



BAKER STEEL RESOURCES TRUST LIMITED

Half-Yearly Report and Unaudited Condensed Interim Financial Statements

For the period from 1 January 2014 to 30 June 2014

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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 and independent)

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

STOCKBROKERS:

Numis Securities Limited
10 Paternoster Square
London EC4M 7LT
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

ADMINISTRATOR & COMPANY SECRETARY:

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

BAKER STEEL RESOURCES TRUST LIMITED

MANAGEMENT AND ADMINISTRATION (CONTINUED)

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 Hougue House St. Sampson Guernsey GY2 4JN Channel Islands
UK PAYING AGENT AND TRANSFER AGENT:	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom
RECEIVING AGENT	Capita Registrars Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom
PRINCIPAL BANKER:	HSBC Bank plc 8 Canada Square London E14 5HQ United Kingdom

DIRECTORS' REPORT

For the period from 1 January 2014 to 30 June 2014

To Shareholders of Baker Steel Resources Trust Limited (the "Company")

The Board is pleased to present the Company's Interim Management Report for the six months to 30 June 2014.

This Interim Management 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 Interim Management Report relates to the period for the six months to 30 June 2014 and contains information that covers this period and the period 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 ended 31 July 2014, 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 2014 was 53.0p per share, down 14.5% in Sterling terms over the six months. During this period the Euromoney Global Mining 100 Index was up 1.2% in Sterling terms.

For the purpose of calculating the Net Asset Value ("NAV") per share, all investments are carried at fair value as at 30 June 2014. The fair value of unquoted investments is determined by the Directors and quoted investments are carried at the last traded price as at 30 June 2014 (last business day of the month).

Net assets at 30 June 2014 comprised the following:

	£m	% net assets
Unquoted Investments	25.3	69.9
Quoted Investments	11.0	30.4
Net Cash, Equivalents and Accruals	(0.1)	(0.3)
	-----	-----
	36.2	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, March 2011, March 2012, June 2012 and September 2012, a total of 119,444 Ordinary Shares were issued. In June 2014 a total of 2,259,357 Ordinary Shares were issued and as a result, the Company had a total of 68,401,890 Ordinary and 10,000 Management Shares in issue at 30 June 2014.

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 the Company has net current liabilities at 30 June 2014 of £120,767, it holds listed securities that can be realised to meet liabilities as they become due; as at 30 June 2014, approximately 15% of the Company's assets were represented by cash and unrestricted listed and quoted investments. 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 financial statements have been prepared on a going concern basis.

DIRECTORS' REPORT (CONTINUED)**For the period from 1 January 2014 to 30 June 2014****Related Party Transactions**

Transactions with related parties are based on terms equivalent to those that prevail in an arm's length transaction and are disclosed in Note 10.

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 in the Company's Annual Report and Audited Financial Statements for the year ended 31 December 2013, both available on the Company's website www.bakersteelresourcestrust.com.

A further risk facing the Company is regulatory risk, for example 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, generally and 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 year ended 31 December 2013 and are not anticipated to change for the remainder of 2014.

Directors

The Directors of the Company who served during the period were:

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

Attendance at the Board and Audit Committee meetings during the period was as follows;

	Board Meetings		Audit Committee Meetings		Ad hoc Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
Howard Myles*	2	2	2	2	1	1
Christopher Sherwell*	2	2	2	2	1	1
Charles Hansard	2	2	N/A	N/A	1	1
Clive Newall*	2	2	2	1	1	0
Edward Flood	2	1	N/A	N/A	1	0

* Members of the Audit Committee.

In addition to formal meetings, all Directors contribute to a significant ad hoc exchange of views between the Directors and the Investment Manager on specific matters, in particular, in relation to developments in the portfolio.

The Directors are remunerated for their services at such rate as the Directors determine provided that the aggregate amount of such fees may not exceed £200,000 per annum (or such sum as the Company in general meeting shall from time to time determine).

For the period ended 30 June 2014 the total remuneration of the Directors was £70,000 (30 June 2013: £70,000), of which £35,712 was payable at 30 June 2014 (31 December 2013: £36,000).

