

Baker Steel Resource Trust

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Baker Steel Capital Managers LLP
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Baker Steel Resources Trust ("BSRT")

Details and Investment Objectives

- BSRT is an LSE listed investment company launched in April 2010
- BSRT focuses on capital appreciation and returns through investing in private and specialist listed opportunities in the natural resources sector
- Sponsor – Numis Securities Limited
- NAV of BSRT USD 87m at 29 March 2019
- BSRT has an independent Board and is managed by Baker Steel Capital Managers LLP, a specialist natural resources focused investment manager
- High conviction approach with concentrated portfolio of 10-15 holdings
- Typical target of 2-4x on investments
- 10-15% annualised returns targeted

Independent directors



Howard Myles (Chairman)

Howard Myles currently acts as a non-executive director of a number of investment companies. He was a partner at Ernst & Young from 2001 until 2007 and was responsible for the Investment Funds Corporate Advisory team. He was previously with UBS Warburg from 1987 to 2001. He is a fellow of The Institute of Chartered Accountants and of The Chartered Institute for Securities and Investments.



Charles Hansard

Charles Hansard has over 30 years' experience in the investment industry as a professional and in a non-executive capacity. He is currently a director and senior advisor on a number of boards which include the Moore Capital group of funds. He has also served as a director of a number of mining companies. He commenced his career in South Africa with Anglo American Corporation and Fleming Martin as a mining analyst. He holds a BBS from Trinity College, Dublin.



Chris Sherwell

Chris Sherwell has worked since 2004 as a senior non-executive director, based in Guernsey with roles in the offshore finance industry. He has served as a director for a variety of listed funds managed by institutions such as Goldman Sachs, Hermes and Dexion. Prior to 2004 he was Managing Director of Schrodgers' offshore investment and private banking operations in the Channel Islands. He is a Rhodes Scholar with degrees in science and in economics and politics. He has worked as a university lecturer and was a journalist for 15 years, 12 of them for the *Financial Times*.



