



BAKER STEEL RESOURCES TRUST LIMITED

Half-Yearly Report and Unaudited Condensed Interim Financial Statements

For the period from 1 January 2019 to 30 June 2019

BAKER STEEL RESOURCES TRUST LIMITED

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MANAGEMENT AND ADMINISTRATION

DIRECTORS:	Howard Myles (Chairman) Charles Hansard Clive Newall Christopher Sherwell (Resigned 28 May 2019) David Staples (Appointed 29 May 2019) <i>(all of whom are non-executive and independent)</i>
REGISTERED OFFICE:	Arnold House St. Julian's Avenue St. Peter Port Guernsey, GY1 3NF 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* 34 Dover Street London W1S 4NG United Kingdom
STOCK BROKERS:	Numis Securities Limited 10 Paternoster Square London EC4M 7LT United Kingdom
SOLICITORS TO THE COMPANY: (as to English law)	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ United Kingdom
ADVOCATES TO THE COMPANY: (as to Guernsey law)	Ogier Redwood 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

* The Investment Manager was authorised as an Alternative Investment Fund Manager ("AIFM") for the purpose of the Alternative Investment Fund Managers Directive ("AIFMD") on 22 July 2014.

BAKER STEEL RESOURCES TRUST LIMITED

MANAGEMENT AND ADMINISTRATION (CONTINUED)

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

CUSTODIAN TO THE COMPANY HSBC France, Dublin Branch*
1 Grand Canal Square
Grand Canal Harbour
Dublin 2
Ireland

SAFEKEEPING AND MONITORING AGENT HSBC France, Dublin Branch*
1 Grand Canal Square
Grand Canal Harbour
Dublin 2
Ireland

AUDITOR: BDO Limited
P O Box 180
Place du Pre
Rue du Pre
St. Peter Port
Guernsey GY1 3LL
Channel Islands

REGISTRAR: Link Market Services (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue
St. Sampson
Guernsey GY2 4LH
Channel Islands

UK PAYING AGENT AND TRANSFER AGENT: Link Asset Services (Holdings) Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
United Kingdom

RECEIVING AGENT: Link Asset Services (Holdings) Limited
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

*HSBC Institutional Trust Services (Ireland) DAC (the “Custodian” and “Safekeeping and Monitoring Agent”) merged with HSBC France, Dublin Branch on 1 April 2019.

CHAIRMAN'S REPORT

For the period from 1 January 2019 to 30 June 2019

During the first six months of 2019, the unaudited net asset value per share rose 17.4% to 66.8p with the market for mining shares showing a further recovery in the mining cycle, with the EPIX Global Mining Index rising 21.6% in Sterling terms. The performance of commodity prices was mixed with iron ore rising 58% on the back of supply constraints from Brazil, and gold breaking through its long-term trading range, rising 9.9% during the first half of 2019. Base metals remained weak on concerns for trade tariff barriers depressing the global economy.

The first half of 2019 saw the Company recycling the proceeds of its sale of its indirect interest in the Tier 1 Prognoz silver project ("Prognoz") which was sold to Polymetal International plc ("Polymetal") in 2018, as well the fulfilment of the Company's undertaking to distribute a portion of the proceeds from realisations to shareholders. Further information on these new investments is given in the Investment Manager's Review below.

Distributions

In accordance with the Company's policy on distributions (please the Directors Report on page 7), the Company enacted a tender offer by Numis Securities Limited (Numis) for 9,677,478 Ordinary Shares at 51 pence per share in May 2019. The tender was oversubscribed and the total value of Shares purchased was £4,935,514. These shares were repurchased by The Company at a discount to the net asset value per share at the time, resulting in a small increase in the net asset value per share.

Brexit

It is not expected that there will be any significant effect on the operations of the Company should there be a "no-deal" departure by the UK from the European Union with service providers expecting to be able to continue providing the same level of service post Brexit. In the event of a fall in the value of Sterling against other major currencies, this would be expected to result in an increase in the net asset value of the Company in Sterling terms as the majority of the Company's investments are denominated in currencies other than Sterling and the underlying commodities of the projects in which the Company is invested are generally traded in US Dollars. Conversely a rise in the value of Sterling would have a negative effect. Almost all the operations of the Company's investment are outside the UK and therefore would not be directly affected.

A small portion of the Company's administration costs are denominated in Euros so a devaluation of Sterling would lead to a small increase in expenses but the Company's most significant cost, the Investment Management Fee, is derived from the market capitalisation of the Company and is therefore in Sterling.

Board Succession

As discussed in the Chairman's report within the annual audited financial statements, cognisant of developments in corporate governance requirements the Board has commenced a succession plan to refresh its membership while maintaining continuity. Christopher Sherwell retired at the Annual General Meeting in 2019 and David Staples has joined the Board and taken on the role as Chairman of the Audit Committee. Mr Staples worked for PWC for 25 years, including 13 years as Partner. He has many years' experience serving on boards of listed and private companies as a non-executive director, including as chairman of listed investment companies. Mr Staples has a BSc in Economics and Accounting, is a Chartered Accountant, a Chartered Tax Adviser and a Member of The Institute of Directors. The Board is continuing to discuss its succession plans and further updates will be provided as decisions are made.

Outlook

The second half of 2019 promises to be eventful with Bilboes Gold completing its definitive feasibility study ("DFS") into a mine producing up to 200,000 ounces of gold per annum in Zimbabwe. Likewise, Nussir is on course to complete the DFS into its copper mine in northern Norway. The Company has been invested in both these companies for some time and it is hoped that our patience will be rewarded now that the final feasibility studies are imminent.

More generally there remains significant uncertainty around the outlook for the global economy, any deterioration in which could reduce the demand for most metals. In these circumstances the Investment Manager will seek further investments in projects which have the potential to be in the lower quartile of operating costs and therefore be sufficiently robust to survive any downturn. In doing so it will seek to structure transactions in such a way as to protect against downside risk whilst retaining the upside potential.

