



**BAKER STEEL RESOURCES TRUST LIMITED**

**Half-Yearly Report and Unaudited Condensed Interim Financial Statements**

**For the period from 1 January 2023 to 30 June 2023**

**BAKER STEEL RESOURCES TRUST LIMITED**

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## **BAKER STEEL RESOURCES TRUST LIMITED**

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### **MANAGEMENT AND ADMINISTRATION**

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| <b>DIRECTORS:</b>  | Howard Myles (Chairman)<br>Charles Hansard<br>Fiona Perrott-Humphrey<br>John Falla<br><i>(all of whom are non-executive and independent)</i> |
| <b>REGISTERED OFFICE:</b>                                | Arnold House<br>St. Julian's Avenue<br>St. Peter Port<br>Guernsey, GY1 3NF<br>Channel Islands  |
| <b>MANAGER:</b>  | Baker Steel Capital Managers (Cayman) Limited<br>PO Box 309<br>George Town<br>Grand Cayman KY1-1104<br>Cayman Islands                        |
| <b>INVESTMENT MANAGER:</b>                               | Baker Steel Capital Managers LLP*<br>34 Dover Street<br>London W1S 4NG<br>United Kingdom   |
| <b>STOCK BROKERS:</b>                                    | Numis Securities Limited<br>10 Paternoster Square<br>London EC4M 7LT<br>United Kingdom   |
| <b>SOLICITORS TO THE COMPANY:</b><br>(as to English law) | Norton Rose Fulbright LLP<br>3 More London Riverside<br>London SE1 2AQ<br>United Kingdom   |
| <b>ADVOCATES TO THE COMPANY:</b><br>(as to Guernsey law) | Mourant Ozanne<br>Royal Chambers<br>St Julian's Avenue<br>St Peter Port<br>Guernsey GY1 4HP<br>Channel Islands                               |
| <b>ADMINISTRATOR &amp; COMPANY SECRETARY:</b>            | HSBC Securities Services (Guernsey) Limited<br>Arnold House<br>St. Julian's Avenue<br>St. Peter Port<br>Guernsey GY1 3NF<br>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**

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**MANAGEMENT AND ADMINISTRATION (CONTINUED)**

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| <b>SUB-ADMINISTRATOR TO THE COMPANY:</b>   | HSBC Securities Services (Ireland) DAC<br>1 Grand Canal Square<br>Grand Canal Harbour<br>Dublin 2<br>Ireland                             |
| <b>CUSTODIAN TO THE COMPANY:</b>           | HSBC Continental Europe<br>1 Grand Canal Square<br>Grand Canal Harbour<br>Dublin 2<br>Ireland  |
| <b>SAFEKEEPING AND MONITORING AGENT:</b>   | HSBC Continental Europe<br>1 Grand Canal Square<br>Grand Canal Harbour<br>Dublin 2<br>Ireland  |
| <b>AUDITOR:</b>                            | BDO Limited<br>P O Box 180<br>Place du Pre<br>Rue du Pre<br>St. Peter Port<br>Guernsey GY1 3LL<br>Channel Islands                        |
| <b>REGISTRAR:</b>                          | Computershare Investor Services (Jersey) Limited<br>Queensway House<br>Hilgrove Street<br>St Helier<br>JE11ES, Jersey<br>Channel Islands |
| <b>UK PAYING AGENT AND TRANSFER AGENT:</b> | Computershare Investor Services (Jersey) Limited<br>Queensway House<br>Hilgrove Street<br>St Helier<br>JE11ES, Jersey<br>Channel Islands |
| <b>RECEIVING AGENT:</b>                    | Computershare Investor Services (Jersey) Limited<br>Queensway House<br>Hilgrove Street<br>St Helier<br>JE11ES, Jersey<br>Channel Islands |
| <b>PRINCIPAL BANKER:</b>                   | HSBC Bank plc<br>8 Canada Square<br>London E14 5HQ<br>United Kingdom   |

**CHAIRMAN'S STATEMENT**

**For the period from 1 January 2023 to 30 June 2023**

The first half of 2023 remained challenging for your Company after a difficult 2022, with the NAV per share falling by 15.2% to 67.3 pence, versus a 7.1% fall in the EMIX Global Mining Index in Sterling terms. The EMIX Index was down mainly due to falls in commodity prices, investor concern that interest rates are likely to stay higher for longer due to more persistent inflation and concern that Chinese growth following its belated exit from COVID measures was less robust than anticipated. Investors remain cautious about the global economy and prospects for industrial production levels, the key driver of commodities' demand, whilst support from supply-chain related issues has largely abated, at least in the short term.

Disappointingly, as at August 31st 2023 shares in the Company were down by 25.5%, year to date, compared to a 16.8% decline in NAV, as the discount to NAV widened to 47.5%, a level not seen since 2016. Whilst most investment companies have seen a widening in their discount to NAV due to the general risk aversion in markets and particularly those with significant holdings in unlisted assets, it is of note that as recently as June 2021 the Company was trading at NAV, a reminder of how quickly market perceptions and investor sentiment can change towards the mining sector.

Financing new projects for junior mining development companies is arguably tougher than it has been since the period following the global financial crisis, and this has impacted valuations of these companies adversely, including several held by the Company. Higher interest rates also feed through to higher discount rates applied to future cashflows from new projects and accordingly lower net present values (NPVs) ascribed to them, often with a knock-on effect on share prices. Although the current environment of risk aversion is challenging in terms of value realisation for the Company, it is important to adopt a careful and measured approach during these periods, seeking to ensure that the latent value in the projects in which we are invested is recognised and maintained.

Against this backdrop and representing a major milestone, in September 2023 Futura Resources secured the A\$25m required to commence production at its two Queensland steel making coal mines, which at full capacity are projected to produce around 2 million tonnes of saleable product for at least the next 15 years, at a current mining cost of US\$70 per tonne. Despite the significant fall in hard coking coal prices from early 2022 levels, it is still trading around the US\$250 per tonne level which should produce a strong margin. The Company is the largest investor in Futura with around 27% of the equity and has agreed to invest a further A\$4.65m, or around its pro-rata entitlement, in the 3-year high yield convertible note offering that was the primary source of funding, taking the Futura investment from 25.3% NAV to approximately 28.2% of pro-forma NAV at August 31st 2023. Shareholders had previously given the Company the authority to invest further funds in Futura up to a limit of 35% NAV at the time of investment, to allow additional flexibility so that it may seek to protect its existing investment and support Futura in realising the significant inherent value in its assets. Although the financing of the development has taken somewhat longer and has been achieved at a higher interest cost than anticipated, reflective of the current environment, Futura is now expected to produce significant cashflows in the coming years and implement a robust dividend policy. The development of its mines will also result in royalty payments being received by the Company, expected from Q2 2024

In another positive development, CEMOS Group plc, which is the Company's largest holding, in 2022 achieved its third year of profitable cement making operations in Morocco since commencing production. Importantly, it has just committed to construct a clinker making facility sufficient to meet CEMOS's internal requirements, which is anticipated to significantly reduce current clinker costs from third party suppliers and thus enhance margins. Once the second grinding line, acquired in 2022, is installed CEMOS should be able to double production at enhanced margins with ramp up expected in 2025. The expansion is planned to be financed mainly from internal cashflows supported by a term loan from a local Moroccan bank.

Tungsten West Plc raised £7.1 million through a convertible loan note which the Company, as its largest shareholder, supported to maintain its pro rata position. The funding was required for working capital to allow Tungsten West to complete submissions and receive the final two key licences to operate. These are anticipated to be received in the fourth quarter of 2023, at which time Tungsten West will seek to raise the remaining funding required for the recommencement of tungsten and tin production at Hemerdon. The updated feasibility study indicates an IRR of 25% and given the existing infrastructure, remaining capital requirements are modest relative to the cashflows that the project is capable of delivering.

In terms of other developments of note, First Tin PLC continued to advance its two key tin projects, Tellerhäuser in Germany and Taronga in Australia with a decision expected early next year on which of the two projects should be prioritised for first production. Nussir ASA, owner of a shovel ready copper project in Norway, which is set to become the world's first fully electrified mine, initiated a formal process to investigate a sale or merger of the company with an existing producer.

**CHAIRMAN'S STATEMENT (CONTINUED)**

**For the period from 1 January 2023 to 30 June 2023**

**Outlook**

The outlook for mining is expected to remain challenging for the remainder of 2023, with investors remaining risk averse until such time as visibility on the timing of peak interest rates becomes clearer. Nevertheless, the structural case for those metals and commodities essential for the electrification and decarbonisation transition continues to strengthen, whilst the growing themes of deglobalisation and security of supply are likely to underpin commodity prices in the longer term. Inventories remain low by historic standards when measured in terms of weeks of consumption, which does suggest that a recovery, when it comes, could be magnified. Any major economic stimulus package announced by China would provide a boost in sentiment towards the mining sector. Historically, commodities, particularly precious metals, tend to outperform other asset classes in time of persistent or rising inflation or geopolitical uncertainty, such as in the 1970s, and may therefore represent a hedge for portfolios during current uncertain times.

On 31 August 2023, the share price traded at a 47.5% discount to the NAV and continues to be closely monitored by the Board. We have again sought authority to undertake a share buyback if the Board considers it to be in the Company's best interests. With Futura Resources making the transformative step to become a producer, this significant de-risking of an important investment for the Company, coupled with the prospect of dividends generated from the regular income expected to be provided by royalties, should help to reduce this discount in the future supported by the Company's policy of distributing to Shareholders a portion of any realised profits by way of dividend or capital return.



