



BAKER STEEL RESOURCES TRUST LIMITED

Half-Yearly Report and Unaudited Condensed Interim Financial Statements

For the period from 1 January 2012 to 30 June 2012

BAKER STEEL RESOURCES TRUST LIMITED

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MANAGEMENT AND ADMINISTRATION

DIRECTORS:

Howard Myles (Chairman)
Edward Flood
Charles Hansard
Clive Newall
Christopher Sherwell
all of whom are non-executive directors

REGISTERED OFFICE:

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

MANAGER:

Baker Steel Capital Managers (Cayman) Limited
PO Box 309
George Town
Grand Cayman KY1-1104
Cayman Islands

INVESTMENT MANAGER:

Baker Steel Capital Managers LLP
86 Jermyn Street
London SW1Y 6JD
England
United Kingdom

BROKERS:

RBC Capital Markets
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London EC4V 4DE
United Kingdom

Winterflood Securities Limited
Cannon Bridge House
25 Dowgate Hill
London EC4R 2GA
United Kingdom

SOLICITORS TO THE COMPANY:
(as to English law)

Simmons & Simmons
CityPoint
One Ropemaker Street
London EC2Y 9SS
United Kingdom

ADVOCATES TO THE COMPANY:
(as to Guernsey law)

Ogier
Ogier House
St. Julian's Avenue
St. Peter Port
Guernsey GY1 1WA
Channel Islands

BAKER STEEL RESOURCES TRUST LIMITED

MANAGEMENT AND ADMINISTRATION (CONTINUED)

ADMINISTRATOR & COMPANY SECRETARY: HSBC Securities Services (Guernsey) Limited
Arnold House
St. Julian's Avenue
St. Peter Port
Guernsey GY1 3NF
Channel Islands

SUB-ADMINISTRATOR TO THE COMPANY: HSBC Securities Services (Ireland) Limited
1 Grand Canal Square
Grand Canal Harbour
Dublin 2
Ireland

CUSTODIAN TO THE COMPANY: HSBC Institutional Trust Services (Ireland) Limited
1 Grand Canal Square
Grand Canal Harbour
Dublin 2
Ireland

AUDITORS: Ernst & Young LLP
Royal Chambers
St. Julian's Avenue
St. Peter Port
Guernsey GY1 4AF
Channel Islands

REGISTRAR: Capita Registrars (Guernsey) Limited
Longue Hogue House
St. Sampson
Guernsey GY2 4JN
Channel Islands

PRINCIPAL BANKER: HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

DIRECTORS' REPORT

For the period from 1 January 2012 to 30 June 2012

To Shareholders of Baker Steel Resources Trust Limited

The Board is pleased to present the Company's Half-Yearly Financial Report for the six months to 30 June 2012.

This Directors' Report has been produced solely to provide additional information to Shareholders as a body, as required by the UK Listing Authority's Disclosure and Transparency Rules. It should not be relied upon by Shareholders or any other party for any other purpose.

This Directors' Report relates to the period for the six months to 30 June 2012 and contains information that covers this period and up to the date of publication of this Interim Report. Please note that more up to date performance information, including the monthly report for the period ending 31 July 2012, is available on the Company's website www.bakersteelresourcestrust.com.

The objective of the Company is to seek capital growth over the long term by investing through a focused global portfolio consisting principally of the equities, or related instruments, of natural resources companies. These investments will be predominantly in private companies with strong development projects and focused management, but also in listed securities to exploit value inherent in market inefficiencies.

Financial Performance

The unaudited net asset value per Ordinary Share as at 30 June 2012 was 114.9p per share, down 12.5% over the six months. During this period the HSBC Global Mining Index was down 9.8%.

For the purpose of calculating the net asset value per share, unquoted investments are carried at fair value as at 30 June 2012 as determined by the Directors and quoted investments are carried at last traded price as at 29 June 2012.

Net assets at 30 June 2012 comprised the following:

	£m	% net assets
Unquoted Investments	72.1	94.9
Quoted Investments	5.9	7.7
Net Cash, Equivalents and Accruals	(2.0)	(2.6)
	-----	-----
	76.0	100.0

Issue of Shares

The Company was admitted to trading on the London Stock Exchange on 28 April 2010. On that date, 30,468,865 Ordinary Shares and 6,093,772 Subscription Shares were issued pursuant to a placing and offer for subscription and 35,554,224 Ordinary Shares and 7,110,822 Subscription Shares were issued pursuant to a scheme of reorganisation of Genus Capital Fund.

In addition 10,000 Management Ordinary Shares were issued.

Following the exercise of Subscription Shares at the end of September 2010, 7,543 Ordinary Shares were issued and as a result, the Company had 66,030,632 Ordinary Shares and 13,197,051 Subscription Shares in issue at 31 December 2010.

Following the exercise of Subscription Shares at the end of March 2011, 2,429 Ordinary Shares were issued and as a result, the Company had 66,033,061 Ordinary Shares and 13,194,622 Subscription Shares in issue at 31 December 2011.

Following the exercise of 107,549 Subscription Shares at the end of March 2012, the Company has a total of 66,140,610 Ordinary Shares and 13,087,073 Subscription Shares in issue.