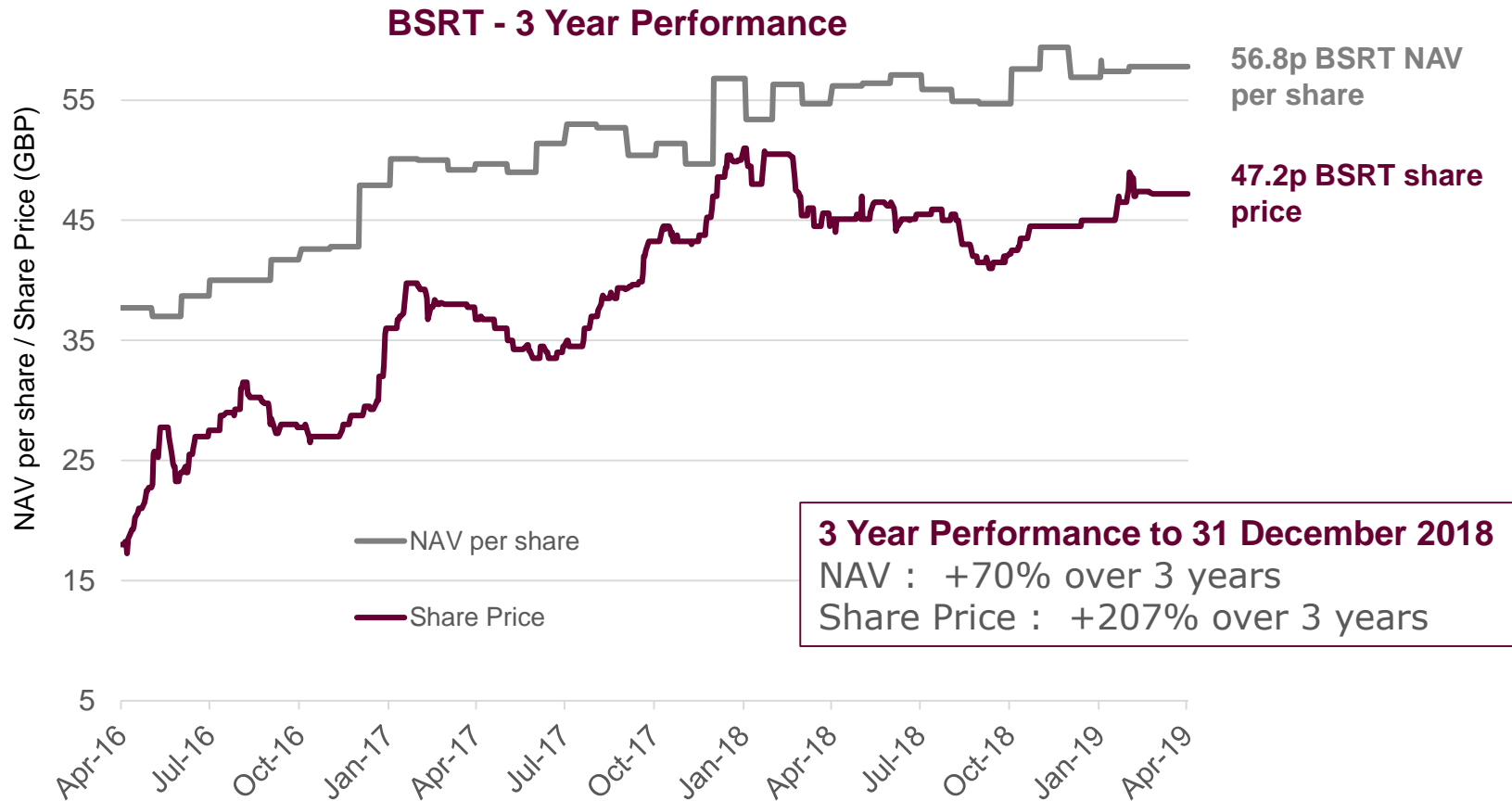
Clive Newall

Clive Newall is President of First Quantum Minerals. He has worked in mining and exploration throughout his career, having held management positions with Amax Exploration Inc and the Robertson Group plc. He has also been director of a number of public companies in the UK and Canada. Clive was a founder of First Quantum Minerals Ltd and has been a Director and President since 1996. He is currently also a director of Gemfields plc. He has an honours degree in mining geology from the Royal School of Mines and an MBA from the Scottish Business School at Strathclyde University.

Why Invest in Baker Steel Resources Trust?

- Trust provides competitive advantage in private/specialist sector of resources investment universe
- Closed ended permanent capital vehicle allows for less liquid, longer term, higher return type investments
- LSE listing provides liquidity and price discovery on private assets for investors
- Significant personal investment by the Management Team
- Unique in UK mining investment sector
 - Existing trusts e.g. Blackrock World Mining have listed focus
 - PE funds may offer some investors access but have the disadvantage of long lock-ups
 - Requires specialist fund management, project evaluation, due diligence and execution skills in order to source and screen investment opportunities, value and structure transactions
- Clear returns policy that shares proceeds of realisations with investors
- Portfolio poised to harvest returns from maturing portfolio

Baker Steel Resources Trust Performance



Source: Baker Steel internal, data at 30 April 2019 (unaudited)

Experienced Natural Resources Fund Manager



Baker Steel Capital Managers LLP

- Assets under management and advisory of around USD 400m (as at 29 March 2019)
- Established in 2001, with a presence in London and Sydney
- Successful natural resources specialist with a proven track record
- Baker Steel's Investment Team is specialist, focused, performance orientated and the firm is independently owned
- Trevor Steel and David Baker were founding members of the BlackRock mining team in 1992