Howard Myles
Chairman
9 September 2019

INVESTMENT MANAGER'S REPORT**For the period from 1 January 2019 to 30 June 2019****Financial Performance**

The unaudited net asset value per Ordinary Share as at 30 June 2019 was 66.8 pence per share, up 17.4% over the six months with the Ordinary Share Price up 19.9% over the same period. During this period the EPIX Global Mining Index was up 21.6% in Sterling terms. This was led by commodity prices, particularly iron ore rising 58% on the back of supply constraints from Brazil, and gold breaking through its long-term trading range, rising 9.9% during the first half of 2019.

For the purpose of calculating the Net Asset Value ("NAV") per share, all investments were carried at fair value as at 30 June 2019. The fair value of unquoted investments is determined by the Directors with assistance from the Investment Manager. Quoted investments were carried at closing market prices as at 28 June 2019.

Net assets at 30 June 2019 comprised the following:

	£m	% of net assets
Unquoted Investments	55.4	77.8
Quoted Investments	14.3	20.1
Cash and Other net assets	1.5	2.1
	<u>71.2</u>	<u>100.0</u>

Investment Update

Largest 10 Holdings – 30 June 2019	% of NAV
Polymetal International Plc	15.4%
Bilboes Gold Limited	12.8%
Cemos Group Plc	11.1%
Futura Gross Revenue Royalty	9.2%
Polar Acquisition Limited	9.2%
Futura Resources Limited	8.4%
Sarmin Minerals Exploration	4.9%
Mines & Metals Trading (Peru) Plc	4.4%
Anglo Saxony Mining Limited	4.0%
Black Pearl Limited Partnership	3.9%
	<u>83.3%</u>
Other Investments	14.6%
Cash and other net assets	2.1%
	<u>100.0%</u>

Largest 10 Holdings – 31 December 2018	% of NAV
Polymetal International Plc	28.9%
Bilboes Gold Limited	11.9%
Cemos Group Plc	10.5%
Futura Resources Limited	10.3%
Polar Acquisition Limited	9.3%
Sarmin Minerals Exploration	5.3%
Black Pearl Limited Partnership	4.2%
Nussir ASA	3.4%
Ivanhoe Mines Limited	2.3%
PRISM Diversified Limited	2.2%
	<u>88.3%</u>
Other Investments	5.7%
Cash and other net assets	6.0%
	<u>100.0%</u>

INVESTMENT MANAGER'S REPORT (CONTINUED)

For the period from 1 January 2019 to 30 June 2019

Review

At the end of June 2019, Baker Steel Resources Trust Limited was fully invested. The Company continues to hold a significant number of shares in Polymetal, received from the sale of the interest in Prognoz, though part of the holding has been sold down to fund new investments and the distribution to shareholders. Operationally Polymetal has performed well with 2018 production ahead of guidance and underlying net earnings increasing 19% over the previous year. This strong performance has continued into 2019 and has been reflected in its share price which rose 21% during the first six months of the year. Although the Company's position in Polymetal remains non-core and will be sold down as and when new opportunities are developed, its performance and liquidity means we are content to continue to hold a position in the short term. The Company continues to hold a royalty interest in Prognoz, where Polymetal is currently undertaking a drilling programme in order to extend the resource beyond the currently estimated resource of 252 million ounces of silver equivalent.

The Company has made three major new investments during the first half of 2019. The Company's policy is for new investments to take the form of royalties, convertible loans or other structures which provide a degree of downside protection but retain significant upside should the project proceed as anticipated. In addition the coupon paid on convertible loans provides income should the project encounter delays.

On 1st February 2019, the Company announced the acquisition of a 0.75% Gross Revenue Royalty ("GRR") on the metallurgical coal assets of Futura in Queensland, Australia for A\$6 million, together with the option to acquire an additional 0.25% GRR for a further A\$2 million. At consensus long term average prices for metallurgical and thermal coal, the Royalties (assuming the option is exercised and therefore a 1% GRR) are anticipated to generate around A\$3.5m per annum for the Company before tax once Futura's properties reach full production. Production from Wilton is expected to commence in the fourth quarter of 2019, with production from Fairhill scheduled to commence in the first half of 2020. Aggregate coal production is targeted at a sustainable level of 2.5 million tonnes of coal per annum of saleable processed coal by 2021/2 for at least 25 years.

The second significant investment during the period was an agreement to invest US\$3 million into TSXV listed Azarga Metals via an 8% secured convertible loan due 31 December 2022, convertible at C\$0.14/share. The first US\$1 million tranche of the convertible loan was drawn in April 2019, with the second US\$2 million drawn in August 2019. The majority of the proceeds of the convertible loan will be utilised to undertake a second phase drilling and exploration programme at Azarga's Unkur Copper-Silver Project in far eastern Russia with a view to expanding the existing Inferred Mineral Resource of 62 million tonnes grading 0.53% copper and 38.6g/t silver, containing 328,600 tonnes of copper and 76.8 million troy ounces of silver. This programme has commenced in the third quarter of 2019.

The third major investment in the first half was the subscription for US\$4 million in a convertible debenture with Mines & Metals Trading (Peru) PLC (MMTP), a private Isle of Man company which owns the Recuperada project in Peru comprising 11,261 Ha of mining concessions centered around a 600 tonne per day processing plant acquired from Compañía de Minas Buenaventura S.A.A in 2017. MMTP is currently treating silver/lead/zinc ore from third party miners but is moving towards processing ore from its concessions during the second half of 2019. From historical exploration at Recuperada, total mineral resources for the project have been estimated at 7,336,633 of ore grading 4.77 oz silver per tonne, 3.91% lead, and 2.53% zinc for the 54 vein systems identified. Significant additional exploration work is required to further delineate these resources on the properties with drilling underway. MMTP is planning to list on the TSX Venture Exchange in the second half of 2019.

In the previously existing portfolio, CEMOS Group PLC has continued to ramp up production at its Tarfaya cement plant in Morocco, which has now reached approximately 80% capacity and is aiming to achieve full capacity of 270,000 tonnes per annum by the end of the year. Sarmin has attracted good interest in its marketing for an industry partner for its Kanga Potash Project in the Republic of Congo, either to develop the project further or to achieve an outright sale, following completion of the pre-feasibility study for the project at the end of 2018. Metals Exploration plc has continued to struggle with production at its Runruno gold project in the Philippines and as result the refinancing of that company's project loans has been protracted.

