable and in the best interests of Shareholders as a whole. In providing advice to the Board, Numis has taken into account the Directors' commercial assessments. Accordingly, the Board unanimously recommends that Shareholders vote in favour of Resolutions 1, 2, 4 and 5 and that Independent Shareholders vote in favour of the Whitewash Resolution as set out in the notice of the Extraordinary General Meeting, as all of the Directors intend to do in respect of their own beneficial holdings of Ordinary Shares which amount in aggregate to 115,000 Ordinary Shares (representing approximately 0.16 per cent. of the existing issued ordinary share capital of the Company as at the date of this Circular).**

Yours sincerely,

Howard Myles  
*Chairman*

## PART II

### DETAILS OF ADDITIONAL INVESTMENTS AND FURTHER ADDITIONAL INVESTMENTS

The percentages set out in this Part II are based upon the unaudited valuations of the Additional Investments as at 31 December 2014 and assume that all of the Additional Investments will be sold to the Company pursuant to the Acquisition Agreements and that there will be no scaling back under the GNRMF Acquisition Agreement and the GDGF Acquisition Agreement.

The Additional Investments to be acquired under the Acquisition Agreements are as follows:

#### **1 Additional Investments which are common to the Company's existing portfolio and which will represent more than 1 per cent. of the enlarged portfolio**

##### ***Polar Silver Resources Limited/ZAO Argentum (Polar Silver)***

Polar Silver is a private British Virgin Islands company that owns 100 per cent. of ZAO Argentum (**Argentum**), which in turn holds a 50 per cent. indirect interest in the Prognoz silver project, 444km north of Yakutsk in Russia (**Prognoz**). The Company's investments are in the form of shares in Polar Silver and loan notes in Argentum and Polar Silver, both of which are convertible into Polar Silver Shares.

A Canadian National Instrument 43-101 (**NI 43-101**) compliant resource report published in July 2009 estimated that the Prognoz project has an Indicated Mineral Resource of 5.86 million tonnes of ore grading 773 g/t of silver containing 146 million ounces of silver and inferred resources of 9.64 million tonnes of ore grading 473g/t of silver and containing 147 million ounces of silver at Prognoz. An NI 43-101 compliant preliminary economic assessment by Micon International Limited in January 2012 envisaged a mine producing an average of 13 million ounces of silver per annum over a 16 year mine life.

##### ***Ironstone Resources Limited (Ironstone) www.ironstoneresources.com***

Ironstone is a private Canadian company which owns the Clear Hills Iron Ore/Vanadium Project (**Clear Hills**) in Alberta, Canada. An NI 43-101 compliant resource report published in July 2012 estimated Indicated Mineral Resource of 557.7Mt at 33.3% iron and 0.2% vanadium and an Inferred Mineral Resource of 94.7Mt at 34.1% iron at Clear Hills.

In conjunction with pyrotechnology experts HATCH of Toronto, Ironstone is developing a proprietary metallurgical process to refine the ore into direct reduced iron. Once demonstrated commercially, this process could be applied not only to Clear Hills, but also to other significant iron ore deposits globally.

Stephen Fabian, a principal of Rock Capital Partners Limited, an Investment Adviser to the Investment Manager, is a non-executive director of Ironstone.

##### ***Ivanhoe Mines Limited (Ivanhoe) www.ivanhoemines.com***

Ivanhoe is a Canadian company listed on the Toronto Stock Exchange which holds the Kamao copper project (95% owned) (the **Kamao Project**) and Kipushi zinc mine (68% owned) (the **Kipushi Mine**), both in the Democratic Republic of Congo (**DRC**), and the Platreef nickel, platinum, palladium, copper and gold project (64% owned) in South Africa (the **Platreef Project**).

The Kamao Project is located in the Kolwezi District of Katanga Province, the DRC's copper mining hub. An NI 43-101 compliant report by independent technical consultants AMEC was published in December 2012. Using a 1% copper grade cut-off, Indicated Mineral Resources were estimated at 739 million tonnes grading 2.67% copper containing 19.7 million tonnes of copper. The resource statement also included 4.4 million tonnes of copper in Inferred Mineral Resources providing combined contained copper of 24.1 million tonnes, establishing Kamao as the largest high-grade copper discovery in Africa and one of the largest in the world.

The Kipushi Mine produced 60 million tonnes of ore at 11% zinc and 7% copper between 1925-1993. It also produced 12,673 tonnes of lead and approximately 278 tonnes of germanium between 1956 and 1978. Ivanhoe has dewatered the existing shaft and is undertaking a drilling programme in order to extend the known mineralisation and define the mineral resources to NI 43-101 standards.

The Platreef Project is located on the Northern Limb of the PGM-bearing Bushveld Complex in South Africa. A revised NI 43-101 compliant report by AMEC was published in March 2013. Indicated Mineral Resources were estimated at 214 million tonnes grading 4.1 grams per tonne (g/t) 4PE (platinum, palladium, gold and rhodium), 0.34% nickel and 0.17% copper, at a 2.0 g/t 4PE cut-off grade and at a cumulative, average true thickness of 24 metres. In addition, the estimate included Inferred Mineral Resources of 415 million tonnes grading 3.5 g/t 4PE, 0.33% nickel and 0.16% copper, at an average true thickness of 18.0 metres. The combined Indicated and Inferred Resources amount to 75.7 million ounces of 4PE. The Mining Right was issued in November 2014. The results of a positive pre-feasibility study were published on 8 January 2015 which envisaged a first phase development to produce 433,000 4PE plus 31 million pounds of nickel and copper per annum.

***Metals Exploration plc (Metals Exploration) [www.metalsexploration.com](http://www.metalsexploration.com)***

Metals Exploration is a public company incorporated in England and Wales and quoted on the AIM market of the London Stock Exchange (AIM), which owns the Runruno gold project in the Philippines. A JORC compliant report in March 2011 estimated defined mineral resources of 1.39 million ounces (Moz) of gold, and 25.6 million pounds (Mlb) of molybdenum with 1,050,000oz gold reporting to the Measured Mineral Resource and Indicated Mineral Resource categories and 900,000oz gold within the Proven Reserve and Probable Reserve category. Full construction commenced in July 2013 for a mine producing approximately 100,000 ounces of gold per annum. Commissioning and first production is scheduled for mid 2015. Jeremy Ayre, a director of AWR Lloyd Capital Limited, an Investment Advisor to the Investment Manager, is a non-executive director of Metals Exploration.

***Global Oil Shale Group plc (GOS) [www.globaloilshale.com](http://www.globaloilshale.com)***

GOS is a private oil shale explorer and developer whose key assets are the Julia Creek oil shale project in Queensland Australia which has a JORC Compliant Indicated Resource of 240 million barrels published in May 2013 and an Inferred Resource of 1.9 billion barrels of shale oil and the Tafaya project in Morocco containing JORC compliant measured resources of 308 million barrels of shale oil (November 2014). GOS has undertaken a preliminary economic assessment on Tafaya which estimates a first phase development with a capital cost of US\$322 million, producing 4,100 barrels of oil equivalent per day at an operating cost of US\$27.9 per barrel. It envisages a second phase raising total production to 26,500 barrels of oil equivalent per day.