Baker Steel Capital Managers' Recent Awards



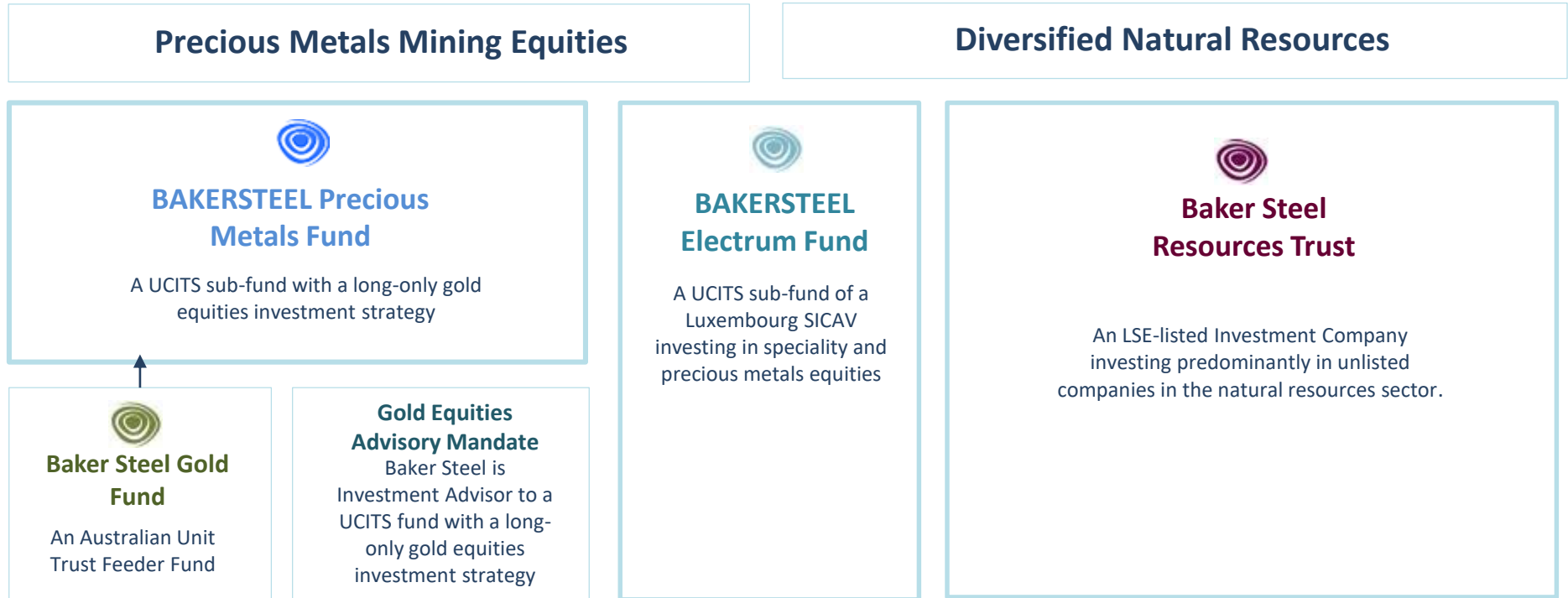
LIPPER FUND AWARDS
FROM REFINITIV
2019 WINNER



SAUREN
FONDSMANAGER-RATING



Baker Steel's Natural Resources Fund Range



Baker Steel is an award-winning natural resource specialist fund manager with a strong performance track record

BSRT Management Team

Investment Manager - Baker Steel Capital Managers LLP



Trevor Steel
CIO & Fund
Manager

- Co-founded Baker Steel in 2001
- Previously a senior portfolio manager at Merrill Lynch Investment Management
- Trevor holds a degree in Geology from the Royal School of Mines, Imperial College London



David Baker
Fund Manager

- Co-founded Baker Steel in 2001. Based in Sydney.
- Previously part of the natural resources team of Merrill Lynch Investment Managers
- David began his career as a metallurgist at CRA Broken Hill Australia



Mark Burridge
Fund Manager

- Over 25 years' experience in the international metals and mining industry, including technical roles at Barrick Gold
- A CFA Charterholder, with a degree in Mining Geology from the Royal School of Mines, Imperial College London