The Company has carried out its normal half yearly review of general market movements in mining equities, as well as specific factors, and an assessment of whether these should impact the carrying values of its unlisted holdings. The Investment Manager maintains an index of comparable listed companies for each unlisted investment, in order to quantify how the share price of a particular unlisted stock might have moved during the period had it been listed. In accordance with this assessment the carrying value of Bilboes Gold Limited has been increased by 14.7% and that of CEMOS Group plc increased by 14.3%. The carrying value of Anglo Saxony Mining Limited has been increased by 44% in line with the price per share of a recent issue of new shares in that company. In addition, the valuation of the gross revenue royalty over Futura's two coking coal mines in Australia, acquired earlier this year, has been reassessed in the light of the progress of the projects and the Company's royalty model. As a result, the carrying value of the royalty has been increased by 98%.

INVESTMENT MANAGER'S REPORT (CONTINUED)

For the period from 1 January 2019 to 30 June 2019

Review (continued)

At 30 June 2019	Price / Index Level	% Change in Six Months	% Change from Inception
Net Asset Value (pence/share)	66.8	+17.4%	-31.8%*
Ordinary Share Price (pence/share)	53.3	+19.9%	-46.7%**
EPIX Global Mining Index (£)	686.8	+21.6%	-1.4%†
Chinese Import Iron Ore Fines 62% Fe spot (US\$)	112.9	+58.3%	-36.1%†
Copper (US\$/t)	5,982	-0.6%	-11.1%†
Gold (US\$/oz)	1,409	+9.9%	+20.7%†
Silver (US\$/oz)	15.31	-1.2%	-15.7%†

Source: *Bloomberg*

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

The Company continues to investigate a number of interesting new projects and despite some improvement in the outlook for commodities, market conditions remain favourable to investors as the amount of capital interested in the sector remains limited.

Baker Steel Capital Managers LLP
 Investment Manager
 September 2019

DIRECTORS' REPORT

For the period from 1 January 2019 to 30 June 2019

The Board of the Company is pleased to present the Directors' Report for the six months ended 30 June 2019.

The Directors' Report contains information that covers this period and the period up to the date of publication of this Report. Please note that more up to date information is available on the Company's website www.bakersteelresourcestrust.com.

Principal activity and business review

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 Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended ("POI Law") and the Registered Collective Investment Scheme Rules 2015 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, Premium Segment.

Investment Objective

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

Performance

During the period ended 30 June 2019, the Company's NAV per Ordinary Share increased by 17.4%. This compares with a rise in the EPIX Global Mining 100 Index (capital return in Sterling terms) of 21.6%. A more detailed explanation of the performance of the Company is provided within the Investment Manager's Report on pages 4 to 6.

The results for the period are shown in the Statement of Comprehensive Income on pages 13 and 14 and the Company's financial position at the end of the period is shown in the Statement of Financial Position on page 12.

Dividend and dividend distribution policy

During the year ended 31 December 2015 the Board introduced a capital returns policy whereby, subject to applicable laws and regulations, it will allocate cash for distributions to shareholders. The amount to be distributed will be calculated and paid following publication of the Company's audited financial statements for each year and will be no less than 15% of the aggregate net realised cash gains (after deducting losses) in that financial year. The Board will retain discretion for determining the most appropriate manner to make such distribution which may include share buybacks, tender offers and dividend payments.

Directors and their interests

The Directors of the Company who served during the period and subsequently up to the date of this report were:

Howard Myles (Chairman)
Charles Hansard
Clive Newall
Christopher Sherwell (Resigned 28 May 2019)
David Staples (Appointed 29 May 2019)

Biographical details of each of the Directors who were on the Board of the Company at the time of signing the annual report and financial statements for the year ended 31 December 2018 ("the Annual Report") are presented on page 15 of that report.

DIRECTORS' REPORT (CONTINUED)**For the period from 1 January 2019 to 30 June 2019****Directors and their interests (continued)**

Mr Staples worked for PWC for 25 years, including 13 years as Partner. He has many years' experience serving on boards of listed and private companies as a non-executive director, including as chairman of listed investment companies. Mr Staples has a BSc in Economics and Accounting, is a Chartered Accountant, a Chartered Tax Adviser and a Member of The Institute of Directors.

Each of the Directors is considered to be independent in character and judgement.

The Directors' interests in the share capital of the Company were:

	Number of Ordinary Shares 30 June 2019	Number of Ordinary Shares 31 December 2018
Christopher Sherwell (Resigned 28 May 2019)	N/A	104,198
Clive Newall	25,000	25,000

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

	Board Meetings		Audit Committee Meetings	
	Held	Attended	Held	Attended
Howard Myles	6	6	2	2
Christopher Sherwell*	6	4	2	1
Clive Newall	6	5	2	2
Charles Hansard	6	6	2	N/A
David Staples*	6	1	2	1

**Christopher Sherwell resigned from the Board on 28 May 2019 and David Staples was appointed to the Board on 29 May 2019. Since this date there has been one Board meeting and one Audit committee meeting.*

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 valuation and 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 2019 the total remuneration of the Directors was £57,500 (30 June 2018: £57,500), with £28,750 payable at 30 June 2019 (31 December 2018: £28,750).

Authorised 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.

Issued share capital

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.

The Company had a total of 116,129,980 Ordinary and 10,000 Management Shares in issue as at 31 December 2018, of which 700,000 Ordinary Shares were held in Treasury.

In May 2019, the Company enacted a tender offer for 9,677,478 Ordinary Shares at 51 pence per share in May 2019. The repurchased shares were cancelled. As a result, the Company had a total of 106,453,335 Ordinary and 9,167 Management Ordinary Shares in issue as at 30 June 2019, of which 700,000 Ordinary Shares were held in Treasury.

DIRECTORS' REPORT (CONTINUED)

For the period from 1 January 2019 to 30 June 2019

Directors and their interests (continued)

Going concern

Having reassessed the principal risks and uncertainties described on pages 12 and 13 of the Annual Report, and the other matters discussed in connection with the viability statement as set out on pages 13 and 14 of the Annual Report, the Directors consider it is appropriate to adopt the going concern basis in preparing these interim Financial Statements.

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 9.