The Company has agreed to subscribe for £585,000 as part of a pre-IPO fundraising of up to £15 million currently being undertaken by GOS. The indicated GOS subscription price is 70 pence per share. The final subscription price will be determined by the pre-IPO round and in consultation with existing and potential new investors, co-ordinated by Strand Partners and ABG Sundal Collier (with a minimum subscription price of 40 pence per share, being the level of GOS's previous financing). The fundraising is expected to close during the first quarter of 2015, and the Company will have the option to settle its subscription commitment either in cash or through the issue of new Ordinary Shares in the Company at the most recent unaudited NAV per Ordinary Share.

***Archipelago Metals Limited (Archipelago Metals)***

Archipelago Metals is an Australian private company which holds a 50% joint venture interest in the Co Dinh chromite project in northern Vietnam. A JORC compliant report dated September 2010 estimated JORC compliant resources containing 3.9 MT chromite and a positive pre-feasibility study has suggested pre-production capital costs of US\$100 million for production rising to a rate of approximately 300,000 tonnes of chromite concentrate per annum with a mine life of 16 years. The partners are currently negotiating a formal joint venture agreement following which the mining licence will be issued and the partners will seek to install a pilot plant on site.

**2 Additional Investments not in the Company's existing portfolio and which will represent in excess of 1 per cent. of the enlarged portfolio**

***Red 5 Ltd (Red 5) [www.red5limited.com](http://www.red5limited.com)***

Red 5 is an Australian listed company whose principal asset is the Siana Gold Project situated on the island of Mindanao in the Philippines. The Siana mine has an operating history which goes back to the 1930s, and was recommenced by Red 5 in April 2012 although production was suspended pending the lifting of a Cease and Desist Order (CDO), which was imposed following a

movement in Siana's tailings storage facility (although there was no spillage) which required remediation work.

The deposit is currently mined by open pit methods with a planned transition to underground mining in the future. The remediation work was completed in December 2014 and the CDO was lifted in January 2015 allowing the commencement of final commissioning of the plant following which the ramp up to steady state operations is expected to take 3 to 6 months.

The second principal asset is the Mapawa MPSA, 20km north of Siana which has the potential to provide satellite ore to the Siana processing plant. The property hosts a known gold porphyry system with numerous high grade gold occurrences throughout the project area though it has had little exploration activity to date.

### **3 Further Additional Investments**

The following further investments may be acquired, all of which represent additional interests in investments contained in the Current Portfolio or in new Additional Investments to be acquired under the Acquisition Agreements.

The Further Additional Investments will be valued on the same basis as the Additional Investments and the number of Acquisition Shares to be issued will depend on whether the Further Additional Investments are Unlisted Investments or Listed Investments.

As at the date of this Circular, none of these Further Additional Investments are subject to legally binding acquisition agreements but they have been identified by the Investment Manager as being investments which may be acquired by 31 July 2015. However, there can be no assurance that all or any part of the Further Additional Investments will be acquired by the Company.

#### ***China Polymetallic Mining Limited (CPM) [www.chinapolymetallic.com](http://www.chinapolymetallic.com)***

CPM is an emerging Chinese mining company listed on the Hong Kong Stock Exchange. The Company's investment is via a special purpose vehicle, F.S.B.S. Limited Partnership. CPM has a number of development projects in the Yunan province of China. The first of these, the Shizishan lead-zinc-silver mine, started production in 2011 and reached its full production rate of 2,000 tonnes per day in December 2012. A JORC compliant report published in November 2011 estimated resources totalling 9.3 million tonnes grading 256g/t silver, 9.4% lead and 6.0% zinc for contained metal of 77 million ounces silver, 878,500 tonnes lead and 563,000 tonnes zinc. In 2013 it produced 1.68 million ounces of silver, 23,643 tonnes lead and 17,757 tonnes zinc in concentrate.

CPM's second project, the Dakuangshan silver lead-zinc mine, started commercial production in December 2012 and produced 42,000 ounces of silver, 905 tonnes lead and 1,838 tonnes zinc in concentrate in 2013.

The Further Additional Investment represents an additional 24.9 per cent. interest in CPM.

#### ***Black Pearl Limited Partnership ("Black Pearl")***

Black Pearl is a Cayman Islands exempted limited partnership which invests in the Black Pearl beach placer iron sands project in West Java, Indonesia. The Company's investment is in the form of a limited partnership interest in Black Pearl. Black Pearl holds an exchangeable loan note issued by a holding company of the mine group, Rui Tong Limited. The loan note is exchangeable for shares in Rui Tong's wholly-owned subsidiary Oriental Mining and Mineral Resources Co. Limited (**OMMR**) either (a) at the election of Black Pearl at any time prior to the redemption date of the note, or (b) on a listing of OMMR, or (c) on a trade sale of OMMR or the mine business. The redemption date of the note has been extended from November 2014 to March 2015. The Black Pearl concession area is 15,000 ha of which 1,600 ha has been drilled. A JORC compliant resource report dated December 2009 estimated that mineral resources stand at 572 million tonnes, grading 10% Fe.

Black Pearl received the export permit required following changes to the Indonesian mining regulations at the beginning of December 2014 and made its first shipment of concentrate later that month. Off-take agreements have been signed with a number of Chinese steel mills for the full planned production of 20 million tonnes per annum.

The Further Additional Investment represents an indirect interest in an additional 11.3 per cent interest in Black Pearl, which together with the Company's existing indirect interest will result in the Company holding an aggregate 14.8 per cent interest in Black Pearl.



***Polar Silver***

See above. The Further Additional Investment represents an additional 9.9 per cent. interest in Polar Silver.

***Metals Exploration***

See above. The Further Additional Investment represents an additional 19.6 per cent. interest in Metals Exploration.

***Red 5***

See above. The Further Additional Investment represents an additional 17.1 per cent. interest in Red 5.

***Archipelago Metals***

See above. The Further Additional Investment represents an additional 5.3 per cent. interest in Archipelago Metals.

***Aquila***

Aquila is a Canadian company listed on the Toronto Stock Exchange. Aquila's flagship Back Forty Project is a volcanogenic massive sulphide deposit located along the mineral-rich Penokean Volcanic Belt in Michigan, USA and currently estimates a 15.1Mt Measured and Indicated resource containing close to 1 million ounces of gold and 1 billion pounds of zinc. Stephen Fabian, a principal of Rock Capital Partners Limited, an Investment Adviser to the Investment Manager, is a non-executive director.

The Further Additional Investment represents an additional 22.1 per cent. interest in Aquila.