The Ordinary Shares are currently admitted to the Premium Listing segment of the Official List. Following the expiry of the Transitional Provision contained in LR TR 7 of the Listing Rules, effective 1 June 2012 Subscription Shares of no par value were assigned to the Standard Segment of the Official List.

DIRECTORS' REPORT (CONTINUED)

For the period from 1 January 2012 to 30 June 2012

Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Although payables exceeded cash at 30 June 2012, this was entirely owing to the accrual of the performance fee due to the Manager. The Manager has agreed not to seek payment of the performance fee until the Company has sufficient cash. Furthermore, the Company holds listed securities that can be realised if necessary to meet liabilities. The Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the interim financial statements have been prepared on a going concern basis.

Principal Risks and Uncertainties

The principal risks facing the Company relate to the Company's investment activities. These risks are mainly market risk (comprising market price risk, currency risk and interest rate risk), commodity price risk, liquidity risk and credit risk, in addition to mining development risk, licencing risk and emerging market risk. An explanation of these risks is contained in the Company's prospectus dated 31 March 2010 and the Company's Annual Report and Audited Financial Statements for the period ended 31 December 2011, both available on the Company's website www.bakersteelresourcestrust.com.

A further risk facing the Company is regulatory risk (that the loss of the Company's investment status or a breach of the Rules of the UK Listing Authority, the London Stock Exchange or the Guernsey Financial Services Commission, could have adverse financial consequences and cause reputational damage).

The principal risks and uncertainties that the Company is exposed to through mining and mineral development related markets have not changed significantly since the publication of the Company's Annual Report and Audited Financial Statements for the period ended 31 December 2011 and are not anticipated to change for the remainder of 2012.

Director' Interests

The Directors' interests in the share capital of the Company at 30 June 2012:

	Number of Ordinary Shares	Number of Subscription Shares
Edward Flood	65,000	13,000
Christopher Sherwell	25,000	5,000
Clive Newall	25,000	5,000

Mr Sherwell also has an indirect interest in the shares of the Company through an investment in another fund managed by the Manager.

Signed for and on behalf of the Directors

Howard Myles
Chairman
22 August 2012

BAKER STEEL RESOURCES TRUST LIMITED

INVESTMENT MANAGER'S REPORT

For the period from 1 January 2012 to 30 June 2012

Top 10 Holdings – 30 June 2012

	% of NAV
Ivanplats Limited*	28.7%
Gobi Coal & Energy Limited*	23.1%
China Polymetallic Mining Limited	8.8%
Ironstone Resources Limited	7.9%
Ferrous Resources Limited	7.2%
Black Pearl Limited Partnership	6.2%
Bilboes Holdings (Private) Limited	5.2%
Polar Silver Resources Limited/Argentum	4.9%
Metals Exploration plc	3.2%
South American Ferro Metals Limited	2.8%
Other Investments	4.6%
Net Cash and Equivalents	(2.6%)

31 December 2011

Ivanplats Limited*	25.4%
Gobi Coal & Energy Limited*	20.4%
Ferrous Resources Limited	12.7%
China Polymetallic Mining Limited	8.8%
Ironstone Resources Limited	6.9%
Black Pearl Limited Partnership	5.2%
Bilboes Holdings (Private) Limited	4.5%
Polar Silver Resources Ltd/Argentum	4.1%
Metals Exploration plc	3.9%
South American Ferro Metals Limited	3.1%
Other Investments	5.9%
Net Cash, Equivalents and Accruals	(0.9%)

* represented less than 20% in aggregate of the value of gross assets as at the date of the last relevant acquisition

Review

At the end of June 2012, Baker Steel Resources Trust Limited was fully invested. Small top-up investments in Polar Silver Resources Limited, Bilboes Holdings (Private) Limited and Copperbelt Minerals Limited have been made during the period totalling less than 0.5% of net assets. There have been no other new investments or realisations during the period. During the half, the NAV per share fell 12.5% to 114.9 pence largely due to decreases in the carrying values of Ferrous Resources Limited (“Ferrous”) and Copperbelt Minerals Limited as well as falls in the market values of the listed investments in the portfolio.

The largest contributor to the fall in NAV per share (6.5 percentage points) during the period was from a decision by the Company to reduce the carrying value of its interest in Ferrous, following the reported sale of part of its stake in Ferrous by Harbinger Capital Partners LLC, which had held approximately 26% of the shares of Ferrous. In February 2012, Ferrous announced the appointment of a new Chief Executive, Jayme Niccolato Correa, who was previously with major iron ore producers Vale and CSN. In June 2012, Ferrous announced that following a comprehensive review of its strategic options and operations by Mr Correa, Ferrous had decided upon a new strategy for the development of its projects and since that time, the Investment Manager has met with Mr Correa in order to understand better the new strategy. The revised plan is for step-by-step organic growth to production of an initial 5 million tonnes of iron ore per annum from 2013 which will reduce funding requirements in the short term as opposed to the previous target of 24 million tonnes per annum. However, following the end of the period the carrying value was further reduced by 16.7% in line with significant “grey market” trading.