DIRECTORS' REPORT (CONTINUED)

For the period from 1 January 2014 to 30 June 2014

Directors (continued)

The Directors' interests in the share capital of the Company at 30 June 2014 and 31 December 2013 are set out below:

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

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
21 August 2014

BAKER STEEL RESOURCES TRUST LIMITED

INVESTMENT MANAGER'S REPORT

For the period from 1 January 2014 to 30 June 2014

Investment Update

Top 10 Holdings – 30 June 2014

	% of NAV
Black Pearl Limited Partnership	15.4%
Ivanhoe Mines Limited (formerly Ivanplats Ltd)	15.1%
Ironstone Resources Limited	14.0%
Polar Silver / Argentum	13.8%
Bilboes Gold Limited	11.1%
Metals Exploration plc	8.8%
Ferrous Resources Limited	6.9%
Gobi Coal & Energy Limited	6.8%
China Polymetallic Mining Company Limited (Five Stars BS Ltd)	4.4%
South American Ferro Metals Limited	1.6%
Other Investments	2.4%
Net Cash, Equivalents and Accruals	(0.3%)

Top 10 Holdings – 31 December 2013

	% of NAV
Ivanhoe Mines Limited (formerly Ivanplats Limited)	18.9%
Black Pearl Limited Partnership	13.3%
Ironstone Resources Limited	12.6%
Gobi Coal & Energy Limited	12.5%
Bilboes Gold Limited	10.1%
Polar Silver Resources Ltd /Argentum	8.7%
China Polymetallic Mining Company Limited (Five Stars BS Ltd)	7.1%
Ferrous Resources Limited	6.3%
Metals Exploration plc	5.9%
South American Ferro Metals Limited	1.5%
Other Investments	2.3%
Net Cash, Equivalents and Accruals	0.8%

Review

At the end of June 2014, Baker Steel Resources Trust Limited was fully invested. During the first six months of the year, the Net Asset Value per share fell 14.5% to 53.0p in a broadly flat market for mining shares with the Euromoney Global Mining 100 Index rising 1.2% in Sterling terms. The largest contributor to this fall was Gobi Coal & Energy Ltd (“Gobi Coal”) with a 50% write down to its carrying value, reflecting the performance of listed Mongolian coal shares over the previous 12 months. The low global price for metallurgical coal has been exacerbated by a fall-off in demand at the Chinese border and a significant widening of the discount the Chinese have been prepared to pay for Mongolian coal. The Mongolian coalfields, including Gobi Coal’s Shinejinst project, are undoubtedly of high quality, being large and mineable from open pit, and therefore will be well-placed to satisfy China’s future coal requirements once the situation normalises although it is difficult at this point to place a timetable on this.

The share price performance of the Company’s largest investment, Ivanhoe Mines Limited (“Ivanhoe”) was the second largest contributor to the fall in the net asset value per share during the first half of 2014. Ivanhoe’s share price on the Toronto Stock Exchange fell 27.3% in CAD terms during the period despite it announcing good progress at all three of its main projects. In March 2014, Ivanhoe released the results of an independent Preliminary Economic Assessment (“PEA”) on its platinum, palladium, nickel, copper, gold and rhodium resources at its Platreef Project on the Bushveld Complex’s Northern Limb in South Africa. This envisages a large mechanised underground mine developed on a phased approach to establish a mine producing 785,000 ounces of platinum, palladium, gold and rhodium per annum. Ivanhoe also announced the results of exploration which suggested a major extension to the currently identified mineralisation at Platreef as well as award of the mining rights for the development of the project.

INVESTMENT MANAGER'S REPORT (CONTINUED)

For the period from 1 January 2014 to 30 June 2014

Review (continued)

At the Kamao copper project in the Democratic Republic of Congo ("DRC") work has centred on the Kansoko Sud area which will provide a high grade kick start to the mine which is planned to produce 300,000 tonnes per annum of blister copper once in full production. At the Kipushi zinc/copper mine, also in DRC, the previously producing mine workings were successfully de-watered during the period and a resource drilling programme commenced. Initial results from this drilling support the historic estimates of the "Big Zinc" zone of the deposit with assays of over 40% zinc.

At the end of June 2014, the Company acquired a further US\$2,500,000 nominal amount of convertible loans to ZAO Argentum the wholly owned subsidiary of Polar Silver and this consideration was satisfied through the issue of new Ordinary Shares of the Company, at the unaudited NAV as at 31 May 2014, to the vendor. ZAO Argentum owns a 50% interest in the high grade Prognoz silver project in Russia. A PEA on the project envisages a mine producing an average of 16 million ounces of silver per annum over the first 10 years of production, with pre-production capital costs of US\$270 million and an average operating cost of US\$6.61 per ounce of silver. This acquisition raises the Company's effective interest in the Tier 1 Prognoz silver project from 7.5% to 10.6% on conversion of the convertible loans.