## PART III

### ADDITIONAL INFORMATION REQUIRED BY THE TAKEOVER CODE

#### 1. Responsibility

The Directors, whose names and positions appear on page 6 of this document, and the Company, accept responsibility for the information contained in this document (other than information relating to the Deemed Concert Party). To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document (other than information relating to the Deemed Concert Party) is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the members of the Deemed Concert Party accept responsibility for the information contained in this document relating to themselves. To the best of the knowledge and belief of each of the members of the Deemed Concert Party (who have taken reasonable care to ensure that such is the case), the information contained in this document for which they are respectively responsible (as above) is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Details of the Deemed Concert Party

Baker Steel Capital Managers LLP which acts as the Company's Investment Manager was co-founded by Trevor Steel and David Baker in 2001. David Baker and Trevor Steel exercise majority management control over Baker Steel Capital Managers LLP. Both Trevor Steel and David Baker are considered to be acting in concert for the purposes of the Takeover Code. Certain Shareholders of the Company are also considered to be acting in concert as a result of their relationships with Trevor Steel, David Baker and/or the Investment Manager as more particularly described below.

The Deemed Concert Party comprises the following:

##### *David Baker*

David Baker is a Managing Partner and Portfolio Manager of the Investment Manager and heads the company's Sydney office. Prior to founding Baker Steel in 2001, David was part of the award-winning Merrill Lynch Investment Management 'MLIM', formerly Mercury Asset Management natural resources team, successfully managing the Mercury Gold Metal Open Fund, the largest precious metals fund in Japan, from its launch in 1995 until his departure in 2001. Prior to joining MLIM in 1992, David was a gold and mining analyst for James Capel Stockbrokers in London from 1988 and held a similar role at Capel Court Powell in Sydney from 1986 to 1988. David started his career in 1981 as a metallurgist at CRA Broken Hill, Australia. He holds a degree in Mineral Processing and a Masters in Mineral Production Management from Imperial College, London.

##### *Trevor Steel*

Trevor Steel is a Managing Partner, Portfolio Manager and the Chief Investment Officer at the Investment Manager, which he co-founded in 2001. From 1992 until 2001, Trevor was a senior portfolio manager at MLIM where he specialised in the natural resources sector and worked alongside David Baker within MLIM's award-winning natural resources team. Prior to joining the natural resources team, Trevor worked with various teams at MLIM, having joined in 1991 as a graduate trainee. He holds a degree in Geology from the Royal School of Mines, Imperial College, London. He is a regular member of the CFA Institute and CFA UK Society. Trevor often participates as a panel member and is a keynote speaker at international gold and mining conferences.

##### *Baker Steel Capital Managers LLP*

Baker Steel Capital Managers LLP has extensive experience in the management of funds, investing in the natural resources, gold and precious metals sectors. Its investment management team is underpinned by strong technical backgrounds in the geo-sciences, mining, geology and engineering.

##### *Baker Steel Capital Managers (Cayman) Limited*

Baker Steel Capital Managers (Cayman) Limited acts as the manager to GNRF and the Company.

*Genus Dynamic Gold Fund, Baker Steel Gold Fund and Baker Steel Alpha Gold Fund*

All of these funds retain Baker Steel Capital Managers LLP as their investment manager. Baker Steel Capital Managers LLP exercises full discretionary control over all of the investments of such funds.

*The Sonya Trust*

The Sonya Trust is a Jersey discretionary trust, the discretionary beneficiaries of which include Trevor Steel and persons connected to him.

*Northcliffe Holdings Pty Limited*

Northcliffe Holdings Pty Limited is a discretionary trust which is controlled by David Baker.

*Ironman Investment Company Limited*

Ironman Investment Company Limited is a Jersey based investment company which is 100% owned by Baker Steel Capital Managers LLP, which is also retained as Ironman's investment adviser.

*Rock Capital Partners Limited*

Rock Capital Partners Limited, which is retained by the Investment Manager as an investment adviser, is a specialist resources boutique advising clients in strategic development, financing and mergers and acquisitions and has been involved in the development and financing of various mining projects, specialising in South America. The beneficial ownership interests in Rock Capital Partners Limited, are held by Francis Johnstone and Stephen Fabian, who are also interested in BSRT Shares (as more particularly set out below).

*AWR Lloyd Capital Limited*

AWR Lloyd Capital Limited, which is retained by the Investment Manager as an investment adviser, is a specialist corporate finance firm providing advisory services to the energy, mining and metals sectors in the Asia-Pacific region. Jeremy Ayre is a director of and owns and controls the beneficial ownership interest in AWR Lloyd Capital Limited. He is also a director of Baker Steel Capital Managers (Cayman) Limited, Genus Natural Resources Master Fund and Genus Dynamic Gold Fund. AWR Lloyd Capital Limited and Jeremy Ayre are interested in BSRT Shares (as more particularly described below).

*Members and consultants of Baker Steel Capital Managers LLP*

Certain members and consultants of Baker Steel Capital Managers LLP, together with persons connected to them, are included in the Deemed Concert Party, as more particularly described below.

Full details of the Deemed Concert Party's aggregate shareholding in the Company, both currently and as at Admission (based on the assumptions set out below), are as follows:

	<b>Address</b>	<b>Existing Shareholding</b>	<b>At Admission*</b>	<b>At Admission* (%)</b>
Baker Steel Capital Managers LLP (Management Ordinary Shares)	86 Jermyn Street, London SW1Y 6JD, United Kingdom	10,000	10,000	0.01
Baker Steel Capital Managers (Cayman) Limited <sup>(1)</sup>	PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman, , Y1-1104, Cayman Islands	604,832	604,832	0.53
Genus Dynamic Gold Fund	PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman, KY1-1104, Cayman Islands	3,000,000	14,392,503	12.60
Baker Steel Gold Fund	Select Asset Management, Level 5, 10 Spring Street, Sydney NSW 2000, Australia	1,472,070	1,472,070	1.29

	<b>Address</b>	<b>Existing Shareholding</b>	<b>At Admission*</b>	<b>At Admission* (%)</b>
Baker Steel Alpha Gold Fund	Dynamic Investment Fund, 49 Avenue J.F. Kennedy, L-1855, Luxembourg	520,000	520,000	0.46
The Sonya Trust	C/o Capita Trustees Limited, 12 Castle Street, St Helier, Jersey JE2 3RT, Channel Islands	82,257	12,766,764	11.18
Northcliffe Holdings Pty Limited	C/o Haywards Accountants, Level 8, 19-31 Pitt Street, Sydney NSW 2000, Australia	0	16,186,107	14.18
Ironman Investment Company Limited	C/o Capita Trustees Limited, 12 Castle Street, St Helier, Jersey JE2 3RT, Channel Islands	150,000	3,862,479	3.38
Francis Johnstone	C/o Rock Capital Partners Limited, Bison Court, PO Box 3460, Road Town, Tortola, British Virgin Islands	314,649	314,649	0.28
Massif Limited <sup>(2)</sup>	Bison Court, PO Box 3460, Road Town, Tortola, British Virgin Islands	959,545	959,545	0.84
AWR Lloyd Capital Limited	C/o Portcullis Trustnet Group, P.O. Box 3444 Road Town, Tortola, British Virgin Islands	74,484	74,484	0.07
Jeremy Ayre	AWR Lloyd Capital Limited C/o Portcullis Trustnet Group, P.O. Box 3444 Road Town, Tortola, British Virgin Islands	510,830	510,830	0.45
Members of Baker Steel Capital Managers LLP and consultants <sup>(3)</sup>	86 Jermyn Street, London SW1Y 6JD, United Kingdom	177,802	313,830	0.27
Persons connected to David Baker		3,891	3,891	0.00
<b>Total</b>		<b>9,607,668</b>	<b>51,991,984</b>	<b>45.53</b>

\* on the assumption that Existing Shareholders do not take up any of their entitlements pursuant to the Open Offer and no Initial Issue Shares are issued pursuant to the Initial Issue and on the basis that 42,772,053 Acquisition Shares would be issued as consideration for the Additional Investments (such number of Acquisition Shares being calculated by reference to the value of the Additional Investments and the Net Asset Value per Ordinary Share as at 31 December 2014 (unaudited)).