INVESTMENT MANAGER'S REPORT (CONTINUED)

For the period from 1 January 2012 to 30 June 2012

Review (continued)

Despite positive operating results from several companies in the listed part of the portfolio they suffered significant share price falls during the period alongside the general malaise in mining equity markets. China Polymetallic Mining Limited (down 12.6%) has reported it is well on track to ramp up its Shizishan Silver Lead Zinc Mine; South American Ferro Metals Limited ("SAFM") (down 18.8%) announced that it has completed construction of a concentrator at its Ponto Verde iron ore mine in Brazil which will increase saleable product from Ponto Verde by around 50% at minimal extra operating cost and therefore will have a materially positive impact on SAFM's cashflow; Forbes and Manhattan Coal Corp (down 44.1%) announced revenues increased by 124% last year. The important factor to note with all three of these companies is that they are in production and generating strong cashflows which means they do not need to access the current weak markets to fund their continued development.

The largest company in the portfolio, Ivanplats Limited ("Ivanplats"), has also made good progress at its two major projects, producing updated NI 43-101 reports for both its Kamo a copper project in the Democratic Republic of Congo and its Platreef platinum nickel project in South Africa. Gobi Coal & Energy Limited ("Gobi") is laying the groundwork to commence production at its Shinejinst coking coal project in Mongolia, however recent weakness in global coking coal prices has translated into a significant reduction in the price of coal delivered to the Chinese border. This combined with current equity market conditions indicates a reduced likelihood of Gobi achieving its planned IPO in the near future and therefore funding for the Phase 2 expansion of its Shinejinst Mine in Mongolia. Subsequent to the end of the period, the Company has reduced its carrying value of Gobi by approximately 23%.

At 30 June 2012	Price / Index Level	% Change in Six Months	% Change from Inception
Net Asset Value (pence/share)	114.9	-12.5%	+17.4%*
Ordinary Share Price (pence/share)	93.5	+21.0%	-6.5%**
Subscription Share Price (pence/share)	13.0	-27.8%	n/a
MSCI World Index	312.11	+4.2%	+1.3%†
HSBC Global Mining Index	1,040.31	-9.8%	-20.0%†
CRB Index	284.19	-6.9%	+4.0%†
Chinese Domestic Iron Ore – Hebei/Tangshan (US\$/t)	176	-5.9%	-8.3%†
Copper (US\$/t)	7,691.75	+1.3%	+3.2%†
Gold (US\$/oz)	1,597.40	+2.2%	+36.8%†

Source: Bloomberg

† closing 27/4/10, **Issue price 28/4/10, * NAV 30/4/10

Outlook

Prices for metals have remained relatively robust and well above the long term prices the Company uses in modelling the underlying projects in its investment portfolio. Equity markets for mining shares have been weak in the first half of the year with the HSBC Global Mining Index down 9.8% with investors being in "risk off" mode as the market waits for a resolution to the sovereign debt crisis in the Eurozone. This increased "disconnect" between the prices of mining equities and commodities is unlikely to be sustained in the longer term and if commodity prices remain strong the recovery of prices of mining equities could well be marked. It should be noted that despite slowing economic growth in China, the strong growth over the past 10 years has provided a much larger base for the demand of metals and therefore the need for new mining projects.

One of the key means for the Company to monetise investments is through IPOs. Although certain of the Company's investments are sufficiently advanced in their development to be able seek a listing, most notably Ivanplats, this will only occur once the general market for IPOs is more receptive.

Baker Steel Capital Managers LLP
July 2012

DIRECTORS' RESPONSIBILITY STATEMENT
For the period from 1 January 2012 to 30 June 2012

The Directors' Report and the Investment Manager's Report comprise the Half-Yearly Management Report.

To the best of the knowledge of the Directors:

This Half-Yearly Management Report and Condensed Interim Financial Statements give a true and fair view of the assets, liabilities, financial position and profit of the Company and have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

The Half-Yearly Management Report includes a fair review of the information required by:

- (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred in the period from 1 January 2012 to 30 June 2012 and their impact on the set of financial statements; and a description of the principal risks and uncertainties for the remainder of the year; and
- (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the period from 1 January 2012 to 30 June 2012 and that have materially affected the financial position or performance of the entity during that period.

Signed on behalf of the Board of Directors by:

Howard Myles

Christopher Sherwell

22 August 2012

BAKER STEEL RESOURCES TRUST LIMITED
**UNAUDITED PORTFOLIO STATEMENT
AT 30 JUNE 2012**

Shares /Warrants/ Nominal	Investments	Fair value £ equivalent	% of Net assets
<i>Listed equity shares</i>			
Australian Dollars			
20,560,122	South American Ferro Metals Limited	2,146,526	2.82
Australian Dollars Total		2,146,526	2.82
Canadian Dollars			
3,383,333	BacTech Environmental Corporation	306,600	0.40
1,100,000	Forbes & Manhattan Coal Corporation	687,468	0.91
1,931,667	REBgold Corporation	301,809	0.40
Canadian Dollars Total		1,295,877	1.71
Great Britain Pounds			
27,815,933	Metals Exploration Plc	2,433,894	3.20
Great Britain Pounds Total		2,433,894	3.20
Total investment in listed equity shares		5,876,297	7.73
<i>Fixed Income instruments</i>			
United States Dollars			
5,100,000	Argentum Convertible Note @ 0.1% 25/01/2013	3,251,100	4.28
200,000	Bilboes Holdings Convertible Note	127,494	0.17
780,000	Polar Silver Convertible Note	497,227	0.65
United States Dollars Total		3,875,821	5.10
Total investment in Fixed Income Instruments		3,875,821	5.10
<i>Unlisted equity shares and warrants</i>			
Canadian Dollars			
6,666,667	BacTech Mining Corporation Warrants 06/08/2013	2,500	-
10,250,000	BacTech Mining Corporation Warrants 17/06/2015	29,467	0.04
6,282,341	Ironstone Resources Limited	5,889,422	7.75
3,036,605	Ironstone Resources Limited Warrants 30/09/2013	131,931	0.17
2,400,000	REBgold Corporation Warrants 20/11/2016	1,200	-
Canadian Dollars Total		6,054,520	7.96

BAKER STEEL RESOURCES TRUST LIMITED**UNAUDITED PORTFOLIO STATEMENT (CONTINUED)
AT 30 JUNE 2012**

Shares /Warrants/ Nominal	Investments	Fair value £ equivalent	% of Net assets
<i>Unlisted equity shares and warrants (continued)</i>			
Great Britain Pounds			
1,594,646	Celadon Mining Limited	143,518	0.19
Great Britain Pounds Total		143,518	0.19
United States Dollars			
3,034,734	Archipelago Metals Limited	386,911	0.51
451,445	Bilboes Holdings (Private) Limited	3,824,836	5.03
7,000,000	Black Pearl Limited Partnership	4,746,394	6.24
6,576,192	China Polymetallic Mining Limited	6,685,829	8.79
338,469	Copperbelt Minerals Limited	1,510,348	1.99
5,713,642	Ferrous Resources Limited	5,463,417	7.19
4,244,550	Gobi Coal and Energy Limited	17,587,541	23.14
9,787,495	Ivanplats Limited	21,837,338	28.73
1,070	Polar Silver Resources Limited	682	-
United States Dollars Total		62,043,296	81.62
Total unlisted equity shares and warrants		68,241,334	89.77
Financial assets held at fair value through profit or loss		77,993,452	102.60
Other assets & liabilities		(1,974,061)	(2.60)
Total equity		76,019,391	100.00

BAKER STEEL RESOURCES TRUST LIMITED**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

		Unaudited 30 June 2012 £	Audited 31 December 2011 £
Assets	Notes		
Cash and cash equivalents	8	454,711	1,629,044
Tax refund receivable	5	1,387,249	1,402,642
Other receivables		8,271	12,111
Financial assets held at fair value through profit or loss (Cost: £63,900,162 (2011: £63,535,547))	3	77,993,452	87,540,484
Total assets		79,843,683	90,584,281
Equity and Liabilities			
Liabilities			
Performance fees payable	7	3,651,275	3,651,275
Management fees payable	7	90,549	84,635
Directors' fees payable		36,192	36,000
Audit fees payable		19,111	40,000
Administration fees payable	6	6,900	27,443
Other payables		20,265	21,278
Total liabilities		3,824,292	3,860,631
Equity			
Management Ordinary Shares	9	10,000	10,000
Ordinary Shares	9	64,765,133	64,657,584
Profit and loss account		11,244,258	22,056,066
Total equity		76,019,391	86,723,650
Total equity and liabilities		79,843,683	90,584,281
Ordinary Shares in issue	9	66,150,610	66,043,061
Net asset value per Ordinary Share (in Pence) – Basic	4	114.9	131.3

These financial statements were approved by the Board of Directors on 22 August 2012 and signed on its behalf by:

Howard Myles

Christopher Sherwell

The accompanying notes form an integral part of these condensed interim financial statements

BAKER STEEL RESOURCES TRUST LIMITED**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 JUNE 2012**

		Unaudited period ended 30 June 2012 Revenue £	Unaudited period ended 30 June 2012 Capital £	Unaudited period ended 30 June 2012 Total £
Income				
Net loss on financial assets and liabilities at fair value through profit or loss		-	(9,911,647)	(9,911,647)
Net foreign exchange loss		-	(18,710)	(18,710)
Net loss		-	(9,930,357)	(9,930,357)
Expenses				
Performance fees	7	-	-	-
Management fees	7	608,334	-	608,334
Directors' fees and expenses		70,000	-	70,000
Audit fees		20,000	-	20,000
Administration fees	6	50,665	-	50,665
Custody fees		26,032	-	26,032
Other expenses		106,420	-	106,420
Total expenses		881,451	-	881,451
Total comprehensive expense for the period		(881,451)	(9,930,357)	(10,811,808)
Net expense for the period per Ordinary Share:				
Basic and diluted (in pence)	4	(1.4)	(15.0)	(16.4)
Weighted Average Number of Ordinary Shares Outstanding:				
Basic and diluted	4			66,096,836

In the period ended 30 June 2012 there were no gains or losses other than those recognised above.

The Directors consider all results to derive from continuing activities.

