

# BAKER STEEL RESOURCES TRUST LTD

www.bakersteelresourcestrust.com



## September 2010 Quarterly Factsheet

At 30 September 2010	Price / Index Level	% Change in Quarter	% Change from Inception
Net Asset Value (pence/share)	93.7	-1.9%	-4.3%*
Ordinary Share Price (pence/share)	84.0	-13.6%	-16.0%**
Subscription Share Price (pence/share)	14.5	-42.0%	n/a
MSCI World Index	305.16	+13.8%	-1.0% <sup>†</sup>
HSBC Global Mining Index	1341.23	+21.1%	+3.1 <sup>†</sup>
CRB Index	286.86	+11.0%	+5.0% <sup>†</sup>
Chinese Domestic Iron Ore – Hebei/Tangshan (US\$/t)	181	+16.0%	-5.7% <sup>†</sup>
Copper (US\$/t)	8006	+23.5%	7.4% <sup>†</sup>
Gold (US\$/oz)	1308.35	+5.3%	12.0 % <sup>†</sup>

Source: Bloomberg

<sup>†</sup> closing 27/4/10, \*\*Issue price 28/4/10, \* NAV 30/4/10

**Financial information has been drawn up as at 30/9/2010. There have been no material changes since that date.**

### Investment Manager Comment

Baker Steel Resources Trust Limited ("BSRT") has now been trading for a little over 5 months and the Company is 67% invested. The NAV was down 1.9% in the quarter, largely due to an appreciation of 4.9% in Sterling against the US dollar, in which the majority of the Company's investments are denominated.

During the quarter, markets for commodities and mining equities have recovered strongly with the HSBC Global Mining Index rising 21.1% during the period. Under the Company's valuation policy, carrying values for unlisted investments are not generally adjusted for short term movements in the prices of listed equities. However if this is perceived to be a longer term re-rating and is considered to be indicative of a change in the investments' fair value, then adjustments would be considered.

There has been corporate activity in a number of BSRT's investments. During August, seven directors of Ferrous Resources were replaced by eight shareholder appointed directors, representing over 75% of the shareholder base, following postponement of the IPO in July. The new board has appointed Deutsche Bank to examine financing options for the company going forward. This strategic process is expected to be completed during the fourth quarter.

Approval from the government of the Democratic Republic of Congo ("DRC"), for the purchase of Copperbelt by a Chinese consortium has taken longer than anticipated and following operational problems in China for one of the two original consortium members, it withdrew from the proposed acquisition. Copperbelt has signed a revised agreement with the other consortium member and the acquisition is now scheduled for completion during November 2010.

In July a new investment was made in Forbes & Manhattan Coal Corporation ("Forbes Coal") a private company in the process of listing through a reverse takeover. Forbes Coal duly listed on the Toronto Stock Exchange in September and was up 23.9% on BSRT's acquisition price at 30 September 2010.

### Outlook

Although the listed equity markets for mining shares, in particular in the gold sector, have found renewed strength in the past quarter, it has remained difficult for new listings to come to the market. Combined with investors preferring more liquid investments, this has resulted in continued constraints on unlisted mining projects raising finance, which in turn continues to provide opportunities for BSRT. A number of negotiations for new investments are well advanced and the Company is moving forward to becoming fully invested.

### Investment Objective

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.

### Investment Strategy

Investing predominantly in attractively valued private companies with strong development projects and focused management and also in listed securities to exploit value inherent in market inefficiencies.

### Asset Allocation

Unlisted Equities	£37.5 M	60.6 %
Listed Equities	£ 3.9 M	6.4 %
Net Cash & Equivalents	£20.5 M	33.0 %
Net Assets	£61.9 M	

### Shares in Issue

Trading:	The London Stock Exchange
Ordinary:	66,030,632
Code:	BSRT
ISIN	GG00B6686L20
Subscription:	13,197,051
Code:	BSRW
ISIN	GG00B64WLC23

### Financial Calendar

Listing Date:	28 April 2010
Year End:	31 December
Interims:	August
Finals	April

## Largest Investments (at 30 September 2010)

### **Ferrous Resources Limited** **18.9% NAV**

A private company with five iron ore projects in the iron quadrilateral region in Minas Gerais state and one in Bahia state in Brazil. It has Joint Ore Resource Committee ("JORC") resources of 4.5 billion tonnes of iron ore at an average grade of 33.52% Fe.

### **Ivanhoe Nickel and Platinum Limited** **17.6% NAV**

A private company with a major copper project in the Democratic Republic of Congo and a platinum project in South Africa, which is yet to publish JORC resources on either project.

### **Gobi Coal & Energy Limited** **10.6% NAV**

A private company with three thermal, pulverised coke injection ("PCI") and coking projects in Mongolia with a JORC compliant resource of 322 million tonnes.

### **Copperbelt Minerals Limited** **5.5% NAV**

A private limited company with a 68% interest in the Deziwa Copper-Cobalt Project in the Democratic Republic of Congo. Copperbelt completed a positive Definitive Feasibility Study on the project in January 2009.

### **First Coal Corporation** **4.3% NAV**

A private company with a coking and PCI coal project in British Columbia, Canada, containing NI-43-101 compliant resources of 78 million tonnes of coal.

### **Forbes & Manhattan Coal Corporation (Forbes Coal)** **3.8% NAV**

A coal producer listed on the Toronto Stock Exchange with two mines in South Africa containing total reported resources of 106 million tonnes.

### **South American Ferro Metals Limited ("SAFM")** **3.2% NAV**

A private company whose main asset is the Ponto Verde iron ore project in Minas Gerais in Brazil.

The remainder of the Portfolio (excluding cash) comprises four holdings totalling 3.0% NAV.

Further information is available on BSRT's website:

[www.bakersteelresourcestrust.com](http://www.bakersteelresourcestrust.com)

## **Investment Manager**

Baker Steel Capital Managers LLP

## **Investment Advisers**

AWR Lloyd

Rock Capital Partners Ltd

## **Management Fees**

Monthly: 1/12 of 1.75% of Market Capitalisation

Performance: 15% of NAV growth (if over 8% p.a. compound hurdle rate, with high watermark)

## **Board**

Howard Myles (Chairman)  
Ed Flood  
Charles Hansard  
Clive Newall  
Chris Sherwell

## **Joint Brokers**

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Baker Steel Resources Trust Ltd is incorporated in Guernsey

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## **Important Information**

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