Shortly following the period end, the Company acquired a 5.8% interest in Global Oil Shale Group plc ("GOS") valued at £1.75 million, and this consideration was satisfied through the issue of new Ordinary Shares of the Company, at the unaudited NAV as at 30 June 2014 to the vendor. GOS is a private oil shale explorer and developer whose key asset is the Julia Creek oil shale project in Queensland, Australia, containing Australian Joint Ore Reserves Committee ("JORC") defined Indicated and Inferred Resources of 2.18 billion barrels of shale oil. GOS has also recently signed a Memorandum of Understanding with the Moroccan authorities to develop a block previously drilled by Shell. GOS is a rapidly growing company in the energy part of the mining sector providing exposure to a nascent industry which is yet to be focused on by mainstream investors.

The majority of the Company's remaining investments continue to make progress, in particular Metals Exploration Plc which is continuing on track and on budget for commissioning and first gold production in the first quarter of 2015 at its 100,000 ounce per annum Runruno gold project in the Philippines. During the period the company finalised a US\$83 million project debt facility with HSBC and BNP Paribas banks. Completion of this debt facility, sufficient to take the Runruno project through to full production, following the raising of the equity component in 2013, is an important milestone for Metals Exploration Plc, as it largely removes financing risk for the project.

At 30 June 2014	Price / Index Level	% Change in Six Months	% Change from Inception
Net Asset Value (pence/share)	53.0	-14.5%	-45.9%*
Ordinary Share Price (pence/share)	40.875	-13.7%	-59.1%**
MSCI ACWI Index (£)	250.702	+1.7%	+24.3%†
Euromoney Global Mining 100 Index (£)	533.84	+1.2%	-37.2%†
Chinese Import Iron Ore Fines 62% Fe spot	93.8	-30.1%	-34.4%†
Copper (US\$/t)	7041.0	-4.5%	-5.5%†
Gold (US\$/oz)	1327.32	+10.1%	+13.7%†

Source: Bloomberg

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

Outlook

Prices for precious metals recovered in the first half of the year with gold up 10% and silver up 8% in dollar terms. The iron ore price fell sharply, falling 30% as Chinese demand was sluggish and additional supply came on line. Analyst forecasts for iron ore suggest that its price could weaken further due to an expected supply surplus although it should be noted that the Company's investments in iron ore are all expected to be in the bottom half of the cost curve and therefore should return a profit even in a lower price environment. Equity markets for mining shares have been highly volatile in the first six months of 2014. Investor sentiment towards the mining industry has as ever been cyclical, however the investment team has experienced several bear cycles such as that encountered by the Company in the first four years of its existence. Although it appears that sentiment and therefore mining share ratings have "bottomed out", the timing of an upswing cannot be predicted but given the quality of the Company's assets, we believe that it is well positioned to benefit when markets recover.

DIRECTORS' RESPONSIBILITY STATEMENT
For the period from 1 January 2014 to 30 June 2014

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 2014 to 30 June 2014 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 2014 to 30 June 2014 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

21 August 2014

BAKER STEEL RESOURCES TRUST LIMITED
**UNAUDITED PORTFOLIO STATEMENT
AT 30 JUNE 2014**

Shares /Warrants/ Nominal	Investments	Fair value £ equivalent	% of Net assets
<u>Listed equity shares and warrants</u>			
Australian Dollars			
20,560,122	South American Ferro Metals Limited	566,801	1.56
Australian Dollars Total		566,801	1.56
Canadian Dollars			
1,931,667	Aquila Resources Inc	105,898	0.29
3,383,333	BacTech Environmental Corporation	55,645	0.15
1,100,000	Forbes & Manhattan Coal Corporation	78,396	0.22
5,872,500	Ivanhoe Mines Limited (restricted)*	4,115,727	11.35
1,738,997	Ivanhoe Mines Limited	1,296,566	3.58
Canadian Dollars Total		5,652,232	15.59
Great Britain Pounds			
48,202,024	Metals Exploration Plc	3,193,384	8.81
Great Britain Pounds Total		3,193,384	8.81
United States Dollars			
6,576,192	China Polymetallic Mining Company Limited*	1,603,898	4.43
United States Dollars Total		1,603,898	4.43
<u>Listed warrants</u>			
Canadian Dollars			
660,000	Ivanhoe Mines Limited Warrants 10/12/2015	72,365	0.20
Canadian Dollars Total		72,365	0.20
Total investment in listed equity shares and warrants		11,088,680	30.59
<u>Convertible debt instruments</u>			
Canadian Dollars			
250,500	Ironstone Resources Limited Convertible Note	137,330	0.38
150,000	REBgold Corporation Unsecured Convertible Debenture	82,233	0.22
Canadian Dollars Total		219,563	0.60
United States Dollars			
7,600,000	Argentum Convertible Note	4,443,145	12.26
7,000,000	Black Pearl Limited Partnership	5,583,904	15.41
980,000	Polar Silver Convertible Notes	572,932	1.58
United States Dollars Total		10,599,981	29.25
Total investments in convertible debt instruments		10,819,544	29.85