The accompanying notes form an integral part of these condensed interim financial statements

BAKER STEEL RESOURCES TRUST LIMITED**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011**

		Unaudited period ended 30 June 2011 Revenue £	Unaudited period ended 30 June 2011 Capital £	Unaudited period ended 30 June 2011 Total £
Income				
Interest income		71,324	-	71,324
Net gain on financial assets and liabilities at fair value through profit or loss		-	11,801,907	11,801,907
Net foreign exchange loss		-	(52,889)	(52,889)
Other income		112	-	112
Net income		71,436	11,749,018	11,820,454
Expenses				
Performance fees	7	1,978,050	-	1,978,050
Management fees	7	554,807	-	554,807
Directors' fees and expenses		70,000	-	70,000
Audit fees		20,000	-	20,000
Administration fees	6	42,767	-	42,767
Custody fees		24,576	-	24,576
Other expenses		164,942	-	164,942
Total expenses		2,855,142	-	2,855,142
Total comprehensive (expense)/income for the period		(2,783,706)	11,749,018	8,965,312
Net (expense)/earnings for the period per Ordinary Share:				
Basic and diluted (in pence)	4	(4.2)	17.8	13.6
Weighted Average Number of Ordinary Shares Outstanding:				
Basic and diluted	4			66,041,847

In the period ended 30 June 2011 there were no gains or losses other than those recognised above.

The Directors consider all results to derive from continuing activities.

The accompanying notes form an integral part of these condensed interim financial statements

BAKER STEEL RESOURCES TRUST LIMITED**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 JUNE 2012**

	Management Ordinary Shares £	Ordinary Shares £	Profit and loss account £	Period ended 2012 £
Balance as at 1 January 2012	10,000	64,657,584	22,056,066	86,723,650
Proceeds on issue of Ordinary Shares	-	107,549	-	107,549
Net expense for the period	-	-	(10,811,808)	(10,811,808)
Balance as at 30 June 2012	10,000	64,765,133	11,244,258	76,019,391

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011**

	Management Ordinary Shares £	Ordinary Shares £	Profit and loss account £	Period Ended 2011 £
Balance at 1 January 2011	10,000	64,655,155	3,609,143	68,274,298
Proceeds on issue of Ordinary Shares	-	2,429	-	2,429
Net income for the period	-	-	8,965,312	8,965,312
Balance as at 30 June 2011	10,000	64,657,584	12,574,455	77,242,039

The accompanying notes form an integral part of these condensed interim financial statements

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 JUNE 2012**

	Notes	Period ended 30 June 2012 £	Period ended 30 June 2011 £
Cash flows from operating activities			
Net (expense)/income for the period		(10,811,808)	8,965,312
<i>Adjustments to reconcile income for the period to net cash used in operating activities:</i>			
Net change in fair value of financial assets at fair value through profit or loss		9,911,647	(11,801,907)
Net decrease in other receivables		19,233	1,447
Net (decrease)/increase in other payables		(36,339)	1,968,289
Net cash used in operating activities		(917,267)	(866,859)
Cash flows from investing activities			
Purchase of financial assets at fair value through profit or loss		(364,615)	(12,813,034)
Sale of financial assets at fair value through profit or loss		-	14,882,961
Net cash (used in)/provided by investing activities		(364,615)	2,069,927
Cash flows from financing activities			
Proceeds from shares issued	9	107,549	2,429
Net cash provided by financing activities		107,549	2,429
Net (decrease)/increase in cash and cash equivalents		(1,174,333)	1,205,497
Cash and cash equivalents at the beginning of the period		1,629,044	1,013,506
Cash and cash equivalents at the end of the period	8	454,711	2,219,003
Represented by:			
Cash and cash equivalents		454,711	2,219,003
Cash and cash equivalents at the end of the period	8	454,711	2,219,003

The accompanying notes form an integral part of these condensed interim financial statements

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 JUNE 2012**

1. GENERAL INFORMATION

Baker Steel Resources Trust Limited (the “Company”) is a closed-ended investment company with limited liability incorporated on 9 March 2010 in Guernsey under the Companies (Guernsey) Law, 2008 with registration number 51576. The Company is a registered closed-ended investment scheme registered pursuant to the POI Law and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission (GFSC). On 28 April 2010 the Ordinary Shares and Subscription Shares of the Company were admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange. The Company’s Ordinary and Subscription Shares were admitted to the Premium Listing Segment of the Official List on 28 April 2010. Effective 1 June 2012 the Subscription Shares are assigned to the Standard Segment of the Official List.

The Company’s portfolio is managed by Baker Steel Capital Managers (Cayman) Limited (the “Manager”). The Manager has appointed Baker Steel Capital Managers LLP (the “Investment Manager”) as the Investment Manager to carry out certain duties. The Company’s investment objective is to seek capital growth over the long-term through a focused, global portfolio consisting principally of the equities, or related instruments, of natural resources companies. The Company invests predominantly in unlisted companies (i.e. those companies which have not yet made an initial public offering or “IPO”) and also in listed securities (including special situations opportunities and less liquid securities) with a view to exploiting value inherent in market inefficiencies and pricing anomalies.

The Half-yearly financial report has not been audited or reviewed by the auditors pursuant to the Auditing Practices Board guidance on review Interim Financial Information

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standards (IAS) 34: Interim Financial Reporting.