(1) 100,000 of these shares are held by Meadow International Investments Limited, a shareholder in Baker Steel Capital Managers (Cayman) Limited. Its sole director is Andrew Lampert-Zakiewicz who is also a director of and chairman of Baker Steel Capital Managers (Cayman) Limited. Neither Meadow nor Andrew are members of Baker Steel Capital Managers LLP.

(2) The beneficial ownership interests in Massif Limited are owned and controlled by Stephen Fabian.

(3) The following members and consultants of Baker Steel Capital Managers LLP are included in the Deemed Concert Party: Aneil Bhatt, Patricia Tompson, Constantino Isnardi, Matthew Huston, Steven Ellis, Priya Mukherjee, James Withall and Andrei Rybak.

Baker Steel Capital Managers LLP currently acts as the sub-investment manager of the CF Ruffer Baker Steel Gold Fund however such appointment will terminate on 30 January 2015. As a result it has been agreed with the Takeover Panel that the CF Ruffer Baker Steel Gold Fund will not constitute part of the Deemed Concert Party. Due to its current relationship with Baker Steel Capital Managers LLP, however, the Takeover Panel has confirmed it will not be considered to be an Independent Shareholder and therefore will not be entitled to vote on the Whitewash Resolution.

### 3. Further disclosure required by the Takeover Code

No person has made a public takeover bid for the Company's issued share capital in the financial period to 31 December 2014 or in the current financial year.

As at the date of this Circular, the Deemed Concert Party in aggregate has an interest in 9,607,688 Ordinary Shares representing 13.4 per cent. of the total voting rights in the Company.

Save as disclosed in this Circular, there are no other agreements, arrangements or understandings (including compensation arrangements) between the Deemed Concert Party and any of the Directors, Shareholders or recent Shareholders of the Company connected with or dependent upon the Proposals other than any relating to the Proposals.

The Deemed Concert Party confirm that they are not proposing any changes that would affect: (i) the employment rights, including any pension rights of any of the employees or the management of the Company; (ii) the strategic plans for the Company; (iii) the redeployment of fixed assets of the Company and (iv) the Company's main place of business.

The Deemed Concert Party also confirm that they have no plans to seek a cancellation of the listing of the Ordinary Shares on the London Stock Exchange.

There is no agreement, arrangement or understanding between any of the members of the Deemed Concert Party and any other person pursuant to which any Ordinary Shares which they will acquire pursuant to the Proposals will be transferred.

The payment of interest on, repayment of, or security for, any liability (contingent or otherwise) will not depend to any significant extent on the business of the Company.

On 24 June 2014 Baker Steel Gold Fund acquired 2,259,357 Ordinary Shares in return for US\$2,500,000 of convertible loans to ZAO Argentum and 500 shares in Polar Silver Resources Limited. On 2 July 2014, Baker Steel Gold Fund sold all these Ordinary Shares for a net consideration of £811,740.78.

As at the close of business on the business day prior to this Circular and save as disclosed in this Circular, none of the Deemed Concert Party members nor any members of their immediate families, any related trust, nor any connected persons (within the meaning of section 252 of the Companies Act 2006), nor any person acting in concert with such persons, owns or controls, or has borrowed or lent, or is interested in, or has any right to subscribe for, or any arrangement concerning, directly or indirectly, any relevant securities of the Company, nor has any such person dealt for value therein during the 12 months prior to the date of this Circular or has any short position (whether conditional or absolute and whether in the money or otherwise), including a short position under a derivative, any agreement to sell or any delivery obligation in respect of any right to require any person to purchase or take delivery of, any such relevant securities.

Save as disclosed in this Circular neither:

- i. the Company;
- ii. the Directors;
- iii. any of their immediate families or related trusts;
- iv. the pension funds of the Company or its subsidiary undertakings;
- v. any employee benefit trust of the Company or its subsidiary undertakings;
- vi. any connected adviser to the Company or its subsidiary undertakings or any person acting in concert with the Directors;
- vii. any person controlling, controlled by or under the same control as any connected adviser falling within vi above (except for an exempt principal trader or an exempt fund manager); nor
- viii. any other person acting in concert with the Company.

owns or controls, or has borrowed or lent (or entered into any financial collateral arrangement of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code), or is interested in, or has any right to subscribe for, or any arrangement concerning, directly or indirectly, any relevant securities of the Company.

Charles Hansard is a director of Midway Resources International in which GNRIF holds a 0.31 per cent. interest and is to be acquired by the Company pursuant to the GNRMF Acquisition Agreement. Members of Charles's family are beneficiaries of a discretionary trust which holds 0.61 per cent. of the interests of Midway Resources International. Charles is also the beneficial

owner of a 0.06 per cent. interest in Metals Exploration plc. Following completion of the GNRMF Acquisition Agreement, the Company will hold a 4.76 per cent. interest in Metals Exploration plc.

Save as disclosed in this Circular, no Director has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Company and no contract or arrangements exist in which a Director is materially interested and which is significant in relation to the business of the Company.

There are no outstanding loans made or guarantees provided by any member of the Company or its subsidiary undertakings for the benefit of any of the Directors, nor are there any guarantees provided by any of the Directors for any member of the Company or its subsidiary undertakings.

There are no personal, financial or commercial relationships, arrangements or undertakings between any member of the Deemed Concert Party and any Directors, their close relatives and related trusts.

There are no financing arrangements in place in relation to the Proposals whereby repayment or security is dependent on the Company.

No incentivisation arrangements have been entered into and no proposals as to any incentivisation arrangements have reached an advanced stage between the Company and the Directors.

Set out below are the closing middle-market quotations for an Ordinary Share as derived from the daily Official List for the first dealing day of each of the six months immediately preceding the date of this document and the latest practical date prior to the publication of this document.