Howard Myles  
Chairman  
14 September 2023

**INVESTMENT MANAGER'S REPORT****For the period from 1 January 2023 to 30 June 2023****Financial Performance**

The unaudited Net Asset Value per Ordinary Share ("NAV") as at 30 June 2023 was 67.3 pence (31 December 2022:79.4 pence), a decrease of 15.20% in the period compared with the decrease in the EMIX Global Mining Index of 7.1% in Sterling terms.

For the purpose of calculating the NAV per share, unquoted investments were carried at fair value as at 30 June 2023 as determined by the Directors, based on reports received from the Investment Manager following a process detailed in the Annual Report and Account. Quoted investments were carried at their quoted prices as at that date.

Net assets at 30 June 2023 comprised the following:

|                           | £m          | % of net assets |
|---------------------------|-------------|-----------------|
| Unquoted Investments      | 54.8        | 76.3            |
| Quoted Investments        | 16.7        | 23.4            |
| Cash and other net assets | 0.2         | 0.3             |
|                           | <u>71.7</u> | <u>100.0</u>    |

**Investment Update****Largest 10 Holdings – 30 June 2023**

|                                  | % of NAV     |
|----------------------------------|--------------|
| Cemos Group Plc                  | 29.2         |
| Futura Resources Limited         | 25.4         |
| Caledonia Mining Corporation Plc | 10.3         |
| Bilboes Royalty                  | 7.9          |
| Kanga Investments Limited        | 5.1          |
| Silver X Mining Corporation      | 4.5          |
| First Tin Plc                    | 3.8          |
| Nussir ASA                       | 3.7          |
| Metals Exploration Plc           | 2.6          |
| Tungsten West Plc                | 2.2          |
|                                  | <u>94.7</u>  |
| Other Investments                | 5.0          |
| Cash and other net assets        | 0.3          |
|                                  | <u>100.0</u> |

**Largest 10 Holdings – 31 December 2022**

|                           | % of NAV     |
|---------------------------|--------------|
| Futura Resources Limited  | 27.7         |
| Cemos Group Plc           | 22.8         |
| Bilboes Gold Limited      | 16.2         |
| Kanga Investments Limited | 5.7          |
| Tungsten West Plc         | 5.4          |
| Silver X Mining           | 5.4          |
| First Tin Plc             | 4.8          |
| Nussir ASA                | 4.1          |
| Metals Exploration plc    | 1.7          |
| PRISM Diversified Limited | 1.5          |
|                           | <u>95.3</u>  |
| Other Investments         | 4.5          |
| Cash and other net assets | 0.2          |
|                           | <u>100.0</u> |

**INVESTMENT MANAGER'S REPORT (CONTINUED)**

**For the period from 1 January 2023 to 30 June 2023**

**Review**

At 30 June 2023, the Company was fully invested, holding 16 investments of which the top 10 holdings comprised 95% of the portfolio by value. The portfolio is diversified both in terms of commodity and the geographical location of the projects. In terms of commodity the portfolio has exposure to cement, copper, gold, iron, lead, lithium, potash, silver, steel making coal, tin, tungsten, vanadium, and zinc. Its projects are located in Australia, Canada, Germany, Indonesia, Madagascar, Morocco, Norway, Peru, the Philippines, Republic of Congo, Russia, the UK and Zimbabwe.

During the first half of 2023, the market for commodities and mining shares was generally weak with the EMIX Global Mining Index ending the period down 7.1% in Sterling terms over concerns for global and Chinese growth. In precious metals, gold rose 5.2% but silver was down 4.9% over the period. The copper price was unchanged after its fall in 2022 though tin recovered 10.9% after falling 37.1% in 2022 (all in US dollars). Steel making coal continued its retreat from its all-time highs as a result of the war in Ukraine, falling a further 12% in the first half of 2023 following the 17.6% fall in 2022 after its 252% gain in 2021. Likewise, potash fell back a further 36% to around US\$320 per tonne following its peaks in excess of US\$1,000 per tonne in 2021.

The Company's main investments at the period end:

***Cemos Group plc ("Cemos")***

Cemos is a private cement producer at Tarfaya in Morocco.

Investment: 24,004,167 ordinary shares (24.6%) valued at £10.0 million  
1,045 Convertible Loan Units (31.6% fully diluted incl existing holding) valued at £10.9 million

In the first half of 2023 the demand for cement in Morocco continued to be subdued due to inflationary pressures in the economy although the sales for the year remained at around 200,000 tonnes, similar to 2022, and efforts are underway to grow and diversify the client portfolio to mitigate the effects of lower overall demand. At the end of June, the Board of Cemos gave the go ahead to construct a compact calcination unit (CCU) to enable it to produce its own clinker the main consumable for Cemos' operation, subject to the requisite permits which are expected in the second half of 2023. The CCU plant will cost around €10 million to install, and is budgeted to increase the overall margin by around 50% or €5 million a year and also provide better security of supply. Cemos continues to investigate the potential for manufacture of 'green cement' products by replacing some clinker in the production process with more environmentally friendly supplementary cementitious materials such as pozzolan which would not only reduce the CO2 footprint of the operation but may also have a positive impact on costs.

***Futura Resources Ltd ("Futura")***

Futura owns the Wilton and Fairhill steel making coal projects in the Bowen Basin in Queensland, Australia which hold Measured and Indicated coal resources of 843 million tonnes.

Investment: 11,309,005 ordinary shares (26.9%) valued at £6.7 million  
1.5% Gross Revenue Royalty valued at £11.2 million  
A\$600,000 million bridging loan valued at £0.27 million

On 23 November 2022, Futura was awarded the mining licences for its projects and during the first half of 2023, it focused on raising the necessary finance to commence production at Wilton. On 11 September 2023, Futura announced that it had completed an A\$26.2 million financing which will be sufficient to commence production at Wilton as well pay the landowner compensation due for Wilton and Fairhill. Pre-production works are relatively simple consisting of pre-stripping of overburden and upgrading of roads given the existing agreement in place for the coal to be processed at the nearby Gregory Crinum wash plant. As a result, Wilton is expected to commence in production at the beginning of 2024. The expectation is to develop Fairhill utilising cash flow generated from Wilton, though that could be accelerated with offtake finance once the coal quality from Wilton is proven. At full operating capacity the two mines will produce around 2 million tonnes of coal per annum at a cost of circa US\$70 per tonne compared to the current spot price for coking coal in excess of US\$200 per tonne.



**INVESTMENT MANAGER'S REPORT (CONTINUED)**

**For the period from 1 January 2023 to 30 June 2023**

***Caledonia Mining Corporation Plc ("Caledonia")***

Investment: 800,000 ordinary shares (4.2%) valued at £7.4 million

On 6 January 2023 the shareholders of Bilboes Gold Ltd completed its sale to Caledonia Mining Corporation Plc. Caledonia is a NYSE, AIM and Victoria Falls Exchange listed gold producer whose primary asset is the Blanket Mine in Zimbabwe. Part of the Company's consideration for its 22% interest in Bilboes was in the form of 800,000 shares in Caledonia.

In the first half of 2023, Caledonia reported production of 33,472 ounces of gold which was down 13% on the previous year due to a number of technical problems in the first half. These problems have since been addressed and Caledonia was sufficiently confident to maintain its production guidance at 75,000 to 80,000 of gold from Blanket for 2023. Caledonia currently pays a dividend of US\$0.14 per quarter.

***Bilboes Royalty ("Bilboes")***

Investment: 1% net smelter royalty valued at £5.7 million

The other part of the Company's consideration for the sale of Bilboes Gold Ltd was a 1% net smelter royalty (NSR) over the Bilboes properties. The Bilboes' gold project in Zimbabwe has a JORC compliant Proved and Probable Reserve containing 1.8 million ounces of gold out of a total Mineral Resource of 3.8 million ounces of gold.

Caledonia has indicated that it will re-engineer the original Bilboes feasibility study which outlined production of an average of 168,000 ounces per annum over 10 years, to a phased development approach which would lower up-front capital. During the first half of 2023, Caledonia recommenced gold production at Bilboes from near surface oxide ores with the aim of generating additional cash and with the benefit of pre-stripping for the underlying sulphide project thus accelerating its development. However due to variations in anticipated grades which had been extrapolated from the drilling for the underlying sulphide resources in the feasibility study, Caledonia has decided to cease mining and metallurgical processing of the Bilboes Oxides at the end of September 2023. Thereafter leaching of material that has already been deposited on the leach pad will continue. Oxide mining and processing will resume when the stripping of the waste for the sulphide project commences.

At the average production rate of 168,000 ounces per annum in the Bilboes feasibility study, the NSR would generate some US\$2.5 million per annum after tax, although the expected production profile will become clearer once Caledonia publishes its revised plans for Bilboes,

***Kanga Potash Investments Ltd***

Kanga Potash is a private company which holds the Kanga potash project, in the Republic of the Congo.