The financial statements have been prepared on a historic cost basis except for financial assets and financial liabilities at fair value through profit or loss, which are designated at fair value through profit or loss.

The accounting policies used in the preparation of these financial statements are consistent with those used in the Company’s most recent annual financial statements for the year ended 31 December 2011. There have been no changes to the Company’s accounting policies since the date of the Company’s last annual financial statements, for the year ended 31 December 2011. The format of these financial statements differs in some respects from that of the most recent annual financial statements, in that the notes to the financial statements are presented in summary form.

The Company’s functional currency is the Great Britain pound sterling (“£”), being the currency in which its Ordinary Shares and Subscription Shares are issued and in which returns are made to shareholders. The presentation currency is the same as the functional currency. The Company invests in companies around the world whose shares are denominated in various currencies. Currently the majority of the portfolio is denominated in US Dollars but this will not necessarily remain the case as the portfolio develops.

The statement of comprehensive income is presented in accordance with the Statement of Recommended Practice ‘Financial Statements of Investment Trust Companies and Venture Capital Trusts’ issued in January 2009 by the Association of Investment Companies, to the extent that it does not conflict with International Financial Reporting Standards (IFRS).

3. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

30 June 2012	Listed equity shares	Unlisted equity shares	Fixed income instruments	Warrants	Total
	£	£	£	£	£
<i>Financial assets at fair value through profit or loss</i>					
Cost	9,006,135	51,047,761	3,846,266	-	63,900,162
Unrealised gain/(loss)	(3,129,838)	17,028,475	29,555	165,098	14,093,290
Market value at 30 June 2012	<u>5,876,297</u>	<u>68,076,236</u>	<u>3,875,821</u>	<u>165,098</u>	<u>77,993,452</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 JUNE 2012**

3. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

31 December 2011	Listed equity shares	Unlisted equity shares	Fixed income instruments	Warrants	Total
	£	£	£	£	£
<i>Financial assets at fair value through profit or loss</i>					
Cost	9,006,135	51,020,003	3,509,409	-	63,535,547
Unrealised gain/(loss)	(873,563)	24,620,875	56,513	201,112	24,004,937
Market value at 31 December 2011	<u>8,132,572</u>	<u>75,640,878</u>	<u>3,565,922</u>	<u>201,112</u>	<u>87,540,484</u>

The following table analyses investments by type and by level within the fair valuation hierarchy at 30 June 2012.

	Quoted prices in active markets Level 1	Quoted market based observables Level 2	Unobservable inputs Level 3	Total
	£	£	£	£
<i>Financial assets at fair value through profit or loss</i>				
Listed equity shares	5,876,297	-	-	5,876,297
Unlisted equity shares	-	-	68,076,236	68,076,236
Warrants	-	-	165,098	165,098
Fixed income instruments	-	-	3,875,821	3,875,821
	<u>5,876,297</u>	<u>-</u>	<u>72,117,155</u>	<u>77,993,452</u>

The following table analyses investments by type and by level within the fair valuation hierarchy at 31 December 2011.

	Quoted prices in active markets Level 1	Quoted market based observables Level 2	Unobservable inputs Level 3	Total
	£	£	£	£
<i>Financial assets at fair value through profit or loss</i>				
Listed equity shares	8,132,572	-	-	8,132,572
Unlisted equity shares	-	-	75,640,878	75,640,878
Warrants	-	-	201,112	201,112
Fixed income instruments	-	-	3,565,922	3,565,922
	<u>8,132,572</u>	<u>-</u>	<u>79,407,912</u>	<u>87,540,484</u>

The table below shows a reconciliation of beginning to ending fair value balances for Level 3 investments and the amount of total gains or losses for the year included in earnings attributable to the change in unrealised gains or losses relating to assets and liabilities held at 30 June 2012.

	Total	Equities	Fixed income instruments	Warrants
	£	£	£	£
Opening balance 1 January 2012	79,407,912	75,640,878	3,565,922	201,112
Purchases of investments	364,615	27,758	336,857	-
Change in net unrealised appreciation/(depreciation)	(7,655,372)	(7,592,400)	(26,958)	(36,014)
Closing balance 30 June 2012	<u>72,117,155</u>	<u>68,076,236</u>	<u>3,875,821</u>	<u>165,098</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 JUNE 2012**

3. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The table below shows a reconciliation of beginning to ending fair value balances for Level 3 investments and the amount of total gains or losses for the year included in earnings attributable to the change in unrealised gains or losses relating to assets and liabilities held at 31 December 2011.

	Total £	Equities £	Fixed income instruments £	Warrants £
Opening balance 1 January 2011	47,402,510	35,188,512	-	12,213,998
Purchases of investments	17,599,108	14,089,699	3,509,409	-
Investment option converted and exercised	(8,408,187)	-	-	(8,408,187)
Change in net unrealised appreciation/(depreciation)	22,814,481	26,362,667	56,513	(3,604,699)
Closing balance 31 December 2011	<u>79,407,912</u>	<u>75,640,878</u>	<u>3,565,922</u>	<u>201,112</u>

In determining an investment's placement within the fair value hierarchy, the Directors take into consideration the following factors:

Investments whose values are based on quoted market prices in active markets are classified within level 1. These include listed equities with observable market price. The Directors do not adjust the quoted price for such instruments, even in situations where the Company holds a large position and a sale could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within level 2. These include certain less liquid listed equities. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Company did not hold any such investments at 30 June 2012.