*Classified as Level 2 (Refer Note 3)

BAKER STEEL RESOURCES TRUST LIMITED**UNAUDITED PORTFOLIO STATEMENT (CONTINUED)
AT 30 JUNE 2014**

Shares /Warrants/ Nominal	Investments	Fair value £ equivalent	% of Net assets
<u>Unlisted equity shares and warrants</u>			
Canadian Dollars			
10,250,000	Aquila Resources Inc Warrants 17/06/2015	0	0.00
2,400,000	Aquila Resources Inc Warrants 11/10/2016	1	0.00
6,282,341	Ironstone Resources Limited	4,821,768	13.30
3,036,605	Ironstone Resources Limited Warrants 31/12/2014	76,036	0.21
143,143	Ironstone Resources Limited Warrants 22/02/2018	21,744	0.06
Canadian Dollars Total		4,919,549	13.57
Great Britain Pounds			
1,594,646	Celadon Mining Limited	143,518	0.40
Great Britain Pounds Total		143,518	0.40
United States Dollars			
3,034,734	Archipelago Metals Limited	399,190	1.10
451,445	Bilboes Gold Limited	4,006,393	11.06
5,713,642	Ferrous Resources Limited	2,505,251	6.91
4,244,550	Gobi Coal and Energy Limited	2,481,468	6.85
1,716	Polar Silver Resources Limited	1,003	0.00
United States Dollars Total		9,393,305	25.92
Total unlisted equity shares and warrants		14,456,372	39.89
Financial assets held at fair value through profit or loss		36,364,596	100.33
Other assets & liabilities		(120,767)	(0.33)
Total equity		36,243,829	100.00

BAKER STEEL RESOURCES TRUST LIMITED**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

		Unaudited 30 June 2014 £	Audited 31 December 2013 £
Assets			
Cash and cash equivalents		21,160	477,495
Other receivables		26,692	26,746
Financial assets held at fair value through profit or loss (Cost: £61,303,255 (2013: £60,117,893))	3	<u>36,364,596</u>	<u>40,657,467</u>
Total assets		<u>36,412,448</u>	<u>41,161,708</u>
Equity and Liabilities			
Liabilities			
Management fees payable	7	81,227	42,297
Directors' fees payable		35,712	36,000
Audit fees payable		20,745	38,625
Administration fees payable		23,534	13,671
Other payables		<u>7,401</u>	<u>40,410</u>
Total liabilities		<u>168,619</u>	<u>171,003</u>
Equity			
Management Ordinary Shares		10,000	10,000
Ordinary Shares		66,231,383	64,767,056
Profit and loss account		<u>(29,997,554)</u>	<u>(23,786,351)</u>
Total equity		<u>36,243,829</u>	<u>40,990,705</u>
Total equity and liabilities		<u>36,412,448</u>	<u>41,161,708</u>
Ordinary Shares in issue	8	68,411,890	66,152,533
Net Asset Value per Ordinary Share (in pence) - Basic	5	53.0	62.0

These financial statements were approved by the Board of Directors on 21 August 2014 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 2014 TO 30 JUNE 2014**

		Unaudited period ended 30 June 2014 Revenue £	Unaudited period ended 30 June 2014 Capital £	Unaudited period ended 30 June 2014 Total £
Income				
Interest income		3,002	-	3,002
Net loss on financial assets and liabilities at fair value through profit or loss		-	(5,777,780)	(5,777,780)
Net foreign exchange loss		-	(990)	(990)
Net income/(loss)		3,002	(5,778,770)	(5,775,768)
Expenses				
Management fees	7	249,593	-	249,593
Director's fees		70,000	-	70,000
Administration fees		41,668	-	41,668
Audit fees		26,813	-	26,813
Custody fees		15,945	-	15,945
Director's expenses		4,398	-	4,398
Other expenses		27,018	-	27,018
Total expenses		435,435	-	435,435
Total comprehensive loss for the period		(432,433)	(5,778,770)	(6,211,203)
Net loss for the period per Ordinary Share:				
Basic and diluted (in pence)	5	(0.6)	(8.7)	(9.3)
Weighted Average Number of Ordinary Shares Outstanding:				
Basic and diluted	5			66,529,093