Investment: 56,042 ordinary shares (6.6%) valued at £3.7 million

Kanga Potash completed a positive Definitive Feasibility Study ("DFS") in 2020 on its Kanga Potash project in the Republic of Congo for a mine producing 600,000 tonnes per annum of Muriate of Phosphate ("MOP"). The DFS economic model gave a Net Present Value at a 10% discount rate of US\$511 million with an IRR of 22% based on an MOP price of US\$282 per tonne compared to the current price of around US\$350 per tonne. In addition, there is potential for the mine to be expanded on a modular basis up to 2.4M tonnes per annum over 30 years as set out in the DFS. Kanga Potash continues to have discussions regarding the financing or sale of the project. In the second half of 2022 the government of Congo published a decree awarding the Kanga Exploitation/Mining Licence to Kanga Potash, a key condition of potential acquirors.

***Silver X Mining Corporation ("Silver X")***

Silver X is a TSX-V listed company whose Recuperada project in Peru comprises 11,261 Ha of mining concessions centred around a 600 tonne per day processing plant.

Investment: 19,502,695 ordinary shares (11.7%) valued at £3.2 million

In the first half of 2023 Silver X produced 531,099 ounces of silver equivalent at its Nueva Recuperada Silver mine in Peru. The mine performed below the level anticipated though no guidance had been announced nor has any full year production guidance been announced. As a result, in June 2023, the company announced the appointment of a new Chief Operating Officer to reorganize operations in order to bring them back on track. In July 2023 the new CEO ordered a 30-45-day cessation of operations whilst a new operational plan is implemented. In February 2023 Silver X released the results of a Preliminary Economic Assessment ("PEA") under Canadian National Instrument 43-101 Standards for the expansion of the Tangana Mining Unit at Nueva Recuperada. The PEA outlined the potential to treble annual production to 4.2 million ounces silver equivalent by constructing an additional recovery plant at a capital cost of US\$61 million to give a post-tax NPV10 of US\$175 million. A more detailed feasibility study will be undertaken before a decision is made to move forward with this expansion.

**INVESTMENT MANAGER'S REPORT (CONTINUED)**

**For the period from 1 January 2023 to 30 June 2023**

***First Tin PLC ("First Tin")***

First Tin is a company listed on the London Stock Exchange which holds the Tellerhäuser and Gottesburg tin projects in Germany and the Taronga tin project in Australia. Combined contained tin for the three projects totals 143,000 tonnes.

Investment: 37,128,014 ordinary shares (14.0%) valued at £2.7 million

During the first half of 2023 First Tin completed the infill and extension drilling required for the feasibility study for Taronga open pit tin project in Australia. This successfully outlined a 400-metre extension to the current resource area which should be reflected in an updated mineral resource statement expected to be released in Q3 2023. Once this has been completed First Tin can optimize the scale of future operations which will be reflected in a definitive feasibility study ("DFS") expected to be completed in early 2024. In June 2023, First Tin submitted the complete documentation for its mine permit application to the Saxonian Mining Authority for the Tellerhäuser underground tin project. A decision is expected prior to the end of Q3 2024. In the meantime, First Tin plans to publish an updated JORC compliant Resource on Tellerhäuser, with the DFS scheduled for completion in early 2024.

***Nussir ASA ("Nussir")***

Nussir is a Norwegian private company whose key asset is the Nussir copper project in Northern Norway.

Investment: 12,785,361 ordinary shares (12.1%) valued at £2.7 million

In early April 2023 Nussir completed the update of the DFS on its Nussir copper project in northern Norway changing the operations from diesel based to a fully electrified mine producing around 14,000 tonnes of copper per year over a 14 year mine life. The updated DFS economics gave a NPV<sub>8%</sub> of US\$191 million with an IRR of 22% based on a copper price of US\$8,000 per tonne (Spot US\$8,327 at June 2023). Nussir is currently in a formal process of seeking an industry partner to assist with financing the development of the mine.

***Metals Exploration plc ("Metals Exploration")***

Metals Exploration is an AIM listed company which owns the Runruno gold mine in the Philippines.

Investment: 103,860,000 ordinary shares (5.4%) valued at £1.9 million

In the first half of 2023 Metals Exploration plc sold a record 46,186 ounces of gold from its Runruno gold mine in the Philippines, an approximate 50% increase on the 30,676 ounces sold in the first half of 2022. This resulted in record half-year gold revenue of US\$89.6 million (H1 2022: US\$57.6 million) and record half-year positive free cash flow of US\$41.9 million (H1 2022: US\$13.6 million). This strong performance enabled Metals Exploration to accelerate debt repayments to US\$35.05 million during the half year, leaving net debt at US\$48.3 million at 30 June 2023.

***Tungsten West Plc ("Tungsten West")***

Tungsten West owns the Hemerdon Mine in Devon, United Kingdom and is quoted on the AIM market of the London Stock Exchange.

Investment: 28,846,515 ordinary shares (15.4%) valued at £0.9 million  
£600,000 convertible loan valued at £612,057  
1,657,195 second options valued at £0.02 million  
1,657,195 third options valued at £0.01 million

On 16 January 2023 Tungsten West announced the results of its updated feasibility study on the Hemerdon tungsten and tin mine in Devon. The feasibility study detailed a mine with average annual production of 2,900 tonnes of tungsten (WO<sub>3</sub>) and 310 tonnes of tin in concentrate over 27 years. The economics showed a post-tax NPV<sub>5</sub> of £297 million with an Internal Rate of Return (IRR) of 25%. It also highlighted an Upside Case post-tax NPV<sub>5%</sub> of £416 million with an IRR of 32%. Total pre-production capex, corporate commitments and working capital was estimated at £54.9 million. In June 2023, Tungsten West raised £7.1 million through a convertible loan note issuance payable in two tranches. As Tungsten West's largest shareholder, the Company supported this issue to maintain its pro rata position. In August 2023, Tungsten West announced completion of a low frequency noise trial, which enabled it to make a formal submission to the Environment Agency to secure the Mineral Processing Facility permit. Tungsten West also submitted a section 73 (variation of a condition of existing permission) application to vary the tonnage cap on truck movements from site. It is anticipated that these two key licenses could be received in the fourth quarter of 2023, at which time Tungsten West will seek to raise the remaining funding required for the recommencement of tungsten and tin production at Hemerdon.

**INVESTMENT MANAGER'S REPORT (CONTINUED)**

**For the period from 1 January 2023 to 30 June 2023**

**Outlook**

The disruption in availability of financing for junior companies with development projects continued during the first half of 2023 and it is unclear when this position will change. Inflation fears combined with sluggish global growth have led to investors generally adopting a “risk off” position, whilst seeking to preserve capital. Commentators expect inflation and interest rates to remain high into 2024. An eventual change in the trend in interest rates could be the trigger for a return to a healthier market. However there remain concerns that the Chinese economy in particular has not bounced back post covid lockdowns, and that their government is no longer capable of stimulating the economy in the face of a deteriorating housing market. Against this, there remains the medium term demand profile for many minerals to underpin the energy transition plus the growing interest by governments to secure supply chains for essential minerals. Attempting to call the exact timing on the potential recovery in the markets for both commodity prices and shares would be unrealistic. But shareholders should draw comfort from the mature nature of many of the projects in which the Company holds positions. This should mean that the portfolio is well placed to benefit when momentum changes.

*Baker Steel Capital Managers LLP*

*Investment Manager*

*September 2023*

**DIRECTORS' REPORT**

**For the period from 1 January 2023 to 30 June 2023**

The Directors of the Company present the Half-Yearly Report and Unaudited Condensed Interim Financial Statements for the six months ended 30 June 2023.

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

**Status**

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, 2020, ("POI Law") and the Registered Collective Investment Scheme Rules and Guidance, 2021 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 the uplift in value resulting from the development progression of the investee companies' projects and through exploiting value inherent in market inefficiencies and pricing anomalies.

**Performance**

During the period ended 30 June 2023, the Company's unaudited NAV per Ordinary Share decreased by 15.20% and the share price decreased by 4.4 % on the London Stock Exchange. This compares with a fall in the EMIX Global Mining Index (capital return in Sterling terms) of 7.1%. A more detailed explanation of the performance of the Company is provided within the Investment Manager's Report on pages 5 to 9.

The results for the period are shown in the Statement of Comprehensive Income on pages 17 and 18 and the Company's financial position at the end of the period is shown in the Statement of Financial Position on page 16.

**Dividend and 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. In the longer term the Board intends to formulate a more regular dividend policy once it starts to receive income from its royalty interests. As it is not expected that there will be net realised cash gain during the year, it is unlikely that there will be any distribution in respect of the year ended 31 December 2023.

**Directors and their interests**

The Directors of the Company who served during the period and up until the date of signing of the financial statements are:

Howard Myles (Chairman)  
Charles Hansard  
Fiona Perrott-Humphrey  
John Falla

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 2022 ("the Annual Report") are presented on page 18 of that report.

**DIRECTORS' REPORT (CONTINUED)****For the period from 1 January 2023 to 30 June 2023****Directors and their interests (continued)**

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

Each Director is asked to declare his interests at each Board Meeting. No Director has any material interest in any other contract which is significant to the Company's business.

John Falla holds 60,000 shares in the Company (31 December 2022: 60,000). No other director has a beneficial interest in the Company.