Principal risks & uncertainties

The principal risks facing the Company, which include market and financial risk and portfolio management and performance risk, are considered in details, on pages 12 and 13 of the Annual Report which is available on the Company's website www.bakersteelresourcestrust.com. The Directors do not consider that these risks and uncertainties have materially changed during the period ended 30 June 2019 and do not expect any changes in the second half of 2019.

Directors' responsibility statement

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and give a true and fair view of the assets, liabilities and financial position and profit or loss of the Company; and
- the Interim Management Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure and Transparency Rules.

Corporate governance compliance

As described in the Company's Annual Report, the Board has considered the principles and recommendations set out in UK Corporate Governance Code (September 2014) (the "UK Code") issued by the Financial Reporting Council (the "FRC"). Page 2 of the Annual Report presents and explains those matters where the Company has not complied with the UK Code. There is no change in compliance since the Annual Report.

The Board has noted the publication of a further revised UK Corporate Governance Code in July 2018, which applies to financial years beginning on or after 1 January 2019, and has considered the Company's governance framework in light of the new provisions.

Signed for and on behalf of the Directors

Howard Myles
Chairman
9 September 2019

BAKER STEEL RESOURCES TRUST LIMITED**UNAUDITED PORTFOLIO STATEMENT
AS AT 30 JUNE 2019**

Shares /Warrants/ Nominal	Investments	Fair value £ equivalent	% of Net assets
<u>Listed equity shares</u>			
Canadian Dollars			
1,000,000	Ivanhoe Mines Limited	2,503,474	3.52
Canadian Dollars Total		2,503,474	3.52
Great Britain Pounds			
122,760,000	Metals Exploration Plc	797,940	1.12
1,100,000	Polymetal International Plc	10,964,800	15.42
Great Britain Pounds Total		11,762,740	16.54
Total investment in listed equity shares		14,266,214	20.06
<u>Debt instruments</u>			
Australian Dollars			
200	Futura Resources Limited Convertible Loan Notes	5,956,242	8.37
300,000	Indian Pacific Resources Limited	220,087	0.31
Australian Dollars Total		6,176,329	8.68
Canadian Dollars			
250,500	PRISM Diversified Limited Loan Note 31/08/2019	348,841	0.49
125,000	PRISM Diversified Limited Loan Note 31/08/2109	45,699	0.06
Canadian Dollars Total		394,540	0.55
Euro			
905	Cemos Group Plc Convertible Loan Note	4,078,336	5.73
Euro Total		4,078,336	5.73
Great Britain Pounds			
2,000,000	Anglo Saxony Mining Limited Convertible Loan Note	2,444,298	3.44
Great Britain Pounds Total		2,444,298	3.44
United States Dollars			
1,000,000	Azarga Metals Secured Convertible Loan Note	709,410	1.00
440,000	Bilboes Holdings Convertible Loan Note	1,164,763	1.64
220,000	Bilboes Holdings Loan Note	175,614	0.25
7,009,332	Black Pearl Limited Partnership Loan Note	2,758,276	3.88
4,000,000	Mines & Metals Trading (Peru) Plc	3,148,119	4.43
United States Dollars Total		7,956,182	11.20
Total investments in debt instruments		21,049,685	29.60

BAKER STEEL RESOURCES TRUST LIMITED
**UNAUDITED PORTFOLIO STATEMENT (CONTINUED)
AS AT 30 JUNE 2019**

Shares /Warrants/ Nominal	Investments	Fair value £ equivalent	% of Net assets
<u>Unlisted equity shares, warrants and royalties</u>			
Australian Dollars			
6,000,000	Futura Gross Revenue Royalty	6,544,766	9.20
20,011,015	Indian Pacific Resources Limited Ordinary Shares	165,639	0.24
Australian Dollars Total		6,710,405	9.44
Canadian Dollars			
13,490,414	Azarga Metals Warrants 12/04/2021	45,747	0.06
13,083,936	Prism Diversified Limited Common Shares	1,716,504	2.42
1,000,000	PRISM Diversified Limited Warrants 31/12/2023	41,579	0.06
Canadian Dollars Total		1,803,830	2.54
Great Britain Pounds			
2,532,877	Anglo Saxony Mining Limited Ordinary Shares	364,734	0.51
1,594,646	Celadon Mining Limited Ordinary Shares	15,946	0.02
24,004,167	Cemos Group Plc Ordinary Shares	3,840,667	5.40
2,050,000	Front Five Holdings Limited Ordinary Shares	205,000	0.29
Great Britain Pounds Total		4,426,347	6.22
Norwegian Krone			
12,267,628	Nussir ASA Ordinary Shares	2,264,595	3.18
Norwegian Krone Total		2,264,595	3.18
United States Dollars			
451,445	Bilboes Gold Limited Ordinary Shares	9,067,272	12.75
4,244,550	Gobi Coal & Energy Limited Ordinary Shares	66,812	0.09
1,000,000	Midway Resources International Ordinary Shares	-	-
16,352	Polar Acquisition Limited Ordinary Shares	6,510,252	9.15
55,419	Sarmin Minerals Exploration Ordinary Shares	3,489,312	4.91
United States Dollars Total		19,133,648	26.90
Total Unlisted equity shares and warrants		34,338,825	48.28
Financial assets held at fair value through profit or loss		69,654,724	97.94
Other Assets & Liabilities		1,462,419	2.06
Total Equity		71,117,143	100.00

BAKER STEEL RESOURCES TRUST LIMITED**UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

		Unaudited 30 June 2019 £	Audited 31 December 2018 £
Assets			
Cash and cash equivalents		496,993	3,811,921
Interest receivables		1,122,902	385,659
Other receivables		12,410	-
Financial assets held at fair value through profit or loss	3	69,654,724	62,019,940
Total assets		71,287,029	66,217,520
Equity and Liabilities			
Liabilities			
Directors' fees payable		28,750	28,750
Management fees payable	7	75,735	75,370
Administration fees payable		17,026	16,731
Audit fees payable		22,550	45,050
Other payables		19,841	18,073
Custodian fees payable		5,984	5,762
Total liabilities		169,886	189,736
Equity			
Management Ordinary Shares	8	9,167	10,000
Ordinary Shares	8	75,999,156	81,024,525
Profit and loss account		(4,891,180)	(15,006,741)
Total equity		71,117,143	66,027,784
Total equity and liabilities		71,287,029	66,217,520
Net Asset Value per Ordinary Share (in Pence)			
– Basic	5	66.8	56.9
– Diluted		66.8	56.9