Investments classified within Level 3 have significant unobservable inputs. They include unlisted fixed income instruments, unlisted equity shares and warrants. Level 3 investments are valued using valuation techniques explained in the Company's accounting policies. The inputs used by the Directors in estimating the value of Level 3 investments include the original transaction price, recent transactions in the same or similar instruments if representative in volume and nature, completed or pending third-party transactions in the underlying investment of comparable issuers, subsequent rounds of financing, recapitalisations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Directors in the absence of market information. In cases where there have been no relevant transactions during the year, the Directors will take due consideration of the change in Development Risk Adjusted Net Present Values of the assets underlying the investments, prepared by the Investment Manager, since the last change in valuation and of whether such change is indicative of a change in fair value.

4. NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE

Basic net asset value per share is based on the net assets of £76,019,391 (31 December 2011: £86,723,650) and 66,150,610 (31 December 2011: 66,043,061) Ordinary Shares, being the number of shares in issue at the period end. The Subscription Shares are entitled to be converted to Ordinary Shares at 100p per share. The calculation for basic net asset value is as below:-

	30 June 2012		31 December 2011	
	Ordinary Shares	Subscription Shares	Ordinary Shares	Subscription Shares
Net assets at the period end (£)	76,019,391	13,087,073	86,723,650	13,194,622
Number of shares	66,150,610	13,087,073	66,043,061	13,194,622
Basic net asset value per share (in pence)	114.9		131.3	

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 JUNE 2012**

4. NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE (CONTINUED)

The basic earnings per share is based on the net loss for the period of the Company of £10,811,808 (net gain for the year ended 31 December 2011: £18,446,923) and on 66,096,836 (31 December 2011: 66,042,454) Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the period. Although the average market share price during the period of 105.16p is higher than the exercise price of 100p, basic and diluted earnings per share are the same due to the fact that the conversion of subscription shares to ordinary shares would decrease the loss per share, hence subscription shares are anti-dilutive. This calculation is prepared in accordance with IFRS.

5. TAXATION

The Company is a Guernsey Exempt Company and is therefore not subject to taxation on its income under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. An annual exempt fee of £600 has been paid. The acquisition of First Coal by Xstrata Coal during the financial year ended 31 December 2011 gave rise to Canadian withholding tax of 25% of the gross proceeds of sale. The Company's withholding tax obligation has been reduced as it has filed a Canadian tax return. The tax refund receivable of £1,387,249 (31 December 2011: £1,402,642) represents the Canadian tax refund that is due to the Company. The Company expects to receive the tax refund in September 2012.

6. ADMINISTRATION FEES

The Administrator, HSBC Securities Services (Guernsey) Limited, is paid fees for acting as administrator of the Company at the rate of 7 basis points of gross asset value up to US\$250 million; the rate reduces to 5 basis points of gross asset value above US\$250 million. The Administrator is also reimbursed by the Company for reasonable out-of-pocket expenses. These fees accrue and are calculated as at the last Business Day of each month and paid monthly in arrears.

The Administrator is also entitled to a fee for its provision of corporate secretarial services provided to the Company on a time spent basis and subject to a minimum annual fee of £40,000. The Company is also responsible for any sub-administration fees as agreed in writing from time to time, and reasonable out-of-pocket expenses. The Administrator is also entitled to fees of €5,000 for preparation of the financial statements of the Company.

The administration fees paid for the period ended 30 June 2012 were £50,665 (30 June 2011: £42,767) of which £6,900 was payable at 30 June 2012 (31 December 2011: £27,443). HSBC Securities Services (Ireland) Limited, the sub-administrator, is paid a portion of these fees by the Administrator.

7. MANAGEMENT AND PERFORMANCE FEES

The Manager was appointed pursuant to a management agreement with the Company dated 31 March 2010 (the "Management Agreement"). The Company pays to the Manager a management fee which is equal to 1/12th of 1.75% of the total market capitalisation of the Company per month. The management fee is calculated and accrued as at the last Business Day of each month and is paid monthly in arrears.

The Manager may in certain circumstances also be entitled to be paid a performance fee if the Net Asset Value at the end of any Performance Period exceeds the Hurdle as at the end of the Performance Period. The first performance period commenced on the date of Admission and ended 31 December 2010 and thereafter, is each 12 month period ending on 31 December in each year (the "Performance Period"). In respect of the first Performance Period which was less than a full 12 months, the Hurdle was applied pro rata. For this purpose the "Hurdle" means an amount equal to the Issue Price of £1 per Ordinary Share multiplied by the number of Shares in issue as at Admission, as increased at a rate of 8% per annum compounded to the end of the relevant Performance Period. In respect of the first Performance Period and any other Performance Period which is less than a full 12 months, the Hurdle will be applied pro rata. The performance fee is subject to adjustments for any issue and/or repurchase of Ordinary Shares.