<b>Date</b>	<b>Price per Ordinary Share (p)</b>
1 August 2014	38.750
1 September 2014	38.750
1 October 2014	33.750
3 November 2014	27.625
1 December 2014	33.250
2 January 2015	30.875
23 January 2015	28.500

The following Shareholders have signed irrevocable undertakings to vote in favour of all the Resolutions to be proposed at the Extraordinary General Meeting other than, in the case of the Deemed Concert Party members and CF Ruffer Baker Steel Gold Fund, the Whitewash Resolution:

<b>Shareholder</b>	<b>Number of Ordinary Shares currently held</b>	<b>Percentage of the issued Ordinary Share capital</b>
Bat Hanadiv Foundation	1,316,548	1.8
Fondation Berma	1,779,527	2.5
Rothschild Foundation Europe	500,313	0.7
RIT Capital Partners plc	14,171,300	19.8
Baker Steel Capital Managers LLP	6,719,378	9.4
Baker Steel Capital Managers (Cayman) Limited	504,832	0.7
Overseas Asset Management (Cayman) Ltd	8,424,777	11.7
Ruffer LLP (on behalf of CF Ruffer Baker Steel Gold Fund)	6,080,000	8.5
<b>Total</b>	<b>39,506,675</b>	<b>55.1</b>

In addition Baker Steel Capital Managers LLP which holds 10,000 Management Ordinary Shares, representing 100 per cent. of the Management Ordinary Shares in issue has signed an irrevocable undertaking to vote in favour of all the Resolutions other than the Whitewash Resolution.

In respect of the irrevocable undertakings set out above, there are no circumstances in which any of such irrevocable undertakings will cease to be binding.

#### 4. Consent

Numis, which is authorised in the UK under FSMA and regulated by the Financial Conduct Authority, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name and its advice to the Board in the form and context in which they appear.

#### 5. Documents incorporated by reference

The following sets out financial information in respect of the Company as required by Rule 24.3 of the Takeover Code. The documents referred to below (or part thereof), the contents of which have previously been announced through a Regulatory Information Service, are incorporated by reference into this document pursuant to Rule 24.15 of the Takeover Code.

<b>Information incorporated by reference</b>	<b>Hyperlinks</b>
Annual Report and Financial Statements 2013	<a href="http://bakersteelresourcestrust.com/reports/2013/2013_BSRT_December_Annual_Report.pdf">http://bakersteelresourcestrust.com/reports/2013/2013_BSRT_December_Annual_Report.pdf</a>
Annual Report and Financial Statements 2012	<a href="http://bakersteelresourcestrust.com/reports/2012/2012_Baker_Steel_Resources_Trust_Annual_Report.pdf">http://bakersteelresourcestrust.com/reports/2012/2012_Baker_Steel_Resources_Trust_Annual_Report.pdf</a>
Interim Accounts 2014	<a href="http://bakersteelresourcestrust.com/reports/2014/2014_June_Interim_Accounts_unaudited.pdf">http://bakersteelresourcestrust.com/reports/2014/2014_June_Interim_Accounts_unaudited.pdf</a>

Each of the Directors were appointed on 12 March 2010. No Director has a service contract with the Company, nor are any such contracts proposed. The Directors' appointments can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors. The Articles provide that the office of Director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from board meetings for 12 months or more; (iii) written request of all of the other Directors; and (iv) a resolution of the Shareholders.

Pages 111 to 115 of the Prospectus contain summaries of the material contracts entered into by the Company in the two years preceding the date of this document as required by Rule 25.7 of the Takeover Code, the contents of which are incorporated by reference into this document and can be accessed as set out below:

<b>Information incorporated by reference</b>	<b>Hyperlinks</b>	<b>Page numbers</b>
Management Agreement	<a href="http://www.bakersteelresourcestrust.com/material_contracts/management_agreement.html">http://www.bakersteelresourcestrust.com/material_contracts/management_agreement.html</a>	111
Investment Management Agreement	<a href="http://www.bakersteelresourcestrust.com/material_contracts/investment_management_agreement.html">http://www.bakersteelresourcestrust.com/material_contracts/investment_management_agreement.html</a>	112
Services Agreement	<a href="http://www.bakersteelresourcestrust.com/material_contracts/services_agreement.html">http://www.bakersteelresourcestrust.com/material_contracts/services_agreement.html</a>	114
Placing Agreement	<a href="http://www.bakersteelresourcestrust.com/material_contracts/placing_agreement.html">http://www.bakersteelresourcestrust.com/material_contracts/placing_agreement.html</a>	114
Receiving Agent Agreement	<a href="http://www.bakersteelresourcestrust.com/material_contracts/receiving_agent_agreement.html">http://www.bakersteelresourcestrust.com/material_contracts/receiving_agent_agreement.html</a>	115

#### *Availability of hard copies*

A person who has received this document may request a copy of any documents or information incorporated by reference into this document. A copy of any such documents or information incorporated by reference into this document will not be provided unless requested from Capita Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4ZF or by telephone on 0871 664 0321 if calling from within the UK or +44 20 8639 3399 if calling from outside the UK. Lines are open from 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls to this line from within the UK cost 10 pence per minute from a BT landline (other network providers' costs may vary).

Calls to this line from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot give any financial, legal or tax advice.

*No incorporation of website information*

Save as set out above, neither the content of the Company's website, nor the content of any website accessible from hyperlinks on the Company's website, is incorporated into, or forms part of, this document.

**6. Documents for inspection**

Copies of this document and the following documents will be published on the Company's website at [www.bakersteelresourcestrust.com](http://www.bakersteelresourcestrust.com) and will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document at the registered office of the Company and at the offices of Norton Rose Fulbright LLP, 3 More London Riverside, London SE1 2AQ and at the place of the Extraordinary General Meeting for 15 minutes prior to the meeting and during the meeting:

- (a) the memorandum and articles of incorporation of the Company;
- (b) the audited financial statements of the Company for the two years ended 31 December 2013 and the consolidated half year financial information for the period ending 30 June 2014;
- (c) the irrevocable undertakings to vote in favour of the Resolutions referred to in paragraph 3 of Part III of this document;
- (d) the material contracts summarised in Part X of the Prospectus;
- (e) the consent letter from Numis referred to in paragraph 4 of Part III of this document.

**7. No significant change**

Save for the fall in the Company's Net Asset Value from £36.2 million as at 30 June 2014 to £32.17 million as at 31 December 2014, there has been no significant change in the financial or trading position of the Company since 30 June 2014 (being the end of the last financial period of the Company for which financial information has been published).



## PART IV

### NOTICE OF EXTRAORDINARY GENERAL MEETING

# BAKER STEEL RESOURCES TRUST LIMITED

*(a registered closed-ended investment company incorporated in Guernsey with limited liability  
and with registered number 51576)*

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of Baker Steel Resources Trust Limited (the **Company**) will be held at Arnold House, St. Julian's Avenue, St Peter Port, Guernsey GY1 3NF on 23 February 2015 at 9.30 a.m. Defined terms in this notice will have the meaning given to them in the circular published on 26 January 2015 (the **Circular**), a copy of which has been produced to this meeting and initialled by the Chairman for the purposes of identification. This Extraordinary General Meeting is being convened for the purpose of considering and, if thought fit, passing the following five resolutions, the first, second and fifth of which will be proposed as special resolutions and the third and fourth of which will be proposed as ordinary resolutions:

#### SPECIAL RESOLUTIONS:

1 **THAT**, conditional upon Resolution 5 as set out in the notice of this extraordinary general meeting being passed, in substitution for any existing authorities granted to the Directors pursuant to Article 5(b)(9) of the Company's Articles, the Directors be and they are hereby authorised:

- (a) to allot and issue or make offers or agreements to allot and issue Ordinary Shares for cash to raise up to £100 million (before expenses) pursuant to the Initial Issue (as defined in the Circular) as if Articles 5(b)(1) to 5(b)(8) of the Company's Articles did not apply to such issue; and
- (b) to allot and issue such Ordinary Shares at an issue price equal to 85 per cent. of the prevailing Net Asset Value per Ordinary Share as at the Calculation Date (as defined in the Circular),

provided that this authority shall expire on 30 June 2015 unless such authority is renewed, varied or revoked by the Company in general meeting (save that the Company may at any time before such expiry make an offer or agreement which might require Ordinary Shares to be allotted or issued after such expiry and the Directors may allot and issue Ordinary Shares after such expiry in pursuance of such offer or agreement as if the authority conferred hereby had not expired).