Investment Advisor - Rock Capital

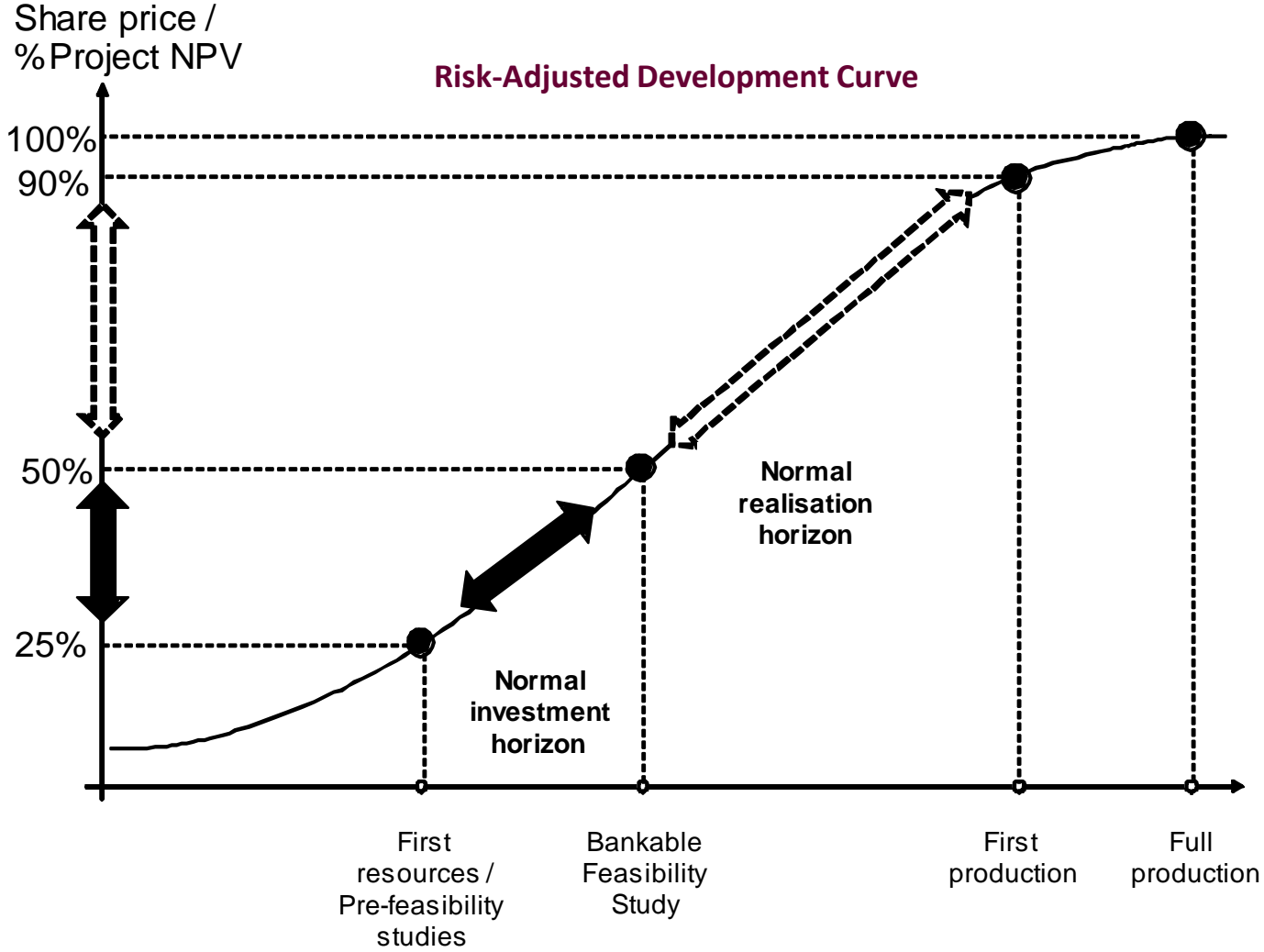


Francis Johnstone
Investment Advisor

- Founded Rock Capital in 1996
- Key member of the teams that discovered, financed and constructed: Freda Rebecca Gold Mine in Zimbabwe, Ayanfuri Gold Mine in Ghana, Blue Ridge Platinum Mine in South Africa
- Previously M&A/Corporate Finance at Citicorp

Highly experienced and proven investment team with over 100 years' of experience in mining investment

Baker Steel Resources Trust - Sources of Return



- 4x is implicit in moving up the development curve
- Additional safety margin – seek to buy at discount to curve
- Seek to sell at premium to the curve

Progressing up the development curve is a key source of returns

Source: Baker Steel internal



Target Returns and Investment Criteria

- Target returns
- >50% success ratio ----→ 10 - 15% annualised
- Metal prices move up -----→ 20% annualised

- What do we look for in a typical investment
- Value – distressed /partner of choice
- Clear route to returns – royalty income/coupons/dividends
- Clear route to exit realisation

- Strong preference for convertible loan structures and royalties or structuring

- Rigorous selection process



Risk Management

Risk	Mitigation
Cost of Capital/equity dilution <ul style="list-style-type: none"> - Delays - Capex overruns 	<ul style="list-style-type: none"> ➤ Quality Management ➤ Structuring <ul style="list-style-type: none"> - interest/coupons (paid to wait) - Anti-dilution clauses
Commodity price	<ul style="list-style-type: none"> ➤ Assume long term prices in valuations ➤ Downside protection <ul style="list-style-type: none"> - Seek low cost producer assets - Royalties/convertibles
Political risk/social license	<ul style="list-style-type: none"> ➤ Diversify ➤ Get paid to take risk ➤ Local partner
Technical risk	<ul style="list-style-type: none"> ➤ Established technologies ➤ Terminal market commodities
Corporate/Governance	<ul style="list-style-type: none"> ➤ Seek negative control ➤ Board representation
Exit/principal repayment	<ul style="list-style-type: none"> ➤ Convertible – cash repayment ➤ Trade sale/IPO ➤ Royalty – cash stream