These unaudited condensed financial statements on pages 12 to 28 were approved by the Board of Directors on 9 September 2019 and signed on its behalf by:

Howard Myles

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

**UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019**

	Notes	Unaudited period ended 30 June 2019 Revenue £	Unaudited period ended 30 June 2019 Capital £	Unaudited period ended 30 June 2019 Total £
Income				
Loan guarantee income	2(e)	193,577	-	193,577
Interest Income		917,890	-	917,890
Dividend Income	2(g)	392,902	-	392,902
Net gain on financial assets at fair value through profit or loss	3	-	9,375,615	9,375,615
Net foreign exchange loss		-	(40,385)	(40,385)
Net income		1,504,369	9,335,230	10,839,599
Expenses				
Management fees	7	463,784	-	463,784
Other expenses		52,021	-	52,021
Directors' fees		57,500	-	57,500
Administration fees		50,636	-	50,636
Custody fees		36,901	-	36,901
Audit fees		22,500	-	22,500
Broker fees		19,688	-	19,688
Legal fees		11,620	-	11,620
Directors' expenses		9,388	-	9,388
Total expenses		724,038	-	724,038
Net gain for the period		780,331	9,335,230	10,115,561
Net gain for the period per Ordinary Share:				
Basic and diluted (in pence)	5	0.7	8.2	8.9

In the period ended 30 June 2019 there were no other gains or losses than those recognised above.

The Directors consider all results to derive from continuing activities.

The format of the Comprehensive Income Statement follows the recommendations of the AIC Statement of Recommended Practice.

**UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018**

	Notes	Unaudited period ended 30 June 2018 Revenue £	Unaudited period ended 30 June 2018 Capital £	Unaudited period ended 30 June 2018 Total £
Income				
Net gain on financial assets at fair value through profit or loss	3	-	1,020,295	1,020,295
Net foreign exchange gain		-	58,817	58,817
Net income		-	1,079,112	1,079,112
Expenses				
Management fees	7	482,531	-	482,531
Directors' fees		57,500	-	57,500
Administration fees		49,858	-	49,858
Other expenses		37,718	-	37,718
Custody fees		35,039	-	35,039
Audit fees		22,500	-	22,500
Broker fees		22,417	-	22,417
Directors' expenses		7,827	-	7,827
Legal fees		689	-	689
Total expenses		716,079	-	716,079
Net (loss)/gain for the period		(716,079)	1,079,112	363,033
Net gain for the period per Ordinary Share:				
Basic and diluted (in pence)	5	(0.6)	0.9	0.3

In the period ended 30 June 2018 there were no other gains or losses than those recognised above.

The Directors consider all results to derive from continuing activities.

The format of the Income Statement follows the recommendations of the AIC Statement of Recommended Practice.

BAKER STEEL RESOURCES TRUST LIMITED**UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019**

	Management Ordinary Shares £	Ordinary Shares £	Treasury Shares £	Profit and loss account (Revenue) £	Profit and loss account (Capital) £	Period ended £
Balance as at 1 January 2019	10,000	81,165,017	(140,492)	10,104,409	(25,111,150)	66,027,784
Redemption of Ordinary Shares	(833)	(4,934,681)	-	-	-	(4,935,514)
Expenses related to Tender offer	-	(90,688)	-	-	-	(90,688)
Net gain for the period	-	-	-	780,331	9,335,230	10,115,561
Balance as at 30 June 2019	9,167	76,139,648	(140,492)	10,884,740	(15,775,920)	71,117,143
Note:	8	8				

**UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 JANUARY 2018 TO 30 JUNE 2018**

	Management Ordinary Shares £	Ordinary Shares £	Treasury Shares £	Profit and loss account (Revenue) £	Profit and loss account (Capital) £	Period ended £
Balance as at 1 January 2018	10,000	81,165,017	(140,492)	(9,540,751)	(5,562,318)	65,931,456
Net (loss)/gain for the period	-	-	-	(716,079)	1,079,112	363,033
Balance as at 30 June 2018	10,000	81,165,017	(140,492)	(10,256,830)	(4,483,206)	66,294,489

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

**UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019**

	Unaudited Period ended 30 June 2019 £	Unaudited Period ended 30 June 2018 £
Cash flows from operating activities		
Net gain for the period	10,115,561	363,033
<i>Adjustments to reconcile net gain for the period to net cash used in operating activities:</i>		
Interest income	(917,890)	-
Dividend income	(392,902)	
Net gain on financial assets at fair value through profit or loss	(9,375,615)	(1,020,295)
Net decrease in other receivables	10,160	1,240
Net decrease in payables	(19,850)	(64,622)
	<u>(580,536)</u>	<u>(720,644)</u>
Interest received	158,077	-
Dividend received	392,902	671,066
Net cash used in operating activities	<u>(29,557)</u>	<u>(49,578)</u>
Cash flows from investing activities		
Purchase of financial assets at fair value through profit or loss	(9,132,502)	(3,285,227)
Sale of financial assets at fair value through profit or loss	10,873,333	2,853,131
Net cash provided by investing activities	<u>1,740,831</u>	<u>(432,096)</u>
Cash flows from financing activities		
Expenses related to the tender offer	(90,688)	-
Payments for redemption of shares	(4,935,514)	-
Net cash used in financing activities	<u>(5,026,202)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(3,314,928)	(481,674)
Cash and cash equivalents at the beginning of the period	3,811,921	1,060,077
Cash and cash equivalents at the end of the period	<u>496,993</u>	<u>578,403</u>

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019**

1. GENERAL INFORMATION

Baker Steel Resources Trust Limited (the “Company”) is a closed-ended investment company with limited liability incorporated and domiciled 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 Protection of Investors Law and the Registered Collective Investment Scheme Rules 2015 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.

The final exercise date for the Subscription Shares was 2 April 2013. No Subscription Shares were exercised at this time and all residual/unexercised Subscription Shares were subsequently cancelled.