2 **THAT**, conditional upon Resolutions 4 and 5 being passed and in addition to the authority granted by Resolution 1, in each case as set out in the notice of this extraordinary general meeting, the Directors be and they are hereby authorised to allot and issue Ordinary Shares for cash pursuant to the Placing Programme (as defined in the Circular) as if Article 5(b)(1) to 5(b)(8) of the Company's Articles did not apply to such issue, provided that this authority shall be limited to the allotment and issue of Ordinary Shares to raise up to £100 million (before expenses) less the gross proceeds raised pursuant to the Initial Issue (as defined in the Circular) and shall expire on 22 February 2016 unless such authority is renewed, varied or revoked by the Company in general meeting (save that the Company may at any time before such expiry make an offer or agreement which might require Ordinary Shares to be allotted or issued after such expiry and the Directors may allot and issue Ordinary Shares after such expiry in pursuance of such offer or agreement as if the authority conferred hereby had not expired).

#### ORDINARY RESOLUTIONS:

3 **THAT** conditional upon Resolutions 1 and 5 being passed, the waiver by the Panel on Takeovers and Mergers of the obligation on the Deemed Concert Party (as defined in the Circular) to make a general offer to the Company's shareholders pursuant to Rule 9 of the City Code on Takeovers and Mergers, as a result of the issue to them of Ordinary Shares in the capital of the Company pursuant to the GNRMF Acquisition Agreement and the GDGF Acquisition Agreement (as more particularly described in the Circular) provided always that,

when taking into account Ordinary Shares issued pursuant to the authority granted pursuant to Resolution 1 above, such number of Ordinary Shares issued pursuant to such Acquisition Agreements, shall not result in the Deemed Concert Party holding Ordinary Shares in excess of 49.99 per cent. of the Company's issued share capital at any relevant time be and is hereby approved.

- 4 **THAT**, in substitution for the existing authority to issue shares pursuant to an ordinary resolution dated 29 March 2010, subject to the provisions of the Companies (Guernsey) Law, 2008 (as amended) (**Companies Law**) the authority of the Directors of the Company to issue shares in the Company shall be unlimited, but, to the extent that the authority of the directors of the Company is at any time limited by the Companies Law, the directors of the Company be and are generally and unconditionally authorised to exercise all powers of the Company to issue ordinary shares of no par value in the Company (**Ordinary Shares**) (or to grant rights to subscribe for, or to convert any securities into, Ordinary Shares) up to a maximum aggregate amount of 500,000,000 Ordinary Shares provided that such authority shall expire on the date which is five years from the date this resolution is passed save that the Company may prior to the expiry of such period make any offer or agreement which would or might require such Ordinary Shares to be issued or rights to be granted after such expiry and the directors of the Company may issue such Ordinary Shares (or to grant rights to subscribe for, or to convert any securities into, Ordinary Shares) in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

#### **SPECIAL RESOLUTION**

- 5 **THAT**, conditional upon Resolution 1 being passed, in each case as set out in the notice of this extraordinary general meeting, the Company's Articles be amended as follows:
- (a) Article 143 be deleted in its entirety and replaced with the following new Article 143:
- “143. At the annual general meeting of the Company falling in the year 2018 and at each third annual general meeting convened by the Board thereafter, the Board shall propose a special resolution which if passed will require the Directors, within 6 months of the passing of the special resolution, to formulate and submit proposals to Shareholders that will provide Shareholders with an opportunity to realise the value of their Ordinary Shares at Net Asset Value per Ordinary Share.”;
- (b) In Article 1, the words “and Subscription Shares” shall be deleted from the definition of “Admission”, the words “and/or Subscription Shares (as applicable)”, shall be deleted from the definition of “Reserved Matters”, the definition of “Subscription Shares” shall be deleted, and in Article 5(a) the words “Subscription Shares” shall be deleted;
- (c) Article 5(b)(1) shall be deleted in its entirety and replaced with the following new Article 5(b)(1):
- “The Company, if and for so long as required by the Listing Rules, when proposing to issue (or sell from treasury) equity shares for cash:
- (i) shall not issue any of them (and shall not sell any of them from treasury) on any terms to a person unless it has made an offer to each person who is a holder of equity shares, whether of that class or any other class of equity shares, (other than the Company itself by virtue of it holding treasury shares) on the same or more favourable terms a proportion of those equity which is as nearly as practicable equal to the proportion in value held by the holder(s) of the relevant class(es) of equity shares then in issue; and
- (ii) shall not issue any of those equity shares to a person unless the period during which any such offer may be accepted by the relevant current holders has expired or the Company has received a notice of the acceptance or refusal of every offer so made from such holders.”
- (d) Article 5(b)(7) shall be deleted in its entirety and replaced with the following new Article 5(b)(7):
- “(7) [Article Deleted]”;

- (e) Article 8 shall be deleted in its entirety and replaced with the following new Article 8:  
“8 [Article Deleted]”; and
- (f) Article 144(a) shall be deleted in its entirety and replaced with the following new Article 144(a):  
“144.(a) Subject to the Law and these Articles and the rights of the holders of any class of shares on a return of capital or other return of the assets of the Company on a winding up, the assets of the Company available for distribution to members shall be distributed equally amongst the holders of Ordinary Shares and Management Ordinary Shares *pro rata* to the number of such shares held by each holder and according to the amounts paid up on such shares held by them.”