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

|                        | Board Meetings |          | Audit Committee Meetings |          |
|------------------------|----------------|----------|--------------------------|----------|
|                        | Held           | Attended | Held                     | Attended |
| Howard Myles           | 2              | 2        | 2                        | 2        |
| Charles Hansard        | 2              | 2        | n/a                      | n/a      |
| Fiona Perrott-Humphrey | 2              | 2        | 2                        | 2        |
| John Falla             | 2              | 2        | 2                        | 2        |

In addition to the quarterly meetings, ad hoc Board and committee meetings are convened as required. All Directors contribute to a significant ad hoc exchange of views between the Directors and the Investment Manager on specific matters, in particular in relation to developments in the portfolio.

The Directors are remunerated for their services at such rate as the Directors determine provided that the aggregate amount of such fees may not exceed £200,000 per annum (or such sum as the Company in a general meeting shall from time to time determine). Effective 1 October 2022 the Board, recognising that Board remuneration was below market rates having not changed since the Company's flotation in 2010, resolved to increase their remuneration to £32,500 per annum for each Director. The Chairman receives a supplement of £10,000 per annum and the Chairman of the Audit Committee a supplement of £5,000 per annum.

For the period ended 30 June 2023 the total remuneration of the Directors was £72,500 (30 June 2022: £57,500). There were no Director's fees outstanding as at 30 June 2023 (31 December 2022: £Nil).

**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.

**Shares in issue**

The Company was admitted to trading on the London Stock Exchange on 28 April 2010. The Company has a total of 106,453,335 (31 December 2022: 106,453,335) ordinary shares outstanding with an additional 700,000 (31 December 2022: 700,000) held in treasury. The Company has 9,167 (31 December 2022: 9,167) Management Ordinary shares in issue, which are held by the Investment Manager.

**Going concern**

Having reassessed the principal and emerging risks described on pages 14 and 15 of the 31 December 2022 Annual Report, and the other matters discussed in connection with the viability statement as set out on page 16 of the said report, the Directors consider it is appropriate to adopt the going concern basis in preparing these interim Financial Statements. The discontinuation vote in 2021 was not passed and the next vote is in 2024. The Board have no reason to believe that investors will vote in favour of discontinuation. As at 30 June 2023, approximately 23.3% of the Company's assets were represented by cash and unrestricted listed and quoted investments which are readily realisable. Although the continuing Russian invasion of Ukraine has resulted in a reduction in the carrying value of investments with a Russian nexus it is not expected that it will affect the Company's ability to operate on a normal basis. Neither of the two affected investments, PAL and Azarga were expected to be a material source of revenue in the next two years. The Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

**DIRECTORS' REPORT (CONTINUED)**

**For the period from 1 January 2023 to 30 June 2023**

**Directors and their interests (continued)**

**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 and emerging risks**

The principal and emerging risks facing the Company, which include market and financial risk and portfolio management and performance risk, are considered in detail, on pages 14 and 15 of the 31 December 2022 Annual Report which is available on the Company's website [www.bakersteelresourcestrust.com](http://www.bakersteelresourcestrust.com). The Directors do not consider that these risks have materially changed during the period ended 30 June 2023 and do not expect any changes in the second half of 2023.

**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 Report and Accounts 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**

The Company is a member of the Association of Investment Companies.

The Board has therefore considered the Principles and Provisions of the AIC Code of Corporate Governance (AIC Code). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the UK Code), as well as setting out additional Provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council and the Guernsey Financial Services Commission, provides more relevant information to shareholders.

The Company has complied with the Principles and Provisions of the AIC Code and therefore the UK Code except as where explained in the Annual Report on pages 22 to 24.

There is no change in compliance since the Annual Report.

Signed for and on behalf of the Directors:



Howard Myles  
Director



John Falla  
Director

14 September 2023

**BAKER STEEL RESOURCES TRUST LIMITED****UNAUDITED PORTFOLIO STATEMENT  
AS AT 30 JUNE 2023**

| <b>Shares<br/>/Warrants/<br/>Nominal</b>        | <b>Investments</b>                       | <b>Fair value<br/>£ equivalent</b> | <b>% of Net<br/>assets</b> |
|---|--|------------------------------------|----------------------------|
| <b><u>Listed equity shares</u></b>              |  |                                    |                            |
| <b>Australian Dollars</b>                       |  |                                    |                            |
| 4,091,910                                       | Akora Resources Limited                  | 364,426                            | 0.51                       |
| <b>Australian Dollars Total</b>                 |  | <b>364,426</b>                     | <b>0.51</b>                |
| <b>Canadian Dollars</b>                         |  |                                    |                            |
| 6,519,395                                       | Azarga Metals Corporation                | 290,561                            | 0.41                       |
| 19,502,695                                      | Silver X Mining Corporation              | 3,245,053                          | 4.53                       |
| <b>Canadian Dollars Total</b>                   |  | <b>3,535,614</b>                   | <b>4.94</b>                |
| <b>Great Britain Pounds</b>                     |  |                                    |                            |
| 800,000   | Caledonia Mining Corporation Plc         | 7,392,204                          | 10.31                      |
| 37,128,014                                      | First Tin Plc                            | 2,691,781                          | 3.75                       |
| 103,860,000                                     | Metals Exploration Plc                   | 1,869,480                          | 2.61                       |
| 28,846,515                                      | Tungsten West Plc                        | 901,454                            | 1.26                       |
| <b>Great Britain Pounds Total</b>               |  | <b>12,854,919</b>                  | <b>17.93</b>               |
| <b>Total investment in listed equity shares</b> |  | <b>16,754,959</b>                  | <b>23.38</b>               |
| <b><u>Debt instruments</u></b>                  |  |                                    |                            |
| <b>Australian Dollars</b>                       |  |                                    |                            |
| 600,000   | Futura Resources Limited – Bridging Loan | 270,427                            | 0.38                       |
| <b>Australian Dollars Total</b>                 |  | <b>270,427</b>                     | <b>0.38</b>                |
| <b>Canadian Dollars</b>                         |  |                                    |                            |
| 305,000   | PRISM Diversified Limited Loan Note 1    | 89,589                             | 0.12                       |
| 250,500   | PRISM Diversified Limited Loan Note 2    | 285,454                            | 0.40                       |
| <b>Canadian Dollars Total</b>                   |  | <b>375,043</b>                     | <b>0.52</b>                |

**BAKER STEEL RESOURCES TRUST LIMITED**
**UNAUDITED PORTFOLIO STATEMENT (CONTINUED)  
AS AT 30 JUNE 2023**

| Shares<br>/Warrants/<br>Nominal                              | Investments   | Fair value<br>£ equivalent | % of Net<br>assets |
|--|---|----------------------------|--------------------|
| <b><u>Debt instruments (Continued)</u></b>                   |   |                            |                    |
| <b>Great Britain Pounds</b>                                  |   |                            |                    |
| 1,045  | Cemos Group Convertible Loan                              | 10,936,853                 | 15.25              |
| 600,000  | Tungsten West Convertible Loan                            | 612,057                    | 0.85               |
| <b>Great Britain Pounds Total</b>                            |   | <b>11,548,910</b>          | <b>16.10</b>       |
| <b>United States Dollars</b>                                 |   |                            |                    |
| 7,028,352  | Black Pearl Limited Partnership                           | 688,543                    | 0.96               |
| <b>United States Dollars Total</b>                           |   | <b>688,543</b>             | <b>0.96</b>        |
| <b>Total investments in debt instruments</b>                 |   | <b>12,882,923</b>          | <b>17.96</b>       |
| <b><u>Unlisted equity shares, warrants and royalties</u></b> |   |                            |                    |
| <b>Australian Dollars</b>                                    |   |                            |                    |
| 10,100,000   | Futura Gross Revenue Royalty                              | 11,179,654                 | 15.59              |
| 11,309,005   | Futura Resources Limited                                  | 6,754,034                  | 9.42               |
| <b>Australian Dollars Total</b>                              |   | <b>17,933,688</b>          | <b>25.01</b>       |
| <b>Canadian Dollars</b>                                      |   |                            |                    |
| 666,667  | Azarga Metals Warrants 09/05/2025                         | 923                        | 0.00               |
| 13,083,936   | PRISM Diversified Limited                                 | 777,513                    | 1.08               |
| 40,000   | PRISM Diversified Limited Royalty                         | 23,770                     | 0.03               |
| 1,000,000  | PRISM Diversified Limited Warrants 31/12/2023             | 16,520                     | 0.02               |
| 324,000  | Unkur On-sale Entitlement                                 | 48,134                     | 0.07               |
| <b>Canadian Dollars Total</b>                                |   | <b>866,860</b>             | <b>1.20</b>        |
| <b>Great Britain Pounds</b>                                  |   |                            |                    |
| 1,594,646  | Celadon Mining Limited                                    | 15,946                     | 0.02               |
| 24,004,167   | Cemos Group Plc   | 10,009,738                 | 13.96              |
| 1,657,195  | Tungsten West Plc Second Option Share Warrants 18/10/2026 | 19,887                     | 0.03               |
| 1,657,195  | Tungsten West Plc Third Option Share Warrants 18/10/2026  | 11,932                     | 0.02               |
| <b>Great Britain Pounds Total</b>                            |   | <b>10,057,503</b>          | <b>14.03</b>       |
| <b>Norwegian Krone</b>                                       |   |                            |                    |
| 12,785,361   | Nussir ASA  | 2,656,393                  | 3.70               |
| <b>Norwegian Krone Total</b>                                 |   | <b>2,656,393</b>           | <b>3.70</b>        |