Portfolio represented by 10 'core' investments

% of NAV	Company	Commodity	Location	Status (Exchange)
21.2%	Polymetal International PLC	Gold/Silver	Russia/FSU	Listed (LSE)
13.8%	Futura Resources Ltd	Coking Coal	Australia	Unlisted
13.2%	Bilboes Gold Ltd	Gold	Zimbabwe	Unlisted
10.4%	Cemos Group	Cement/Oil Shale	Morocco	Unlisted
9.0%	Polar Acquisition Ltd	Silver	Russia	Unlisted
5.1%	Sarmin Minerals Exploration Inc	Potash	Republic of Congo	Unlisted
4.0%	Black Pearl	Iron Ore	Indonesia	Unlisted
3.3%	Anglo Saxony Mining	Tin	Germany	Unlisted
3.3%	Nussir	Copper	Norway	Unlisted
3.0%	PRISM Diversified	Iron Ore/ Vanadium/Lithium	Canada	Unlisted
5.0%	Other Investments			
8.7%	Cash & equivalents			

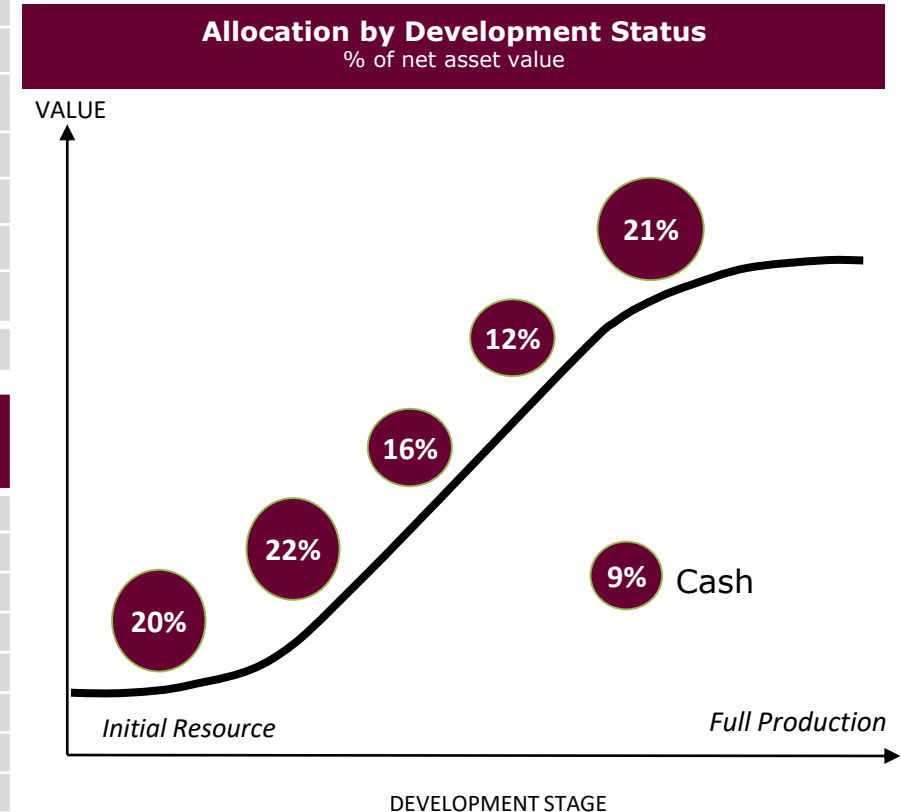
Unlisted investments carried at book cost or last relevant transaction value. Further changes made by reference to comparative listed investments and fundamental appraised value in the absence of a transaction within six months of interim and year end dates.