By Order of the Board  
26 January 2015

*Registered Office*  
Arnold House  
St. Julian's Avenue  
St Peter Port  
Guernsey GY1 3NF

**Notes:**

1. In order to comply with the Takeover Code, Resolution 3 will be taken on a poll by Independent Shareholders (as defined in the Circular).
2. A member of the Company who is entitled to attend, speak and vote at the Extraordinary General Meeting is entitled to appoint one or more proxies to attend, speak and on a poll or otherwise to vote in his or her place. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. Shareholders will find enclosed a Form of Proxy for use in relation to the Extraordinary General Meeting. The Form of Proxy should be completed in accordance with the instructions. To be valid, the Form of Proxy (together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such authority) must be deposited with the Company's UK Transfer Agent, Capita Asset Services, at PSX, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the time appointed for the Extraordinary General Meeting or any adjournment of that meeting at which the person named in the instrument proposes to vote. Completion of the Form of Proxy will not preclude a member from attending and voting in person.
4. To change your proxy instructions simply submit a new Form of Proxy using the methods set out above and in the notes to the Form of Proxy. If you submit more than one valid Form of Proxy, the Form of Proxy received last before the latest time for the receipt of proxies will take precedence.
5. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's UK Transfer Agent. In the case of a member who is an individual, the revocation notice must be under the hand of the appointer or of his attorney duly authorised in writing or, in the case of a member which is a company, the revocation notice must be executed under its common seal or under the hand of an officer of the company or an attorney duly authorised. Any power of attorney or any other authority under which the revocation notice is signed (or a notarially certified copy of such power or authority) must be included with the revocation notice.
6. The revocation notice must be received by the commencement of the Extraordinary General Meeting or any adjournment of that meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
7. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

**Additional Notes:**

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Extraordinary General Meeting to be held on 23 February 2015 (and any adjournment thereof) by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service providers, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (RA10) by the latest time for receipt of proxy appointments specified in this notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service providers) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 34 of the Uncertificated Securities (Guernsey) Regulations 2009.

**PART V**  
**DEFINITIONS**

The following definitions apply throughout this document, unless stated otherwise:

<b>Acquisitions</b>	the proposed acquisition of the Additional Investments by the Company pursuant to the Acquisition Agreements
<b>Acquisition Agreements</b>	the GNRMF Acquisition Agreement and the GDGF Acquisition Agreement, or either of them as the context may require
<b>Acquisition Shares</b>	the New Ordinary Shares to be issued fully paid to the sellers of the Additional Investments in accordance with the relevant Acquisition Agreements or to the sellers of any Further Additional Investments in accordance with the acquisition agreements relating thereto, provided that completion of the acquisition of such Further Additional Investments shall occur by 31 July 2015
<b>Additional Investments</b>	the listed and unlisted assets (including any residual cash held by GNRMF) to be acquired by the Company pursuant to the Acquisition Agreements, summary details of which are set out in Part II of this document
<b>Administrator</b>	HSBC Securities Services (Guernsey) Limited
<b>Admission</b>	admission of the Acquisition Shares, the Initial Issue Shares or the Placing Programme Shares, as the context may require, to the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange
<b>Amendment Resolution or Resolution 5</b>	the special resolution to approve the proposed amendment to the Existing Articles in respect of the Discontinuation Vote provisions and certain other amendments as described in this Circular
<b>Annual General Meeting</b>	an annual general meeting of the Company convened in accordance with the Articles and the Law
<b>Articles</b>	the articles of incorporation of the Company, as amended from time to time
<b>Authority Resolution or Resolution 4</b>	the ordinary resolution to renew the Company's general authority to issue up to 500,000,000 Ordinary Shares for a period of five years
<b>BS Cayman</b>	Baker Steel Capital Managers (Cayman) Limited
<b>Business Day</b>	any day (except Saturday or Sunday) on which banks in London and Guernsey are open for business
<b>Capita Asset Services certificated</b>	a trading name of Capita Registrars Limited not in uncertificated form
<b>Circular</b>	this document
<b>Calculation Date</b>	18 February 2015
<b>Company</b>	Baker Steel Resources Trust Limited
<b>CPM</b>	China Polymetallic Mining Limited, a brief description of which is set out in Part II of this Circular
<b>Current Investments</b>	the investments in the Company's existing portfolio as at the date of this Circular
<b>CREST</b>	the system for paperless settlement of trades in listed securities, of which Euroclear UK & Ireland Limited is the operator

<b>Deemed Concert Party</b>	the deemed concert party for the purposes of the Takeover Code as more particularly described in paragraph 4 of Part I and Part III of this document
<b>Directors or Board</b>	the directors of the Company from time to time and any duly appointed committee thereof
<b>Discontinuation Vote</b>	the special resolution required to be put to Shareholders in accordance with the Existing Articles to the effect that the Company shall be wound-up
<b>Excess Application Facility</b>	the arrangements pursuant to which Qualifying Shareholders may apply for New Ordinary Shares in excess of their basic Open Offer Entitlement in accordance with the terms and conditions of the Open Offer, as set out in Appendix II of the Prospectus
<b>Excluded Shareholders</b>	Shareholders with a registered address in, or who are located in, the United States or any of the other Excluded Territories
<b>Excluded Territories</b>	Australia, Canada, Japan, the Republic of South Africa, the United States, each Member State of the EU other than the United Kingdom and any other jurisdiction where the extension of the Open Offer (and any transaction contemplated thereby) would breach any applicable law or regulation
<b>Existing Articles</b>	the existing Articles in force as at the date of this document
<b>Extraordinary General Meeting or EGM</b>	the extraordinary general meeting of the Shareholders of the Company to be held at 9.30 a.m. at Arnold House, St. Julian's Avenue, St Peter Port, Guernsey GY1 3NF on 23 February 2015 to consider and vote on the Resolutions and any adjournment thereof
<b>Financial Conduct Authority or FCA</b>	the UK Financial Conduct Authority
<b>Form of Proxy</b>	the enclosed form of proxy for use in relation to the Extraordinary General Meeting
<b>FSMA</b>	the Financial Services and Markets Act 2000
<b>Further Additional Investments</b>	investments representing further interests in either Current Investments or Additional Investments, summary details of which are set out in Part II of this Circular
<b>GDGF</b>	Genus Dynamic Gold Fund, a Cayman Islands incorporated open-ended investment company
<b>GDGF Acquisition Agreement</b>	the conditional acquisition agreement dated 26 January 2015 between the Company and GDGF, pursuant to which the Company will acquire the GDGF Additional Investments
<b>GDGF Additional Investments</b>	the Additional Investments to be acquired from GDGF, subject to any scaling back as described in Part I of this Circular, summary details of which are set out in Part II of this document
<b>GNRF</b>	Genus Natural Resources Fund, a Cayman Islands incorporated open-ended investment company which acts as feeder fund into GNRMF
<b>GNRMF</b>	Genus Natural Resources Master Fund, a Cayman Islands incorporated investment company which together with GNRF, forms a master/feeder fund structure whereby all of GNRF's assets (to the extent not retained in cash) are invested in the ordinary shares of GNRMF which has an investment policy broadly similar to the Company's investment policy, with more emphasis on listed securities
<b>GNRMF Acquisition Agreement</b>	the conditional acquisition agreement dated 26 January 2015 between the Company and GNRMF, pursuant to which the Company will acquire the GNRMF Additional Investments