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 (“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 Investment Manager was authorised to act as an Alternative Investment Fund Manager (“AIFM”) of Alternative Investment Funds (“AIFs”) on 22 July 2014. On 14 November 2014, the Investment Manager signed an amended Investment Management Agreement with the Company, to take into account AIFM regulations. The AIFMD focuses on regulating the AIFM rather than the AIFs themselves, so the impact on the Company is limited.

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. However, the Board did procure the independent external auditor to undertake certain agreed upon procedures to assist the Audit Committee and Board with its review of this report.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unaudited condensed interim financial statements have been consistently applied during the period, unless otherwise stated.

a) Statement of compliance

The unaudited condensed interim financial statements of the Company for the period 1 January 2019 to 30 June 2019 have been prepared in accordance with IAS 34, “Interim Financial Reporting” as adopted in the EU, together with applicable legal and regulatory requirements of The Companies (Guernsey) Law, 2008 and the Listing Rules of the London Stock Exchange’s Main Market. The unaudited condensed interim financial statements do not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the annual report and audited financial statements for the year ended 31 December 2018.

b) Basis of preparation

The unaudited condensed interim financial statements have been prepared under the historical cost basis, modified by the revaluation of certain financial instruments designated at Fair value through Profit or Loss. The accounting policies adopted in the preparation of these unaudited condensed interim financial statements have been consistent with the accounting policies stated in Note 2 of the annual financial statements for the year ended 31 December 2018. The preparation of unaudited condensed interim financial statements in conformity with IAS 34, “Interim Financial Reporting”, requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the unaudited condensed interim financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Company’s functional currency is 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 financial statements have been rounded to the nearest £. The Company invests in companies around the world whose shares and debt are denominated in various currencies.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Significant accounting judgements and estimates

The preparation of the Company's financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in future periods.

(i) Judgements

In the process of applying the Company's accounting policies, the Directors have made the following judgements, which have had the most significant effect on the amounts recognised in the financial statements:

Assessment as Investment Entity

As per IFRS 10, an entity shall determine whether it is an investment entity. An investment entity is an entity that fulfils the following criteria:

- It obtains funds from one or more investors for the purpose of providing those investors with investment services.
- It commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both.
- It measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company meets the above criteria and is therefore considered to be an investment entity and therefore all investments, including those which qualify as subsidiaries or associates are carried at fair value through profit or loss.

Subsidiaries

Entities in which the Company holds more than 50% of the voting rights, and where the Company has appointed or has the right to appoint the majority of directors or where the Company is otherwise able to exercise control are considered as subsidiaries of the Company. These are disclosed in Note 16 of the Annual Report. Investments in subsidiaries are carried at fair value through profit or loss.

Associates

The Directors consider that entities over which the Company exercises significant influence, including where it holds between 20% and 50% of the voting rights, or where there is a shareholders agreement giving the Company the right to appoint a director and the right to veto significant financial decisions, should be considered as associates of the Company. These are disclosed in Note 15 of the Annual Report. This also includes entities where the Company has representation on the board and such representation is considered to have significant influence over the major decisions of such entity.

Going Concern

As stated in the Directors' Report the Directors have assessed the principal risks and uncertainties (as described in pages 12 and 13 of the Annual Report) and the other matters discussed in connection with the viability statement as set out on pages 13 and 14 of the Annual Report. The Directors consider it is appropriate to adopt the going concern basis in preparing these interim financial statements.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets liabilities within the next financial year, are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Please refer to Note 3 for further information.

(iii) Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs related to items such as credit risk, correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument (without modification or repackaging) when available. To assess the significance of a particular input to the entire measurement, the Company performs sensitivity analysis or stress testing techniques.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) IFRS 9 Financial Instruments

IFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

Classification and measurement of financial assets and financial liabilities

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Company only has financial assets that are classified as measured at fair value through profit or loss ("FVTPL").

FVTPL

A financial asset at FVTPL is initially and subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Impairment of financial assets

IFRS 9 has introduced the expected credit loss ("ECL") model which brings forward the timing of impairments. Under IFRS 9 for trade receivables the Company has applied the simplified model. Under the simplified approach the requirement is to always recognise lifetime ECL. Under the simplified approach there is no need to monitor significant increases in credit risk and measure lifetime expected credit losses at all times.

For interest receivable and other receivables the Directors have concluded that any expected credit loss on these receivables would be highly immaterial on the basis that the receivable would be settled by way of conversion into a fixed number of convertible loan notes.

Financial liabilities

These are comprised of payables and are classified at amortised cost, and are initially measured at fair value, and subsequently stated at amortised cost using the effective interest method.

(e) Loan guarantee income

These are guarantee fees receivable in respect of shareholder guarantees given over certain facilities of Cemos Group plc which are accounted for on an accruals basis.

(f) Interest on investments

These comprise of interest accrued and interest received from convertible loans which are accounted for on an accruals basis and recognised in the Statement of Comprehensive Income.

(g) Dividend Income

Dividend Income is accrued on an ex-dividend basis and recognised in the Statement of Comprehensive Income.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019**

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investment Summary:	Period ended 30 June 2019 £	Year ended 31 December 2018 £
Opening book cost	70,753,693	50,780,732
Purchases at cost	9,132,502	24,723,331
Proceeds on sale of investments	(10,873,333)	(8,159,311)
Realised gains	2,815,903	3,408,941
Closing cost	71,828,765	70,753,693
Unrealised losses	(2,174,041)	(8,733,753)
Financial assets held at fair value through profit or loss	69,654,724	62,019,940

The following table analyses net gains on financial assets at fair value through profit or loss for the period/year ended 30 June 2019 and 31 December 2018.

Financial assets at fair value through profit or loss	Period ended 30 June 2019 £	Year ended 31 December 2018 £
<i>Realised gains on:</i>		
- Listed equity shares	2,815,903	3,358,649
- Debt instruments	-	72,118
- Warrants	-	(21,826)
	<u>2,815,903</u>	<u>3,408,941</u>
<i>Movement in unrealised gains/(losses) on:</i>		
- Listed equity shares	1,210,023	(5,291,074)
- Unlisted equity shares	5,442,137	(19,067,970)
- Debt instruments	(149,730)	1,284,890
- Warrants	57,282	50,889
	<u>6,559,712</u>	<u>(23,023,265)</u>
Net gain on financial assets at fair value through profit or loss	9,375,615	(19,614,324)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019**
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 30 June 2019.