In the period ended 30 June 2014 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 (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2013 TO 30 JUNE 2013**

		Unaudited period ended 30 June 2013 Revenue £	Unaudited period ended 30 June 2013 Capital £	Unaudited period ended 30 June 2013 Total £
Income				
Interest income		9,831	-	9,831
Net loss on financial assets and liabilities at fair value through profit or loss		-	(25,452,324)	(25,452,324)
Net foreign exchange loss		-	(12,267)	(12,267)
Other income		8,028	-	8,028
Net income/(loss)		17,859	(25,464,591)	(25,446,732)
Expenses				
Management fees	7	458,417	-	458,417
Director's fees		70,000	-	70,000
Administration fees		52,215	-	52,215
Custody fees		20,807	-	20,807
Audit fees		20,000	-	20,000
Director's expenses		2,796	-	2,796
Other expenses		107,304	-	107,304
Total expenses		731,539	-	731,539
Total comprehensive loss for the period		(713,680)	(25,464,591)	(26,178,271)
Net loss for the period per Ordinary Share:				
Basic and diluted (in pence)	5	(1.1)	(38.5)	(39.6)
Weighted Average Number of Ordinary Shares Outstanding:				
Basic and diluted	5			66,152,533

In the period ended 30 June 2013 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 (UNAUDITED)
FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014**

	Management Ordinary Shares £	Ordinary Shares £	Profit and loss account £	Period ended 30 June 2014 £
Balance as at 1 January 2014	10,000	64,767,056	(23,786,351)	40,990,705
Share-based payments (Note 9)	-	1,464,327	-	1,464,327
Net loss for the period	-	-	(6,211,203)	(6,211,203)
Balance as at 30 June 2014	10,000	66,231,383	(29,997,554)	36,243,829

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD FROM 1 JANUARY 2013 TO 30 JUNE 2013**

	Management Ordinary Shares £	Ordinary Shares £	Profit and loss account £	Period ended 30 June 2013 £
Balance as at 1 January 2013	10,000	64,767,056	7,422,599	72,199,655
Net loss for the period	-	-	(26,178,271)	(26,178,271)
Balance as at 30 June 2013	10,000	64,767,056	(18,755,672)	46,021,384

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

BAKER STEEL RESOURCES TRUST LIMITED**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014**

	Unaudited period ended 30 June 2014 £	Unaudited period ended 30 June 2013 £
Cash flows from operating activities		
Net loss for the period	(6,211,203)	(26,178,271)
<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	5,777,780	25,452,324
Net decrease in other receivables	54	53,880
Net decrease in other payables	(2,384)	(3,092,231)
Net cash used in operating activities	(435,753)	(3,764,298)
Cash flows from investing activities		
Purchase of financial assets at fair value through profit or loss	(632,523)	(1,655,154)
Sale of financial assets at fair value through profit or loss	611,941	4,911,114
Net cash (used in)/provided by investing activities	(20,582)	3,255,960
Net decrease in cash and cash equivalents	(456,335)	(508,338)
Cash and cash equivalents at the beginning of the period	477,495	601,174
Cash and cash equivalents at the end of the period	21,160	92,836
Represented by:		
Cash and cash equivalents	21,160	92,836
Cash and cash equivalents at the end of the period	21,160	92,836

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 2014 TO 30 JUNE 2014**

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 (“Official List”) 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 were 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 of Interim Financial Information.

2. SIGNIFICANT ACCOUNTING POLICIES

a) 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 comparative figures for the Statement of Financial Position relate to the year ended 31 December 2013. The comparative figures for the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows relate to the period ended 30 June 2013.

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 2013. 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 2013. 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 condensed.

The Company’s functional currency is the Great Britain pound sterling (“£”), being the currency in which its Ordinary 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.

b) Share-based payments

The Company’s assets may be acquired for consideration in the form of share-based payments, whereby the obligation for settlement of the investment may be satisfied by an issue of the Company’s own share capital as part of an equity-settled share based payment.