**BAKER STEEL RESOURCES TRUST LIMITED****UNAUDITED PORTFOLIO STATEMENT (CONTINUED)  
AS AT 30 JUNE 2023**

| <b>Shares<br/>/Warrants/<br/>Nominal</b>                          | <b>Investments</b>          | <b>Fair value<br/>£ equivalent</b> | <b>% of Net<br/>assets</b> |
|---|-----------------------------|------------------------------------|----------------------------|
| <b>Unlisted equity shares, warrants and royalties (Continued)</b> |                             |                                    |                            |
| <b>United States Dollars</b>                                      |                             |                                    |                            |
| -   | Bilboes Net Smelter Royalty | 5,671,027                          | 7.91                       |
| 56,042  | Kanga Investments Limited   | 3,684,536                          | 5.14                       |
| 16,352  | Polar Acquisition Limited   | 999,290                            | 1.39                       |
| <b>United States Dollars Total</b>                                |                             | <b>10,354,853</b>                  | <b>14.44</b>               |
| <b>Total Unlisted equity shares, warrants and royalties</b>       |                             | <b>41,869,297</b>                  | <b>58.38</b>               |
| <b>Financial Assets held at fair Value through profit or loss</b> |                             | <b>71,507,179</b>                  | <b>99.72</b>               |
| <b>Other Assets &amp; Liabilities</b>                             |                             | <b>191,488</b>                     | <b>0.28</b>                |
| <b>Total Equity</b>   |                             | <b>71,698,667</b>                  | <b>100.00</b>              |

**UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2023**

|   | Notes | Unaudited<br>30 June<br>2023<br>£ | Audited<br>31 December<br>2022<br>£ |
|---|-------|-----------------------------------|-------------------------------------|
| <b>Assets</b>   |       |                                   |                                     |
| Cash and cash equivalents   |       | 260,862                           | 254,140                             |
| Interest receivable   |       | 56,092                            | 57,917                              |
| Other receivables   |       | 24,717                            | 17,899                              |
| Financial assets held at fair value through profit or loss        | 3     | 71,507,179                        | 84,311,955                          |
| <b>Total assets</b>   |       | <b>71,848,850</b>                 | <b>84,641,911</b>                   |
| <b>Equity and Liabilities</b>                                     |       |                                   |                                     |
| <b>Liabilities</b>  |       |                                   |                                     |
| Management fees payable   | 7,9   | 70,339                            | 69,854                              |
| Administration fees payable                                       |       | 33,711                            | 9,659                               |
| Audit fees payable  |       | 35,000                            | 70,000                              |
| Custodian fees payable  |       | 6,166                             | 7,158                               |
| Other payables  |       | 4,967                             | 2,392                               |
| <b>Total liabilities</b>  |       | <b>150,183</b>                    | <b>159,063</b>                      |
| <b>Equity</b>   |       |                                   |                                     |
| Management Ordinary Shares  | 8     | 9,167                             | 9,167                               |
| Ordinary Shares   | 8     | 75,972,688                        | 75,972,688                          |
| Revenue Reserves  |       | 8,421,427                         | 8,771,186                           |
| Capital Reserves  |       | (12,704,615)                      | (270,193)                           |
| <b>Total equity</b>   |       | <b>71,698,667</b>                 | <b>84,482,848</b>                   |
| <b>Total equity and liabilities</b>                               |       | <b>71,848,850</b>                 | <b>84,641,911</b>                   |
| Net Asset Value per Ordinary Share (in Pence) – Basic and Diluted | 5     | 67.3                              | 79.4                                |

These unaudited condensed financial statements on pages 16 to 30 were approved by the Board of Directors on 14 September 2023 and signed on its behalf by:



Howard Myles  
Director



John Falla  
Director

**UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023**

|   |     | Unaudited<br>period ended<br>30 June<br>2023<br>Revenue<br>£ | Unaudited<br>period ended<br>30 June<br>2023<br>Capital<br>£ | Unaudited<br>period ended<br>30 June<br>2023<br>Total<br>£ |
|---|-----|--|--|--|
| <b>Income</b>   |     |  |  |  |
| Interest income   |     | 229,828  | -  | 229,828  |
| Dividend income   |     | 176,396  | -  | 176,396  |
| Other income  |     | 1,618  | -  | 1,618  |
| Net loss on financial assets at fair value through profit or loss | 3   | -  | (12,429,311)   | (12,429,311)   |
| Net foreign exchange loss   |     | -  | (5,111)  | (5,111)  |
| <b>Net income/(loss)</b>  |     | <b>407,842</b>   | <b>(12,434,422)</b>  | <b>(12,026,580)</b>  |
| <b>Expenses</b>   |     |  |  |  |
| Management fees   | 7,9 | 453,417  | -  | 453,417  |
| Administration fees   |     | 55,298   | -  | 55,298   |
| Directors' fees   | 9   | 72,500   | -  | 72,500   |
| Legal fees  |     | 10,226   | -  | 10,226   |
| Other expenses  |     | 48,753   | -  | 48,753   |
| Custody fees  |     | 43,724   | -  | 43,724   |
| Audit fees  |     | 35,000   | -  | 35,000   |
| Broker fees   |     | 17,500   | -  | 17,500   |
| Directors' insurance  |     | 18,414   | -  | 18,414   |
| Directors' expenses   |     | 2,769  | -  | 2,769  |
| <b>Total expenses</b>   |     | <b>757,601</b>   | <b>-</b>   | <b>757,601</b>   |
| <b>Net loss for the period</b>                                    |     | <b>(349,759)</b>   | <b>(12,434,422)</b>  | <b>(12,784,181)</b>  |
| <b>Net loss for the period per Ordinary Share:</b>                |     |  |  |  |
| Basic and Diluted (in pence)                                      | 5   | (0.33)   | (11.68)  | (12.01)  |

In the period ended 30 June 2023, 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 Statement of Comprehensive Income follows the recommendations of the AIC Statement of Recommended Practice.

**UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022**

|   |     | Unaudited<br>period ended<br>30 June<br>2022<br>Revenue<br>£ | Unaudited<br>period ended<br>30 June<br>2022<br>Capital<br>£ | Unaudited<br>period ended<br>30 June<br>2022<br>Total<br>£ |
|---|-----|--|--|--|
| <b>Income</b>   |     |  |  |  |
| Interest income   |     | 320,808  | -  | 320,808  |
| Dividend income   |     | 7,249  | -  | 7,249  |
| Net loss on financial assets at fair value through profit or loss | 3   | -  | (18,569,776)   | (18,569,776)   |
| Net foreign exchange gain   |     | -  | 4,925  | 4,925  |
| <b>Net income</b>   |     | <b>328,057</b>   | <b>(18,564,851)</b>  | <b>(18,236,794)</b>  |
| <b>Expenses</b>   |     |  |  |  |
| Management fees   | 7,9 | 649,850  | -  | 649,850  |
| Administration fees   |     | 60,897   | -  | 60,897   |
| Directors' fees   | 9   | 57,500   | -  | 57,500   |
| Legal fees  |     | 55,112   | -  | 55,112   |
| Other expenses  |     | 51,932   | -  | 51,932   |
| Custody fees  |     | 30,787   | -  | 30,787   |
| Audit fees  |     | 29,250   | -  | 29,250   |
| Depositary fees   |     | 20,037   | -  | 20,037   |
| Broker fees   |     | 17,500   | -  | 8,879  |
| Directors' insurance  |     | 6,000  | -  | 6,000  |
| Directors' expenses   |     | 151  | -  | 151  |
| <b>Total expenses</b>   |     | <b>979,016</b>   | <b>-</b>   | <b>979,016</b>   |
| <b>Net loss for the period</b>                                    |     | <b>(650,960)</b>   | <b>(18,564,850)</b>  | <b>(19,215,810)</b>  |
| <b>Net loss for the period per Ordinary Share:</b>                |     |  |  |  |
| Basic and Diluted (in pence)                                      | 5   | (0.61)   | (17.44)  | (18.05)  |

In the period ended 30 June 2022, 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 Statement of Comprehensive Income 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 2023 TO 30 JUNE 2023**

|                                   | <b>Management<br/>Ordinary<br/>Shares<br/>£</b> | <b>Ordinary<br/>Shares<br/>£</b> | <b>Treasury<br/>Shares<br/>£</b> | <b>Revenue<br/>reserves<br/>£</b> | <b>Capital<br/>reserves<br/>£</b> | <b>Period<br/>end<br/>£</b> |
|-----------------------------------|---|----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------|
| Balance as at 1 January 2023      | 9,167   | 76,113,180                       | (140,492)                        | 8,771,186                         | (270,193)                         | 84,482,848                  |
| Net loss for the period           | -   | -                                | -                                | (349,759)                         | (12,434,422)                      | (12,784,181)                |
| <b>Balance as at 30 June 2023</b> | <b>9,167</b>                                    | <b>76,113,180</b>                | <b>(140,492)</b>                 | <b>8,421,427</b>                  | <b>(12,704,615)</b>               | <b>71,698,667</b>           |
| Note:                             | 8   | 8                                |                                  |                                   |                                   |                             |

**UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022**

|                                   | <b>Management<br/>Ordinary<br/>Shares<br/>£</b> | <b>Ordinary<br/>Shares<br/>£</b> | <b>Treasury<br/>Shares<br/>£</b> | <b>Revenue<br/>reserves<br/>£</b> | <b>Capital<br/>reserves<br/>£</b> | <b>Period<br/>end<br/>£</b> |
|-----------------------------------|---|----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------|
| Balance as at 1 January 2022      | 9,167   | 76,113,180                       | (140,492)                        | 10,047,160                        | 18,769,941                        | 104,798,956                 |
| Net gain for the period           | -   | -                                | -                                | (650,959)                         | (18,564,851)                      | (19,215,810)                |
| <b>Balance as at 30 June 2022</b> | <b>9,167</b>                                    | <b>76,113,180</b>                | <b>(140,492)</b>                 | <b>9,396,201</b>                  | <b>205,090</b>                    | <b>85,583,146</b>           |
| Note:                             | 8   | 8                                |                                  |                                   |                                   |                             |

*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 2023 TO 30 JUNE 2023**

|   | <b>Unaudited<br/>Period ended<br/>30 June<br/>2023<br/>£</b> | <b>Unaudited<br/>Period ended<br/>30 June<br/>2022<br/>£</b> |
|---|--|--|
| <b>Cash flows from operating activities</b>   |  |  |
| Net loss for the period   | (12,784,181)   | (19,215,810)   |
| <i>Adjustments to reconcile net gain for the period to net cash used in operating activities:</i> |  |  |
| Interest income   | (229,828)  | (320,808)  |
| Dividend income   | (176,396)  | (7,249)  |
| Net loss on financial assets at fair value through profit or loss                                 | 3 12,429,311   | 18,569,776   |
| Net (increase)/decrease in other receivables  | (6,818)  | 567  |
| Net decrease in payables  | (8,880)  | (54,524)   |
|   | <u>(776,792)</u>   | <u>(1,028,048)</u>   |
| Interest received   | 231,653  | 514,027  |
| Dividend received   | 176,396  | 7,249  |
| <b>Net cash used in operating activities</b>  | <b><u>(368,743)</u></b>                                      | <b><u>(506,772)</u></b>                                      |
| <b>Cash flows from investing activities</b>   |  |  |
| Purchase of financial assets at fair value through profit or loss                                 | (772,888)  | (1,209,441)  |
| Sale of financial assets at fair value through profit or loss                                     | 1,148,353  | 768,643  |
| <b>Net cash generated from/ (used in) investing activities</b>                                    | <b><u>375,465</u></b>  | <b><u>(440,798)</u></b>                                      |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                       | <b>6,722</b>   | <b>(947,570)</b>   |
| Cash and cash equivalents at the beginning of the period  | 254,140  | 1,077,482  |
| <b>Cash and cash equivalents at the end of the period</b>   | <b><u>260,862</u></b>  | <b><u>129,912</u></b>  |

*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 2023 TO 30 JUNE 2023**

**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 (Bailiwick of Guernsey) Law, 2020 and the Registered Collective Investment Scheme Rules and Guidance, 2021 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.

Baker Steel Capital Managers LLP 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. 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 unaudited condensed interim financial statements in the half year report for the six months ended 30 June 2023 have been prepared in accordance with International Accounting Standard (IAS) 34, ‘Interim Financial Reporting’ as adopted by the European Union. This half year report and condensed financial statements should be read in conjunction with the Company’s annual report and financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and are available at the Company’s website ([www.bakersteelresourcestrust.com](http://www.bakersteelresourcestrust.com)).

The accounting policies adopted and methods of computation followed in the condensed interim financial statements are consistent with those applied in the preparation of the Company’s annual financial statements for the year ended 31 December 2022 and are expected to be applied to the Company’s annual financial statements for the year ending 31 December 2023.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023**
**3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

| <b>Investment Summary:</b>  | <b>Period ended</b> | <b>Year ended</b>  |
|---|---------------------|--------------------|
|   | <b>30 June</b>      | <b>31 December</b> |
|   | <b>2023</b>         | <b>2022</b>        |
|   | <b>£</b>            | <b>£</b>           |
| Opening book cost   | 75,709,282          | 82,910,887         |
| Purchases at cost   | 14,257,610          | 1,882,060          |
| Proceeds on sale of investments                                   | (14,633,075)        | (2,216,780)        |
| Net realised gains/(losses)                                       | 9,119,889           | (6,886,885)        |
| Closing cost  | 84,453,706          | 75,709,282         |
| Net unrealised (losses)/gains                                     | (12,946,527)        | 8,602,673          |
| <b>Financial assets held at fair value through profit or loss</b> | <b>71,507,179</b>   | <b>84,311,955</b>  |

The following table analyses net gains on financial assets at fair value through profit or loss for the period/year ended 30 June 2023, 31 December 2022 and 30 June 2022.

|  | <b>Period ended</b> | <b>Year ended</b>   | <b>Period ended</b> |
|--|---------------------|---------------------|---------------------|
|  | <b>30 June</b>      | <b>31 December</b>  | <b>30 June</b>      |
|  | <b>2023</b>         | <b>2022</b>         | <b>2022</b>         |
|  | <b>£</b>            | <b>£</b>            | <b>£</b>            |
| <b>Financial assets at fair value through profit or loss</b>             |                     |                     |                     |
| <i>Realised (losses)/gains on:</i>                                       |                     |                     |                     |
| - Listed equity shares   | (608,024)           | (1,438,318)         | (1,117,529)         |
| - Unlisted equity shares   | 9,727,913           | (5,118,472)         | -                   |
| - Debt instruments   | -                   | (296,970)           | (1,390,462)         |
| - Warrants   | -                   | (13,125)            | -                   |
|  | 9,119,989           | (6,866,885)         | (2,507,991)         |
| <i>Movement in unrealised gains/(losses) on:</i>                         |                     |                     |                     |
| - Listed equity shares   | (5,391,591)         | (13,716,492)        | (14,370,970)        |
| - Unlisted equity shares   | (13,859,987)        | 7,893,046           | 947,253             |
| - Royalties  | (2,718,767)         | (2,763,850)         | 968,471             |
| - Debt instruments   | 765,220             | (2,675,240)         | (2,809,854)         |
| - Warrants   | (344,075)           | (909,497)           | (796,685)           |
|  | (21,549,200)        | (12,172,033)        | (16,061,785)        |
| <b>Net loss on financial assets at fair value through profit or loss</b> | <b>(12,429,311)</b> | <b>(19,038,918)</b> | <b>(18,569,776)</b> |

The following table analyses investments by type and by level within the fair valuation hierarchy at 30 June 2023.

|  | <b>Quoted prices in</b> | <b>Quoted market</b>     | <b>Unobservable</b> |              |
|--|-------------------------|--------------------------|---------------------|--------------|
|  | <b>active markets</b>   | <b>based observables</b> | <b>inputs</b>       |              |
|  | <b>Level 1</b>          | <b>Level 2</b>           | <b>Level 3</b>      | <b>Total</b> |
|  | <b>£</b>                | <b>£</b>                 | <b>£</b>            | <b>£</b>     |
| <i>Financial assets at fair value through profit or loss</i> |                         |                          |                     |              |
| Listed equity shares   | 16,464,398              | 290,561                  | -                   | 16,754,959   |
| Unlisted equity shares                                       | -                       | -                        | 23,898,160          | 23,898,160   |
| Royalties  | -                       | -                        | 17,873,741          | 17,873,741   |
| Warrants   | -                       | -                        | 97,396              | 97,396       |
| Debt instruments   | -                       | -                        | 12,882,923          | 12,882,923   |
|  | 16,464,398              | 290,561                  | 54,752,220          | 71,507,179   |



**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023**
**3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)**

The following table analyses investments by type and by level within the fair valuation hierarchy at 31 December 2022.

|  | <b>Quoted prices in<br/>active markets<br/>Level 1<br/>£</b> | <b>Quoted market<br/>based observables<br/>Level 2<br/>£</b> | <b>Unobservable<br/>inputs<br/>Level 3<br/>£</b> | <b>Total<br/>£</b> |
|--|--|--|--|--------------------|
| <i>Financial assets at fair value through profit or loss</i> |  |  |  |                    |
| Listed equity shares   | 11,378,285   | 4,804,434  | -  | 16,182,719         |
| Unlisted equity shares                                       | -  | -  | 41,514,956                                       | 41,514,956         |
| Royalties  | -  | -  | 14,808,689                                       | 14,808,689         |
| Warrants   | -  | -  | 441,471  | 441,471            |
| Debt instruments   | -  | -  | 11,364,120                                       | 11,364,120         |
|  | <u>11,378,285</u>  | <u>4,804,434</u>   | <u>68,129,236</u>                                | <u>84,311,955</u>  |

The table below shows a reconciliation of beginning to ending fair value balances for Level 3 investments and the amount of total gains or losses for the period included in net gain on financial assets and liabilities at fair value through profit or loss held at 30 June 2023.