The amount of the performance fee (if any) is 15 per cent of the total increase in the Net Asset Value, if the Hurdle has been met, at the end of the relevant Performance Period over the highest previously recorded Net Asset Value as at the end of a Performance Period in respect of which a performance fee was last accrued, (or the Issue Price multiplied by the number of shares in issue as at Admission, if no performance fee has been so accrued) having made adjustments for numbers of Ordinary Shares issued and/or repurchased as described above. In addition, the performance fee will only become payable if there have been sufficient net realised gains. The Manager has agreed not to seek payment of the performance fee until the Company has sufficient cash.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 JUNE 2012**

7. MANAGEMENT AND PERFORMANCE FEES (CONTINUED)

If the Company wishes to terminate the Management Agreement without cause it is required to give the Manager 12 months' prior notice or pay to the Manager an amount equal to: (a) the aggregate investment management fee which would otherwise have been payable during the 12 months following the date of such notice (such amount to be calculated for the whole of such period by reference to the Market Capitalisation prevailing on the Valuation Day on or immediately prior to the date of such notice); and (b) any performance fee accrued at the end of any Performance Period which ended on or prior to termination and which remains unpaid at the date of termination which shall be payable as soon as, and to the extent that, sufficient cash or other liquid assets are available to the Company (as determined in good faith by the Directors), provided that such accrued performance fee shall be paid prior to the Company making any new investment or settling any other liabilities; and (c) where termination does not occur at 31 December in any year, any performance fee accrued at the date of termination shall be payable as soon as and to the extent that sufficient cash or other liquid assets are available to the Company (as determined in good faith by the Directors), provided that such accrued performance fee shall be paid prior to the Company making any new investment or settling any other liabilities. At the period end the Manager was due £3,651,275 relating to the performance period up to 31 December 2011. No further performance fee will be accrued or paid until the Net Asset Value exceeds £86,831,199 (131.3p per share) as adjusted for further issues and repurchases of shares.

8. CASH AND CASH EQUIVALENTS

	30 June 2012	31 December 2011
	£	£
Deposits at HSBC Bank plc	454,711	1,629,044

9. SHARE CAPITAL

The share capital of the Company on incorporation was represented by an unlimited number of Ordinary Shares of no par value. The Company may issue an unlimited number of shares of a nominal or par value and/or of no par value or a combination of both.

Following the exercise of 107,549 Subscription Shares at the end of March 2012, the Company has a total of 66,140,610 Ordinary Shares and 13,087,073 Subscription Shares in issue. In addition, the Company has 10,000 Management Ordinary Shares in issue, which are held by the Investment Manager.

The Ordinary Shares are currently admitted to the Premium Listing segment of the Official List. Following the expiry of the Transitional Provision contained in LR TR 7 of the Listing Rules, effective 1 June 2012 Subscription Shares of no par value are assigned to the Standard Segment of the Official List.

The details of issued share capital of the Company are as follows:

	30 June 2012	31 December 2011
Issued and fully paid share capital		
Ordinary Shares of no par value*	66,150,610	66,033,061
Subscription Shares of no par value	13,087,073	13,194,622

The issue of Ordinary Shares during the period ended 30 June 2012 took place as follows:

	Ordinary Shares	Subscription Shares
Balance at 1 January 2012	66,043,061	13,194,622
Conversion of Subscription Shares	107,549	(107,549)
Balance at 30 June 2012	66,150,610	13,087,073

The issue of Ordinary Shares during the year ended 31 December 2011 took place as follows:

	Ordinary Shares	Subscription Shares
Balance at 1 January 2011	66,040,632	13,197,051
Conversion of Subscription Shares	2,429	(2,429)
Balance at 31 December 2011	66,043,061	13,194,622

*Includes 10,000 Management Ordinary shares. On 9 March 2010, 1 Management Ordinary Share was issued and on 26 March 2010, 9,999 Management Ordinary Shares were issued.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 JUNE 2012**

10. RELATED PARTY TRANSACTIONS

The Directors' interests in the share capital of the Company at 30 June 2012 and 31 December 2011 were as follows:

	Number of Ordinary Shares	Number of Subscription Shares
Edward Flood	65,000	13,000
Christopher Sherwell	25,000	5,000
Clive Newall	25,000	5,000

Mr Sherwell also has an indirect interest in the shares of the Company through an investment in another fund managed by the Manager.

The Manager, Baker Steel Capital Managers (Cayman) Limited, had an interest in 504,832 Ordinary Shares and 100,876 Subscription Shares at 30 June 2012 and 31 Dec 2011.

The Investment Manager, Baker Steel Capital Managers LLP, had an interest in 10,000 Management Ordinary Shares at 30 June 2012 and 31 Dec 2011.

11. SUBSEQUENT EVENTS

Due mainly to the reduction in fair values of Gobi and Ferrous the net asset value of the Company decreased by 6.2% in July 2012. The net asset value of the Company at 31 July 2012 was £71,324,741.

There have been no other subsequent events since the period end.

12. APPROVAL OF HALF-YEARLY REPORT AND UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

The Half-Yearly Report and Unaudited Condensed Interim Financial Statements to 30 June 2012 were approved by the Board of Directors on 22 August 2012.