The cost of equity-settled transactions is determined by the fair value at the date when the investment is received.

The cost is recognised, together with a corresponding increase in equity.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Standards issued that are effective and adopted

The amendments to IAS 32 are effective for annual periods beginning on or after 1 January 2014, and interim periods within those annual periods. These amendments have not had any impact on the Company's financial position or performance.

d) New accounting pronouncements not yet effective

The IASB has not released any pronouncements which are not yet effective which would impact the Company, except for the Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle with effective dates of 1 July 2014. The Company has decided not to adopt these standards early.

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

30 June 2014	Listed equity shares £	Unlisted equity shares £	Convertible debt instruments £	Warrants £	Total £
<i>Financial assets at fair value through profit or loss</i>					
Cost	23,016,767	28,193,165	10,093,323	-	61,303,255
Unrealised (loss)/gain	(12,000,452)	(13,834,574)	726,221	170,146	(24,938,659)
Market value at 30 June 2014	11,016,315	14,358,591	10,819,544	170,146	36,364,596

31 December 2013	Listed equity shares £	Unlisted equity shares £	Convertible debt instruments £	Warrants £	Total £
<i>Financial assets at fair value through profit or loss</i>					
Cost	23,391,498	28,192,871	8,533,524	-	60,117,893
Unrealised (loss)/gain	(9,429,958)	(10,794,264)	722,419	41,377	(19,460,426)
Market value at 31 December 2013	13,961,540	17,398,607	9,255,943	41,377	40,657,467

The following table analyses investments by type and by level within the fair valuation hierarchy at 30 June 2014.

	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	5,296,690	5,719,625	-	11,016,315
Unlisted equity shares	-	-	14,358,591	14,358,591
Convertible debt instruments	-	-	10,819,544	10,819,544
Warrants	72,365	-	97,781	170,146
	5,369,055	5,719,625	25,275,916	36,364,596

During the period ended 30 June 2014 1,565,998 shares of Ivanhoe Mines Limited were released from lock-up (782,999 on 29 January 2014 and 782,999 on 29 April 2014) and the restriction was lifted in accordance with the terms of the lock-up agreement, under which 8% of the original number of locked-up shares is released every 90 days. As these shares were released from lock-up they were transferred from Level 2 to Level 1.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014**

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

The following table analyses investments by type and by level within the fair valuation hierarchy at 31 December 2013.

	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	3,609,480	10,352,060	-	13,961,540
Unlisted equity shares	-	-	17,398,607	17,398,607
Convertible debt instruments	-	-	9,255,943	9,255,943
Warrants	-	-	41,377	41,377
	3,609,480	10,352,060	26,695,927	40,657,467

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 2014.

	Equities £	Convertible debt instruments £	Warrants £	Total £
Opening balance 1 January 2014	17,398,607	9,255,943	41,377	26,695,927
Purchases of investments	294	1,559,798	-	1,560,092
Change in net unrealised (losses)/gains	(3,040,310)	3,803	56,404	(2,980,103)
Closing balance 30 June 2014	14,358,591	10,819,544	97,781	25,275,916

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 2013.

	Equities £	Convertible debt instruments £	Warrants £	Total £
Opening balance 1 January 2013	28,107,083	9,018,210	19,704	37,144,997
Purchases of investments	-	256,669	-	256,669
Sales of investments	(3,282,586)	(482,563)	-	(3,765,149)
Change in net unrealised (losses)/gains	(7,666,431)	452,472	21,673	(7,192,286)
Realised gains	240,541	11,155	-	251,696
Closing balance 31 December 2013	17,398,607	9,255,943	41,377	26,695,927

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 prices. 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 held such investments at 30 June 2014 amounting to £5,719,625 (31 December 2013: £10,352,060).

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014**

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

Investments classified within Level 3 have significant unobservable inputs. They include unlisted convertible debt 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.

Valuation methodology of Level 3 investments

Where an unquoted investment has been acquired during the past six months it will be carried at cost unless there are changes or events which suggest cost is not equivalent to fair value.

For each core unlisted investment, the Company maintains a weighted average basket of listed companies which are comparable to the investment in terms of commodity, stage of development and location ("IndexVal"). IndexVal is used as an indication of how an investment's share price might have moved had it been listed. Movements in commodity prices are deemed to have been taken into account by the movement of IndexVal.