| <b>30 June 2023</b>   | <b>Unlisted<br/>Equities<br/>£</b> | <b>Royalties<br/>£</b> | <b>Debt<br/>instruments<br/>£</b> | <b>Warrants<br/>£</b> | <b>Total<br/>£</b> |
|---|------------------------------------|------------------------|-----------------------------------|-----------------------|--------------------|
| Opening balance 1 January 2023                                      | 41,514,956                         | 14,808,689             | 11,364,120                        | 441,471               | 68,129,236         |
| Purchases of investments  | -                                  | 5,783,819              | 772,888                           | -                     | 6,556,707          |
| Sales of investments  | (13,484,722)                       | -                      | (19,304)                          | -                     | (13,504,026)       |
| Change in net unrealised gains/(losses)                             | (13,859,987)                       | (2,718,767)            | 765,219                           | (344,075)             | (16,157,610)       |
| Realised gain   | 9,727,913                          | -                      | -                                 | -                     | 9,729,913          |
| Closing balance 30 June 2023  | <u>23,898,160</u>                  | <u>17,873,741</u>      | <u>12,882,923</u>                 | <u>97,396</u>         | <u>54,752,220</u>  |
| Unrealised (losses)/gains on investments still held at 30 June 2023 | <u>(3,310,376)</u>                 | <u>(793,547)</u>       | <u>2,440,938</u>                  | <u>97,396</u>         | <u>(1,565,589)</u> |

The table below shows a reconciliation of beginning to ending fair value balances for Level 3 investments and the amount of total gains or losses for the year included in net loss on financial assets and liabilities at fair value through profit or loss held at 31 December 2022.

| <b>31 December 2022</b>  | <b>Unlisted<br/>Equities<br/>£</b> | <b>Royalties<br/>£</b> | <b>Debt<br/>instruments<br/>£</b> | <b>Warrants<br/>£</b> | <b>Total<br/>£</b> |
|--|------------------------------------|------------------------|-----------------------------------|-----------------------|--------------------|
| Opening balance 1 January 2022                                 | 46,971,239                         | 16,479,048             | 19,927,503                        | 1,364,093             | 84,741,883         |
| Purchases of investments                                       | -                                  | -                      | 189,649                           | -                     | 189,649            |
| Conversion   | -                                  | 1,093,491              | (1,093,491)                       | -                     | -                  |
| Sales of investments   | (178,554)                          | -                      | -                                 | -                     | (178,554)          |
| Transfer out of Level 3  | (8,052,304)                        | -                      | (4,687,331)                       | -                     | (12,739,635)       |
| Change in net unrealised gains/losses                          | 7,893,046                          | (2,763,850)            | (2,675,240)                       | (909,497)             | 1,544,459          |
| Realised gains   | (5,118,471)                        | -                      | (296,970)                         | (13,125)              | (5,428,566)        |
| Closing balance 31 December 2022                               | <u>41,514,956</u>                  | <u>14,808,689</u>      | <u>11,364,120</u>                 | <u>441,471</u>        | <u>68,129,236</u>  |
| Unrealised gains on investments still held at 31 December 2022 | <u>10,549,611</u>                  | <u>1,905,220</u>       | <u>1,675,718</u>                  | <u>441,471</u>        | <u>14,592,020</u>  |

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023**

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

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 on the value of the investment immediately after the event or the carrying value of the investment at the beginning of the financial year.

On 9 January 2023 the Company sold its investment in Bilboes Gold Limited to Caledonia Mining Corporation plc ("Caledonia"), the sale was partially settled by receipt of shares in Caledonia. Bilboes was presented as a Level 3 investment at the year end. Caledonia is NYSE, AIM and Victoria Exchange listed, and therefore considered Level 1 in the fair value hierarchy. The transaction resulted in the realisation of US\$9.7million previously unrealised gains in Bilboes.

At the year-end, First Tin was presented as Level 2 on the hierarchy, this was because although the shares were listed on the LSE, they were locked up. The lock-up expired on 8 April 2023 and the shares are now included within Level 1.

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. The Company does not currently hold a sufficiently large position in any listed company that it could impact the quoted price via a sale of its investment.

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 illiquidity 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 one Level 2 investment at 30 June 2023 (31 December 2022: two).

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.

**Valuation methodology of Level 3 investments**

The primary valuation technique is of "Latest Recent Transaction" being either recent external fund raises or transactions. In all cases the valuation considers whether there has been any change since the transaction that would indicate the price is no longer fair value. 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, having taken into account any change in market conditions and the performance of the investee company between the transaction date and the valuation date. If it is assessed that a recent transaction is not at an arm's length or there are other indicators that it has not been executed at a price that is indicative of fair value, then the transaction value will not be used as the carrying value of the investment. 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 2023 TO 30 JUNE 2023**

**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 Value (“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 taking into account significant new information, and for 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. Some market analysts incorporate development risk into the discount rate in arriving at a net present value (“NPV”). Instead, the Investment Manager establishes an NPV discounted purely for cost of capital and country risk and then applies 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 six groups:

*i. Transactions & Offers*

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, having taken into account of any change in market conditions and the performance of the investee company between the transaction date and the valuation date. This includes offers, binding or otherwise from third parties around the year end which may not have completed prior to the period end but have a high chance of success and are considered to represent the situation at period end.

*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. Royalty Valuation Model*

The rights to receive royalties are valued on projected cash flows taking into account expected time to production and development risk and adjusted for movement in commodity prices.

*iv. EBITDA Multiple*

In the case of Cemos Group plc, which moved to full production during 2020 and so could reflect maintainable earnings, it is a cement plant with no defined life, unlike a mining project and therefore has been valued on the basis of a multiple of historical and forecast earnings before interest, tax, depreciation and amortisation when compared to listed comparable cement producers.

*v. 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 IndexVal comparables is utilised in the Black Scholes model.

*vi. Convertible loans*

Convertible loans are valued taking into account credit risk and the value of the conversion aspect.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023**
**3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)**
**Quantitative information on significant unobservable inputs – Level 3**

| Description                           | 30 June<br>2023<br>£     | Valuation technique                                   | Unobservable input                                  | Range of<br>unobservable input<br>(weighted average) |
|---------------------------------------|--------------------------|---|---|--|
| Unlisted Equity                       | 777,513                  | Transactions  | Private transactions                                | n/a  |
| Unlisted Equity                       | 13,094,653               | IndexVal  | Change in IndexVal                                  | n/a  |
| Unlisted Equity                       | 10,009,738               | EBITDA Multiple                                       | EBITDA Multiple                                     | n/a  |
| Unlisted Equity                       | 15,946                   | other   | Exploration results,<br>study results,<br>financing | n/a  |
| Royalties                             | 17,849,971               | Royalty Valuation model                               | Commodity price and<br>discount risk                | n/a  |
| Royalties                             | 23,770                   | other   | n/a   | n/a  |
| <b>Debt Instruments</b>               |                          |   |   |  |
| Other Convertible<br>Debentures/Loans | 12,194,380               | Valued at fair value with<br>reference to credit risk | Rate of Credit Risk                                 | 20% -40%   |
| Black Pearl Limited<br>Partnership    | 688,543                  | Valued at mean estimated<br>recovery                  | Estimated recovery<br>range                         | +/-50%   |
| Warrants                              | 17,443                   | Simplified Black & Scholes<br>Model                   | Volatilities  | 70% -125%  |
| Warrants                              | 31,819                   | Discount for project<br>milestones                    | Discount  | 40% -64%   |
| On-sale entitlement                   | 48,134                   | Discount to external<br>valuation                     | Risk Discount                                       | +/-75%   |
| <br>                                  |                          |   |   |  |
| Description                           | 31 December<br>2022<br>£ | Valuation technique                                   | Unobservable input                                  | Range of<br>unobservable input<br>(weighted average) |
| Unlisted Equity                       | 28,797,176               | Transactions  | Private transactions                                | n/a  |
| Unlisted Equity                       | 3,499,979                | IndexVal  | Change in index                                     | n/a  |
| Unlisted Equity                       | 9,201,855                | EBITDA Multiple                                       | EBITDA Multiple                                     | n/a  |
| Royalties                             | 14,808,689               | Royalty Valuation model                               | Commodity price and<br>discount rate risk           | n/a  |
| Unlisted Equity                       | 15,946                   | Other   | Exploration results,<br>study results,<br>financing | n/a  |
| <b>Debt Instruments</b>               |                          |   |   |  |
| Black Pearl Limited<br>Partnership    | 726,171                  | Valued at mean estimated<br>recovery                  | Estimated recovery<br>range                         | +/-50%   |
| Other Convertible<br>Debentures/Loans | 10,637,949               | Valued at fair value with<br>reference to credit risk | Rate of Credit Risk                                 | 20% -40%   |
| Warrants                              | 242,771                  | Simplified Black Scholes<br>Model                     | Volatilities  | 50%  |
| Warrants                              | 198,700                  | External valuation                                    |   |  |

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 2023 TO 30 JUNE 2023**
**3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)**

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 2023 are as shown below:

| Description                     | Input                                | Sensitivity used* | Effect on Fair Value (£) |
|---------------------------------|--------------------------------------|-------------------|--------------------------|
| Unlisted Equity                 | Transactions & Expected Transactions | +/- 20%           | +/-155,503               |
| Unlisted Equity                 | Change in IndexVal                   | +45%/-68%*        | +5,892,733/-8,904,575    |
| Unlisted Equity                 | EBITDA Multiple                      | +/- 20%           | +/-2,001,947             |
| On-sale entitlement             | Discount to valuation                | +/-50%            | +/-24,046                |
| Royalties                       | Commodity Price                      | +/-20%            | +/-3,569,994             |
| Royalties                       | Discount Rate                        | +/-20%            | -2,216,154/+2,574,473    |
| <b>Debt Instruments</b>         |                                      |                   |                          |
| Black Pearl Limited Partnership | Probability weighting                | +/-33%            | +/- 227,219              |
| Others/Loans                    | Risk discount rate                   | +/-20%            | -1,273,725/+376,246      |
| Convertibles /Loans             | Volatility                           | +/-40%            | +93,461/-89,817          |
| <b>Warrants</b>                 | Volatility                           | +/-40%            | +4,658/-4,958            |
| <b>Warrants</b>                 | Risk Discount Rate                   | +/-40%            | +34,470/-23,863          |

\* The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value. The +45%/-68% sensitivity was used as this was the range of movements of the constituents in the IndexVal basket for Futura and Kanga.