	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	14,266,214	-	-	14,266,214
Unlisted equity shares	-	-	34,251,499	34,251,499
Warrants	-	-	87,326	87,326
Debt instruments	-	-	21,049,685	21,049,685
	14,266,214	-	55,388,510	69,654,724

The following table analyses investments by type and by level within the fair valuation hierarchy at 31 December 2018.

	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	21,113,621	-	-	21,113,621
Unlisted equity shares	-	-	25,058,074	25,058,074
Warrants	-	-	30,044	30,044
Debt instruments	-	-	15,818,201	15,818,201
	21,113,621	-	40,906,319	62,019,940

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 period included in net gain on financial assets and liabilities at fair value through profit or loss held at 30 June 2019.

30 June 2019	Unlisted Equities £	Debt instruments £	Warrants £	Total £
Opening balance 1 January 2019	25,058,074	15,818,201	30,044	40,906,319
Purchases of investments	3,751,288	5,381,214	-	9,132,502
Change in net unrealised gains/(losses)	5,442,137	(149,730)	57,282	5,349,689
Closing balance 30 June 2019	34,251,499	21,049,685	87,326	55,388,510
Unrealised gains/(losses) on investments still held at 30 June 2019	(2,348,093)	(56,462)	87,326	(2,317,229)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019**
3. FINANCIAL ASSETS 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 net loss on financial assets and liabilities at fair value through profit or loss held at 31 December 2018.

31 December 2018	Unlisted Equities	Debt instruments	Warrants	Total
	£	£	£	£
Opening balance 1 January 2018	43,595,292	9,611,682	981	53,207,955
Purchases of investments	530,752	4,849,511	-	5,380,263
Change in net unrealised (losses)/gains	(19,067,970)	1,284,890	50,889	(17,732,191)
Realised gains/(losses)	-	72,118	(21,826)	50,292
Closing balance 31 December 2018	<u>25,058,074</u>	<u>15,818,201</u>	<u>30,044</u>	<u>40,906,319</u>
Unrealised (losses)/gains on investments still held at 31 December 2018	<u>(7,790,230)</u>	<u>93,270</u>	<u>30,044</u>	<u>(7,666,916)</u>

It is the Company's policy to recognise a change in hierarchy level when there is a change in the status of the investment, for example when a listed company delists or vice versa, or when shares previously subject to a restriction have that restriction released. The transfers between levels are recorded either at the value of the transaction, at the value of the investment immediately after the event or at the carrying value of the investment at the beginning of the financial year.

In determining an investment's position 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. Level 2 investments are valued with reference to the listed price of the shares should they be freely tradable after applying a discount for liquidity if relevant. 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 no Level 2 investments at 30 June 2019 (31 December 2018: none).

Investments classified within Level 3 have significant unobservable inputs. They include unlisted debt instruments, royalty rights, unlisted equity shares and warrants. Level 3 investments are valued using valuation techniques explained below. 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 with a discount to reflect illiquidity and/or non-transferability in the absence of market information.

There have been no transfers between levels during the period.

Valuation methodology of Level 3 investments

The default valuation technique is of "Latest Recent Transaction". Where an unquoted investment has been acquired or where there has been a material arm's length transaction during the past six months it will be carried at transaction value unless there are changes or events which suggest cost is not equivalent to fair value. Where there has been no Latest Recent Transaction the primary valuation driver is IndexVal. 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.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019**

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

Valuation methodology of Level 3 investments (continued)

A secondary tool used by Management to evaluate potential investments as well as to provide underlying valuation references for the Fair Value already established is Development Risk Adjusted Values (“DRAV”). DRAVs are not a primary determinant of Fair Value. The Investment Manager 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, 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. Some market analysts incorporate development risk into the discount rate in arriving at a net present value (“NPV”) rather than establishing an NPV discounted purely for cost of capital and country risk and then applying a further overall discount to the project economics dependent on where such project sits on the development curve per the DRAV calculations.

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 and any requirement for finance in the short term for further progression.

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 the average volatility of the companies in that investment’s basket of comparables as utilised in the IndexVal.

iv. Convertible loans

Convertible loans are valued at fair value through profit and loss, taking into account credit risk and the value of the conversion aspect.

v. Royalty Valuation Model

Royalties are valued on projected cashflows taking into account expected time to production and development risk and adjusted for movement in commodity prices.

Quantitative information on significant unobservable inputs – Level 3

	30 June 2019			Range (weighted average)
Description	£	Valuation technique	Unobservable input	
Unlisted Equity	3,854,046	Transactions	Private transactions	n/a
Unlisted Equity	15,377,534	IndexVal	Change in IndexVal	n/a
Unlisted Equity	13,055,018	Royalty valuation model	Estimated production profile	n/a
Unlisted Equity	1,964,901	Other	Exploration results, study results, financings	n/a

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019

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

Quantitative information on significant unobservable inputs – Level 3 (continued)

Description	30 June	Valuation technique	Unobservable input	Range
	2019			(weighted average)
	£			
Debt Instruments				
Black Pearl Limited Partnership	2,758,276	Valued at mean estimated recovery	Estimated recovery range	+/- 50%
Other Convertible Debentures/Loans	18,291,409	Valued at fair value with reference to credit risk and value of embedded derivative	Rate of Credit Risk	20%-40%
Warrants	87,326	Simplified Black Scholes Model	Volatilities	50%
Description	31 December	Valuation technique	Unobservable input	Range
	2018			(weighted average)
	£			
Unlisted Equity	9,223,833	Recent Transactions	Private transactions	n/a
Unlisted Equity	9,355,029	IndexVal	Change in IndexVal	n/a
Unlisted Equity	6,163,793	Royalty Valuation model	Estimated production profile	n/a
Unlisted Equity	315,419	Other	Exploration results, study results, financings	n/a
Debt Instruments				
Black Pearl Limited Partnership	2,749,620	Valued at mean estimated recovery	Estimated recovery range	+/- 50%
Other Convertible Debentures/Loans	13,068,581	Valued at fair value with reference to credit risk and value of embedded derivative	Rate of Credit Risk	20%-40%
Warrants	30,044	Simplified Black Scholes Model	Volatilities	50%