<b>GNRMF Additional Investments</b>	the Additional Investments to be acquired from GNRMF, subject to any scaling back as described in Part I of this Circular, being the current portfolio assets of GNRMF as at the date of this Circular, summary details of which are set out in Part II of this document
<b>GNRF Shareholders</b>	holders of any class of GNRF Shares
<b>GNRF Shares</b>	shares in the capital of GNRF denominated in Euro or US\$
<b>Independent Shareholders</b>	Shareholders other than members of the Deemed Concert Party and CF Ruffer Baker Steel Gold Fund
<b>Initial Issue</b>	the Initial Placing and the Open Offer
<b>Initial Issue Price</b>	the price at which the New Ordinary Shares will be issued under the Initial Placing and the Open Offer, being equal to 85 per cent. of the prevailing Net Asset Value per Ordinary Share as at the Calculation Date
<b>Initial Issue Resolution or Resolution 1</b>	the special resolution to approve the disapplication of pre-emption rights in respect of the proposed fundraising by way of the Initial Issue of up to £100 million and the issue of the Initial Issue Shares for cash at an issue price reflecting a 15 per cent. discount to the NAV per Ordinary Share prevailing as at the Calculation Date
<b>Initial Issue Shares</b>	the New Ordinary Shares to be issued pursuant to the Initial Issue
<b>Initial Placing</b>	the conditional placing of New Ordinary Shares by Numis as described in Part VI of the Prospectus
<b>Investment Manager</b>	Baker Steel Capital Managers LLP
<b>IPO</b>	an initial public offering of a company's securities
<b>IPO Seed Portfolio</b>	the portfolio of assets acquired by the Company on its IPO from Genus Capital Fund pursuant to that fund's scheme of reorganisation
<b>Law</b>	The Companies (Guernsey) Law, 2008, as amended
<b>Listed Investments</b>	Additional Investments or Further Additional Investments which are listed or quoted on any securities exchange or similar electronic system and regularly traded thereon and which shall include CPM and Ivanhoe Mines Limited
<b>Listing Rules</b>	the listing rules made by the FCA pursuant to Part VI of FSMA
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Management Ordinary Shares</b>	the ordinary shares of no par value in the Company designated as management sterling participating ordinary shares by the Directors in accordance with the Law and the Articles
<b>Manager</b>	Baker Steel Capital Managers (Cayman) Limited
<b>Net Asset Value</b>	the net asset value of the Company in total or per Ordinary Share (as the context requires) calculated in accordance with the Company's valuation policies and principles
<b>New Ordinary Shares</b>	Ordinary Shares to be issued pursuant to the Acquisition Agreements, the Initial Issue and/or the Placing Programme
<b>Numis</b>	Numis Securities Limited
<b>Official List</b>	the Official List of the FCA
<b>Open Offer</b>	the pre-emptive offer to Qualifying Shareholders, constituting an invitation to apply for New Ordinary Shares under the Initial Issue, on the terms and subject to the conditions set out in the Prospectus and, in the case of Qualifying Shareholders holding Ordinary Shares in certificated form only, on the Open Offer Application Form

<b>Open Offer Application Form</b>	the personalised application form on which Qualifying Shareholders who hold their Ordinary Shares in certificated form may apply for New Ordinary Shares under the Open Offer
<b>Open Offer Entitlement</b>	the entitlement of Qualifying Shareholders to apply for New Ordinary Shares under the Open Offer
<b>Ordinary Shares</b>	ordinary shares of no par value in the Company designated as sterling participating ordinary shares by the Directors in accordance with the Law and the Articles
<b>Placees</b>	investors with whom New Ordinary Shares are placed by Numis, as agent of the Company, pursuant to the Initial Placing or under the Placing Programme, as the context requires
<b>Placing</b>	a placing of New Ordinary Shares pursuant to the Placing Programme
<b>Placing Agreement</b>	the conditional sponsor's and placing agreement dated 26 January 2015 entered into between the Company, the Manager, the Investment Manager and Numis relating, <i>inter alia</i> , to the Initial Issue and the Placing Programme, a summary of which is set out in paragraph 7.5 of Part X of the Prospectus
<b>Placing Programme</b>	the proposed programme of placings in aggregate of New Ordinary Shares to raise up to £100 million (before expenses) less the gross proceeds of the Initial Issue, as described in Part VII of the Prospectus
<b>Placing Programme Resolution or Resolution 2</b>	the special resolution to approve the disapplication of pre-emption rights in respect of the issue of New Ordinary Shares for cash pursuant to the Placing Programme to raise up to £100 million (less the amount raised under the Initial Issue) at an issue price reflecting a premium to the prevailing NAV per Ordinary Share as at the date of the relevant Placing
<b>Placing Programme Shares</b>	the New Ordinary Shares to be issued under the Placing Programme
<b>Proposals</b>	the proposals described in this document, comprising the proposed Acquisitions, Initial Issue, Placing Programme, the renewal of the Directors' allotment authority, the Whitewash Resolution and the amendment of the Existing Articles
<b>Prospectus</b>	the prospectus of the Company in respect of the Admission of the Acquisition Shares and the Initial Issue and the Placing Programme
<b>Prospectus Rules</b>	the prospectus rules made by the FCA under Part VI of FSMA
<b>Qualifying Shareholders</b>	holders of Ordinary Shares on the register of members of the Company as at the Record Date other than the Excluded Shareholders
<b>Record Date</b>	the close of business on 23 January 2015
<b>Resolution 1</b>	the Initial Issue Resolution (being a special resolution)
<b>Resolution 2</b>	the Placing Programme Resolution (being a special resolution)
<b>Resolution 3</b>	the Whitewash Resolution (being an ordinary resolution taken on a poll by Independent Shareholders)
<b>Resolution 4</b>	the Authority Resolution (being an ordinary resolution)
<b>Resolution 5</b>	the Amendment Resolution (being a special resolution)
<b>Resolutions</b>	Resolutions 1 to 5 to be proposed at the Extraordinary General Meeting
<b>Rule 9 Waiver</b>	the waiver by the Takeover Panel of the requirements which might arise for the members of the Deemed Concert Party to make an offer under Rule 9 of the Takeover Code

<b>Salamanca</b>	Salamanca Group Advisers Limited
<b>Scheme of Reorganisation</b>	the proposed scheme of reorganisation of GNRF and GNRMF
<b>Shareholders</b>	the holders of Ordinary Shares
<b>Takeover Code</b>	the UK City Code on Takeovers and Mergers
<b>Takeover Panel</b>	the Panel on Takeovers and Mergers
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland
<b>United States</b>	the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia
<b>uncertificated form</b>	recorded on the register of members as being held in uncertificated form in CREST and title to which may be transferred by CREST
<b>Unlisted Investments</b>	Additional Investments or Further Additional Investments which are not listed or quoted on any securities exchange or similar system or which, if being so listed or quoted, are not regularly traded thereon or in respect of which no prices are available or which are subject to restrictions on transfer or any other investment which in accordance with the Company's valuation policy and principles would be valued at their fair value, as determined by the Investment Manager in consultation with the Directors
<b>US\$</b>	the lawful currency of the United States
<b>VWAP</b>	volume weighted average price
<b>Whitewash Resolution or Resolution 3</b>	the ordinary resolution to be held on a poll of the Independent Shareholders at the Extraordinary General Meeting to approve the waiver granted by the Takeover Panel of any requirement under Rule 9 for the Deemed Concert Party to make a general offer to Shareholders as a result of the issue and allotment of the Acquisition Shares