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 2022 are as shown below:

| Description                     | Input                                | Sensitivity used | Effect on Fair Value (£) |
|---------------------------------|--------------------------------------|------------------|--------------------------|
| Unlisted Equity                 | Transactions & Expected Transactions | +/- 20%          | +/-5,759,434             |
| Unlisted Equity                 | Change in IndexVal                   | +144%/-79%*      | +1,539,991/-2,764,984    |
| Unlisted Equity                 | EBITDA Multiple                      | +/- 20%          | +/-1,840,371             |
| Royalties                       | Commodity Price                      | +/-20%           | +/-2,956,853             |
| Royalties                       | Discount Rate                        | +/-20%           | 1,597,086/+1,939,463     |
| <b>Debt Instruments</b>         |                                      |                  |                          |
| Black Pearl Limited Partnership | Probability weighting                | +/-33%           | +/- 239,627              |
| Others/Loans                    | Risk discount rate                   | +/-20%           | -1,160,677/+227,963      |
| Convertibles /Loans             | Volatility of Index Basket           | +/-40%           | +206,177/-1,656          |
| <b>Warrants</b>                 | Volatility of Index Basket           | +/-40%           | +21,662/-18,733          |

\* The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value. The +44%/-79% sensitivity was used as this was the range of movements of the constituents in the IndexVal baskets for Nussir

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023****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. Any investment management fees payable, Directors' fees payable, audit fees payable, administration fees payable and other payables represent the contractual amounts and obligations due by the Company for settlement for trades and expenses.

**5. NET ASSET VALUE PER SHARE AND GAIN / (LOSS) PER SHARE**

Net asset value per share is based on the net assets of £71,698,667 (31 December 2022: £84,482,848) and 106,462,502 (31 December 2022: 106,462,502) Ordinary Shares, being the number of shares in issue at 30 June 2023, 31 December 2022 and 30 June 2022, excluding 700,000 shares which are held in treasury. The calculation for basic and diluted NAV per share is as below:

|  |                     |                         |
|--|---------------------|-------------------------|
|  | <b>30 June 2023</b> | <b>31 December 2022</b> |
| Net assets at the period end (£)                       | 71,698,667          | 84,482,848              |
| Number of shares                                       | 106,462,502         | 106,462,502             |
| Net asset value per share (in pence) basic and diluted | 67.3                | 79.4                    |
|  | <b>30 June 2023</b> | <b>30 June 2022</b>     |
| Net loss for the period (£)                            | (12,784,181)        | (19,215,810)            |
| Number of shares                                       | 106,462,502         | 106,462,502             |
| Net loss per share (in pence) basic and diluted        | (12.01)             | (18.05)                 |

There are no outstanding instruments which could result in the issue of new shares or dilute the issued share capital.

**6. TAXATION**

The Company is a Guernsey Exempt Company and is therefore not subject to taxation in Guernsey on its income under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. An annual exemption fee of £1,200 (2022: £1,200) has been paid. The Company may, however, be exposed to taxes in certain other territories in which it invests such as withholding taxes on interest payments and dividends and taxes on realisations of investments.

**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 Manager's fees are paid by the Manager.

The management fee for the period ended 30 June 2023 was £453,417 (30 June 2022: £649,850) of which £70,339 (31 December 2022: £ 69,854) 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 (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 adjusted for numbers of Ordinary Shares issued and/or repurchased ("Highwater Mark"). The Hurdle is the Issue Price multiplied by the shares in issue, increased at a rate of 8% per annum compounded to the end of the relevant performance period. In addition, the performance fee will only become payable if there have been sufficient net realised gains. As at 30 June 2023, the Highwater Mark was the equivalent of approximately 94 pence per share with the relevant Hurdle being the equivalent of approximately 170 pence per share.

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023**

**7. MANAGEMENT AND PERFORMANCE FEES (CONTINUED)**

If the Company wishes to terminate the Management Agreement without cause it is required to give the Manager 12 months prior notice or pay to the Manager an amount equal to: (a) the aggregate investment management fee which would otherwise have been payable during the 12 months following the date of such notice (such amount to be calculated for the whole of such period by reference to the Market Capitalisation prevailing on the Valuation Day on or immediately prior to the date of such notice); and (b) any performance fee accrued at the end of any Performance Period which ended on or prior to termination and which remains unpaid at the date of termination which shall be payable as soon as, and to the extent that, sufficient cash or other liquid assets are available to the Company (as determined in good faith by the Directors), provided that such accrued performance fee shall be paid prior to the Company making any new investment or settling any other liabilities; and (c) where termination does not occur at 31 December in any year, any performance fee accrued at the date of termination shall be payable as soon as and to the extent that sufficient cash or other liquid assets are available to the Company (as determined in good faith by the Directors), provided that such accrued performance fee shall be paid prior to the Company making any new investment or settling any other liabilities.

**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 2022: 106,453,335) Ordinary Shares in issue with an additional 700,000 (31 December 2022: 700,000) held in treasury. In addition, the Company has 9,167 (31 December 2022: 9,167) 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:

|   | <b>30 June 2023</b> |                       | <b>31 December 2022</b> |                       |
|---|---------------------|-----------------------|-------------------------|-----------------------|
|   | <b>Amount*</b>      | <b>No. of shares*</b> | <b>Amount*</b>          | <b>No. of shares*</b> |
|   | <b>£</b>            |                       | <b>£</b>                |                       |
| <b>Issued and fully paid share capital</b>                                  |                     |                       |                         |                       |
| Ordinary Shares of no par value**<br>(including Management Ordinary Shares) | 76,122,347          | 107,162,502           | 76,122,347              | 107,162,502           |
| Treasury Shares   | (140,492)           | (700,000)             | (140,492)               | (700,000)             |
| <b>Total Share Capital</b>  | <b>75,981,855</b>   | <b>106,462,502</b>    | <b>75,981,855</b>       | <b>106,462,502</b>    |

The outstanding Ordinary Shares as at the period ended 30 June 2023 are as follows:

|  | <b>Ordinary Shares</b> |                       | <b>Treasury Shares</b> |                      |
|--|------------------------|-----------------------|------------------------|----------------------|
|  | <b>Amount*</b>         | <b>No. of shares*</b> | <b>Amount</b>          | <b>No. of shares</b> |
|  | <b>£</b>               |                       | <b>£</b>               |                      |
| Balance at 1 January 2023 & 30 June 2023 | 76,122,347             | 106,462,502           | 140,492                | 700,000              |

\* Includes 9,167 (31 December 2022: 9,167) 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 2023 TO 30 JUNE 2023**

**8. SHARE CAPITAL (CONTINUED)**

The outstanding Ordinary Shares as at the year ended 31 December 2022 are as follows:

|  | Ordinary Shares |                | Treasury Shares |               |
|--|-----------------|----------------|-----------------|---------------|
|  | Amount*<br>£    | No. of shares* | Amount<br>£     | No. of shares |
| Balance at 1 January 2022 & 31 December 2022 | 76,122,347      | 106,462,502    | 140,492         | 700,000       |

\* Includes 9,167 (31 December 2022: 9,167) Management Ordinary Shares.

**9. RELATED PARTY TRANSACTIONS**

The Investment Manager, Baker Steel Capital Managers LLP, had an interest in 9,167 Management Ordinary Shares at 30 June 2023 (31 December 2022: 9,167).

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 4,922,877 Ordinary Shares in the Company at 30 June 2023 (31 December 2022: 4,922,877). Precious Metals Fund shares a common Investment Manager with the Company.

David Baker and Trevor Steel, Directors of the Manager, are interested in the shares held by Northcliffe Holdings Limited and The Sonya Trust respectively, which are therefore considered to be Related Parties. Northcliffe Holdings Limited holds 12,452,177 shares (31 December 2022; 12,452,177) and The Sonya Trust holds 12,637,350 shares (31 December 2022: 12,637,350).

John Falla holds 60,000 shares in the Company (31 December 2022: 60,000).

Management fees and Directors’ fees paid and accrued during the periods to 30 June were:

|                 | 2023<br>£ | 2022<br>£ |
|-----------------|-----------|-----------|
| Management fees | 453,417   | 649,850   |
| Directors’ fees | 72,500    | 57,500    |

The Management fees and Directors’ fees outstanding at the period-end were:

|                 | 30 June 2023<br>£ | 31 December 2022<br>£ |
|-----------------|-------------------|-----------------------|
| Management fees | 70,339            | 69,854                |
| Directors’ fees | -                 | -                     |

**10. SUBSEQUENT EVENTS**

On 11 September 2023, Futura announced that it had completed an A\$26.2 million financing which will be sufficient to commence production at Wilton as well pay the landowner compensation due for Wilton and Fairhill

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