The Investment Manager also prepares discounted cash flow models for the Company's core investments annually and also for significant new information and decision making purposes when required. From these, Development Risk Adjusted Values ("DRAVs") are derived. The computations are based on consensus forecasts for long term commodity prices and investee company management estimates of operating and capital costs. The Investment Manager takes account of market, country and development risks in its discount factors. The DRAVs are not a primary determinant of Fair Value but are instead a tool that the Investment Manager uses to evaluate potential investments as well as to provide underlying valuation references for the Fair Value already established.

The valuation technique for Level 3 investments can be divided into four groups:

i. Transactions

Where there have been transactions within the past 6 months either through a capital raising by the investee company or known secondary market transactions, representative in volume and nature and conducted on an arm's length basis, this is taken as the primary driver for valuing Level 3 investments.

ii. IndexVal

Where there have been no known transactions for 6 months, at the Company's half year and year end, movements in IndexVal will generally be taken into account in assessing Fair Value where there has been at least a 10% movement in IndexVal over at least a six month period. The IndexVal results are used as an indication of trend and are viewed in the context of investee company progress.

iii. Warrants

Warrants are valued using a simplified Black & Scholes model taking into account time to expiry, exercise price and volatility. Where there is no established market for the underlying shares an assumed volatility of 40% is used.

iv. Convertible loans

Convertible loans are valued at par, taking into account credit risk, except when there is a clear path towards conditions for conversion such as an IPO, when the equity value of the investment on conversion is also taken into account when determining Fair Value.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014**
3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)
Quantitative information of significant unobservable inputs – Level 3
30 June 2014

Description	£	Valuation technique	Unobservable input	Range (weighted average)
Unlisted Equity	14,358,591	Transactions & IndexVal	Private transactions. Change in IndexVal	n/a
Convertible Debt Instruments				
Argentum Convertible & Polar Silver Loan Notes	5,016,077	Valued at par with reference to credit risk and value on conversion	Credit Risk	0
Black Pearl Limited Partnership	5,583,904	Valued at par plus interest accrued with reference to credit risk and value on conversion	Credit Risk	0
Other Convertible Debentures/Loans	219,563	Valued at par	Credit Risk	0
Warrants	97,781	Simplified Black & Scholes Model	Volatilities assumed	40%

31 December 2013

Description	£	Valuation technique	Unobservable input	Range (weighted average)
Unlisted Equity	17,398,607	Transactions & IndexVal	Private transactions. Change in IndexVal	n/a
Convertible Debt Instruments				
Argentum Convertible & Polar Silver Loan Notes	3,578,973	Valued at par with reference to credit risk and value on conversion	Credit Risk	0
Black Pearl Limited Partnership	5,449,451	Valued at par plus interest accrued with reference to credit risk and value on conversion	Credit Risk	0
Other Convertible Debentures/Loans	227,519	Valued at par	Credit Risk	0
Warrants	41,377	Simplified Black & Scholes Model	Volatilities assumed	40%

Information on third party transactions in unlisted equities is derived from the Investment Manager's market contacts. The change in IndexVal for each particular unlisted equity is derived from the weighted average movements of the individual baskets for that equity so it is not practical to quantify the range of such inputs. A sensitivity of 50% has been used in the analysis below as this was the greatest amount that IndexVal moved for any single investment during any six month period.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014**

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

Sensitivity analysis to significant changes in unobservable inputs within Level 3 investments

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 30 June 2014 are as shown below:

Description	Input	Sensitivity used*	Effect on Fair Value
Unlisted Equity	Change in IndexVal	50%	7,179,296
Convertible Debt Instruments			
Argentum Convertible & Polar Silver Loan Notes	Credit Risk	+20%	-1,003,215
Black Pearl Limited Partnership	Credit Risk	+20%	-1,116,781
Other Convertible Debentures/Loans	Credit Risk	+20%	-43,913
Warrants	Volatility of 40% assumed	+/-20%	+107,000 / -80,000

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2013 are as shown below:

Description	Input	Sensitivity used*	Effect on Fair Value
Unlisted Equity	Change in IndexVal	50%	8,699,304
Convertible Debt Instruments			
Argentum Convertible & Polar Silver Loan Notes	Credit Risk	+20%	-715,795
Black Pearl Limited Partnership	Credit Risk	+20%	-1,089,890
Other Convertible Debentures/Loans	Credit Risk	+20%	-44,504
Warrants	Volatility of 40% assumed	+/-20%	+65,939 / -31,341

**The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value*

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014****4. OTHER FINANCIAL INSTRUMENTS**

The Company has not disclosed the fair values for financial instruments such as cash and cash equivalents and short-term receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

Cash and cash equivalents include cash in hand, deposits held with banks and other short-term investments in an active market.