Source: Baker Steel internal, data at 29 March 2019 (unaudited)

Country, commodity and development stage diversified

Commodity	Allocation by Commodity (% NAV)
Gold	31%
Silver	14%
Coking Coal	14%
Cement/Oil Shale	10%
Iron Ore	8%
Copper	5%
Potash	5%
Tin	3%
Cash and Other	10%

Location	Allocation by Location (% NAV)
Russia/FSU	30%
Zimbabwe	13%
Morocco	10%
Australia	14%
Rep of Congo	5%
Indonesia	4%
Germany	3%
Canada	3%
Norway	3%
Philippines	2%
Cash and Other	10%



Source: Baker Steel internal, data at 29 March 2019 (unaudited)

Indicative figures pro forma to include "Firm Additional" Investments only subject to change on transaction date

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Portfolio Construction

Investment Type	Allocation (% NAV)
Unlisted Equity	28%
Listed Equity	25%
Convertible Loans	24%
Royalties	14%
Cash and Other	9%

- increasing exposure to royalties and convertibles
- Listed equity held pending reinvestment

Source: Baker Steel internal, data at 29 March 2019 (unaudited)

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Case study – Polar Acquisition Limited

- BSRT invested a total of US\$15.7m, in a convertible loan - first investment 28 Feb 2011
- BSRT team took management control (64%) after debt/equity swap in Q1 2016
- Partnered with Polymetal in Q1 2017
- April 2018 sale agreement to Polymetal valued PAL at US\$90m
- Retained royalty over future production

Performance since 28 February 2011 (in USD terms)	% Performance
Silver price	-49.1%
Euromoney gold index	-56.0%
MSCI ACWI Global Silver Miners Index	-62.2%
MSCI Russia (Russian Equities)	-33.4%
Polar Silver/PAL total return	+200%

- **Total return on investment of 3x (22% IRR)**

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Recent investments

Date	Size	Type	Investment
Mar 17	U\$0.75m	Structured equity	Sarmin Mineral Exploration - Kanga potash projects <ul style="list-style-type: none">• Structured with PFS funding carried by majority investor• 5x on initial investment to date
Dec 17	A\$10m	Convertible	Futura convertible – Wilton and Fairhill Coking Coal Projects <ul style="list-style-type: none">• A\$10m 8% 4 year convertible loan• Callable at 2x initial investment
Jan 19	A\$6m	Royalty	Futura royalty <ul style="list-style-type: none">• 0.75% GSR with option to acquire additional 0.25% GSR• A\$6m initial investment
Jul 18 and Mar 19	GBP 2m	Convertible	Anglo Saxony – Tellerhauser Tin project <ul style="list-style-type: none">• GBP 2m 10% convertible loan• Converts into c. 25% of the equity
April 19	US\$3m	Convertible with Royalty	Azarga Metals convertible – Unkur Copper Silver Project <ul style="list-style-type: none">• US\$ 3m 8% secured convertible commitment• Converts into c. 30% of the equity• Option to acquire a 2% NSR

Baker Steel Resources Trust – value drivers

NAV Drivers over the next 12-18 months

		2019				2020			
		Q2	Q3	Q4	Q1	Q2	Q3		
Polymetal	Re-rating on gold sector	■	■	■	■	■	■		
Futura	Wilton Mining License, debt financing to acquire stake in GC washplant and commence production	■	■	■	■				
Futura Royalty	1 st Production and royalty payments			■	■				
Bilboes	Complete FS and finance/corp event		■	■	■				
CEMOS	Re-rating as move to EV/EBITDA valuation basis as 2019 has commenced profitable operations	■	■	■					
PAL	Polymetal additional drilling campaign and Q4 JORC resource update, and PFS		■	■	■	■			
Sarmin	Possible corporate transaction		■	■					
Nussir	Complete FS and finance mine construction		■	■	■	■	■	■	■
New Pipeline	2 convertibles under negotiation 2 royalties being evaluated Rotate Polymetal Funds as required								

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Upside potential - Top 5 investments

- Top 5 holdings are carried at US\$59m, 63% NAV
- They have a targeted potential value by 2024 of up to US\$200m, or 3.4x upside on carry value
- Top 5 holdings could build up to target potential of US\$10m per year by 2024 or a 14% nominal income yield on BSRT's market cap today
- If once Prognoz is in production (expected by 2024) the PAL royalty on Prognoz was valued similarly to listed silver royalty companies then the Trust's interest would be valued in excess of current market cap of US\$70m

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Returns policy

- >15% of realisations returned by way of tender offer
 - £4-5 million to be returned to shareholders
 - Details to released shortly
- Plan to return income from investments in the future (as shown on previous slide this can be meaningful)

Top 5 Investors

Overseas Asset Management	13.8%
Sonya Trust (Trevor Steel)	12.5%
RIT Capital Partners PLC	12.2%
Northcliffe Holdings (David Baker)	12.1%
Miton Group PLC	9.1%

Source: Baker Steel internal, data at 29 March 2019 (unaudited)

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