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 possible to quantify the range of such inputs.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019**

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 2019 are as shown below:

Description	Input	Sensitivity used	Effect on Fair Value (£)
Unlisted Equity	Change in IndexVal	+/-31%*	+/-4,767,036
Royalty	Commodity Price	+/-10%	+/-1,305,502
Debt Instruments			
Black Pearl Limited Partnership	Probability weighting	+/-33%	+/-910,231
Others/Loans	Risk discount rate	+/-20%	3,379,238
Warrants	Volatility of 40%-50%	+70/-50%	+285,179/-87,325

**The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value. The 31% sensitivity was used as this was the highest movement observed for IndexVal for any investment during 2018.*

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 2018 are as shown below:

Description	Input	Sensitivity used*	Effect on Fair Value (£)
Unlisted Equity	Change in IndexVal	+/-31%	+/-2,900,059
Debt Instruments			
Black Pearl Limited Partnership	Probability weighting	+/-33%	+/- 915,320
Others/Loans	Risk discount rate	+/-20%	+/- 2,241,196
Warrants	Volatility of 40%	+70/-50%	+37,625/-30,044

4. OTHER FINANCIAL INSTRUMENTS

The directors consider the carrying amount for financial instruments such as cash and cash equivalents and short-term receivables and payables, 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 assets include the contractual amounts for settlement of the 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.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019****5. NET ASSET VALUE PER SHARE AND GAIN PER SHARE**

Net asset value per share is based on the net assets of £71,117,143 (31 December 2018: £66,027,784) and 106,462,502 (31 December 2018: 116,139,980) Ordinary Shares, being the number of shares in issue at 30 June 2019. The calculation for basic and diluted NAV per share is as below:

	30 June 2019	31 December 2018
	Ordinary Shares	Ordinary Shares
Net assets at the period end (£)	71,117,143	66,027,784
Number of shares*	106,462,502	116,139,980
Net asset value per share (in pence) basic	66.8	56.9
Net asset value per share (in pence) diluted	66.8	56.9
Weighted average number of shares	112,914,154	116,139,980

**Including 9,167 (2018:10,000) Management Ordinary Shares.*

The basic and diluted gain per share for the period ended 30 June 2019 is based on the net gain for the period of the Company of £10,115,561 and on 112,914,154, being the weighted average number of Ordinary Shares in issue during the period.

The basic and diluted gain per share for the period ended 30 June 2018 is based on the net gain for the period of the Company of £363,033 and on 116,139,980 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 exemption fee of £1,200 (2018: £1,200) has been paid. However, the Company may be subject to foreign taxes, such as withholding taxes, on certain of its income and gains, £Nil in the period ended 30 June 2019 (30 June 2018, £Nil).

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 average market capitalisation of the Company during each month. The management fee is calculated and accrued as at the last business day of each month and is paid monthly in arrears. The Investment Managers fees are paid by the Manager.

The management fee for the period ended 30 June 2019 was £463,784 (30 June 2018: £482,531) of which £75,735 (31 December 2018: £75,370) was outstanding at the period end.

The Manager is also entitled to a performance fee. The Performance Period is each 12 month period ending on 31 December in each year (the "Performance Period"). The amount of the performance fee is 15 per cent of the total increase in the NAV, if the Hurdle has been met, at the end of the relevant Performance Period, over the highest previously recorded NAV as at the end of a Performance Period in respect of which a performance fee was last 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.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019**

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 (the last Business Day of each calendar month and/or such other day or days at the discretion of the Directors) 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 106,453,335 (31 December 2018: 116,129,980) Ordinary Shares in issue with an additional 700,000 (31 December 2018: 700,000) held in treasury. In addition, the Company has 9,167 (31 December 2018: 10,000) Management Ordinary Shares in issue, which are held by the Investment Manager.

The Ordinary Shares are admitted to the Premium Listing segment of the Official List of the London Stock Exchange. Holders of Ordinary Shares have the right to receive notice of and to attend and vote at general meetings of the Company.

Each holder of Ordinary Shares being present in person or by proxy at a meeting will, upon a show of hands, have one vote and upon a poll each such holder of Ordinary Shares present in person or by proxy will have one vote for each Ordinary Share held by him.

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

	30 June 2019		31 December 2018	
	Amount	No. of shares**	Amount	No. of shares**
	£		£	
Issued and fully paid share capital				
Ordinary Shares of no par value*/*** (including Management Ordinary Shares)	76,148,815	107,162,502	81,175,017	116,839,980
Treasury Shares	(140,492)	(700,000)	(140,492)	(700,000)

* During the period 9,677,478 shares were repurchased and cancelled following a tender offer totalling £4,935,514 excluding expenses.

** Includes 9,167 (2018:10,000) Management Ordinary Shares.

*** The value reported for the ordinary shares represents the net of subscriptions and redemptions (including any associated expenses)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019****9. RELATED PARTY TRANSACTIONS**

The Directors' interests in the share capital of the Company were:

	Number of Ordinary Shares 30 June 2019	Number of Ordinary Shares 31 December 2018
Christopher Sherwell	N/A	104,198
Clive Newall	25,000	25,000

The Directors' fees accrued for the period ended 30 June 2019 were £57,500 (30 June 2018: £57,500), of which £28,750 at 30 June 2019 (31 December 2018: £28,750) were payable at the period end.

The Investment Manager, Baker Steel Capital Managers LLP, had an interest in 9,167 Management Ordinary Shares at 30 June 2019 (31 December 2018: 10,000).

The Management fees paid and accrued for the year are disclosed under Note 7.

Baker Steel Global Funds SICAV – Precious Metals Fund (“Precious Metals Fund”) had an interest of 6,597,877 Ordinary Shares in the Company at 30 June 2019 (31 December 2018: 7,469,609). Precious Metals Fund shares a common Investment Manager with the Company.

10. SUBSEQUENT EVENTS

There were no other events subsequent to the period end that materially impacted on the Company.