Other receivables include the contractual amounts for settlement of trades and other obligations due to the Company. Investment management fees payable, directors' fees payable, audit fees payable, administration fees payable and other payables represent the contractual amounts and obligations due by the Company for settlement for trades and expenses.

5. NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE

Basic Net Asset Value per share is based on the net assets of £36,243,829 (31 December 2013: £40,990,705) and 68,411,890 (31 December 2013: 66,152,533) Ordinary Shares, being the number of shares in issue at the period end. The calculation for basic net asset value is as below:

	30 June 2014	31 December 2013
	Ordinary Shares	Ordinary Shares
Net assets at the period end (£)	36,243,829	40,990,705
Number of shares	68,411,890	66,152,533
Basic Net Asset Value per share (in pence)	53.0	62.0

The basic earnings per share is based on the net loss for the period of the Company of £6,211,203 (net loss for the year ended 31 December 2013: £31,208,950) and on 66,529,093 (31 December 2013: 66,152,533) Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the period.

6. 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.

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 per cent 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 management fees paid for the period ended 30 June 2014 were £249,593 (30 June 2013: £458,417) of which £81,227 was payable at 30 June 2014 (31 December 2013: £42,297).

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 performance period is each 12 month period ending on 31 December in each year (the "Performance Period"). 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 cent per annum compounded to the end of the relevant Performance Period. In respect of any Performance Period which is less than a full 12 months, the Hurdle is applied pro rata. The performance fee is subject to adjustments for any issue and/or repurchase of Ordinary Shares.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014**

7. MANAGEMENT AND PERFORMANCE FEES (CONTINUED)

The amount of the performance fee 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 has been sufficient net realised gains.

There were no performance fees for the current or prior period.

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.

8. 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.

The Company has a total of 68,401,890 Ordinary 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.

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

	30 June 2014	31 December 2013
	(number of)	(number of)
Issued and fully paid share capital		
Ordinary Shares of no par value		
(including Management Ordinary Shares)	68,411,890	66,152,533

The issue of Ordinary Shares during the period ended 30 June 2014 took place as follows:

	Ordinary Shares	Subscription Shares
Balance at 1 January 2014	66,152,533	-
Issue of Ordinary Shares	2,259,357	-
Balance at 30 June 2014	<u>68,411,890</u>	<u>-</u>

The issue of Ordinary Shares during the year ended 31 December 2013 took place as follows:

	Ordinary Shares	Subscription Shares
Balance at 1 January 2013	66,152,533	13,085,150
Cancellation of Subscription Shares	-	(13,085,150)
Balance at 31 December 2013	<u>66,152,533</u>	<u>-</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014**

9. SHARE-BASED PAYMENTS

On 24 June 2014, the Company entered into an agreement to acquire US\$2.5 million nominal amount of convertible loans in ZAO Argentum, the wholly owned subsidiary of Polar Silver Resources Limited, and 500 shares in Polar Silver Resources Limited for a consideration of £1.32 million. This consideration was satisfied through the issue of new Ordinary Shares of the Company to the vendor at the unaudited NAV of the Company as at 31 May 2014.

The fair value of the US\$2,500,000 convertible loan notes that were obtained was considered to be US\$1 per loan note. The fair value of the 500 shares was considered to be US\$1 per share.

The fair value received was determined by reference to the valuation techniques as outlined in Note 3.

The above transaction had no impact on the profit or loss.

10. RELATED PARTY TRANSACTIONS

The Directors' interests in the share capital of the Company at 30 June 2014 and 31 December 2013 were as follows:

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

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 at 30 June 2014 (31 December 2013: 504,832).

The Investment Manager, Baker Steel Capital Managers LLP, had an interest in 10,000 Management Ordinary Shares at 30 June 2014 (31 December 2013: 10,000).

The Investment Manager, Baker Steel Capital Managers LLP, had an indirect interest in the Company through Ironman Investment Company Limited, which holds 150,000 Ordinary Shares in the Company.

The Company's arrangements with and fees payable to the Manager are described in Note 7. Directors' fees for the period and payable at period-end are disclosed in the primary financial statements.

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

The Half-Yearly Report and Unaudited Condensed Interim Financial Statements to 30 June 2014 were approved by the Board of Directors on 21 August 2014.