



**bakersteel**  
**resourcetrust**

**BAKER STEEL RESOURCES TRUST LIMITED**

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

**For the period from 1 January 2021 to 30 June 2021**

## **BAKER STEEL RESOURCES TRUST LIMITED**

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## **BAKER STEEL RESOURCES TRUST LIMITED**

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### **MANAGEMENT AND ADMINISTRATION**

<b>DIRECTORS:</b>	Howard Myles (Chairman) Charles Hansard Fiona Perrott-Humphrey David Staples <i>(all of whom are non-executive and independent)</i>
<b>REGISTERED OFFICE:</b>	Arnold House St. Julian's Avenue St. Peter Port Guernsey, GY1 3NF Channel Islands
<b>MANAGER:</b>	Baker Steel Capital Managers (Cayman) Limited PO Box 309 George Town Grand Cayman KY1-1104 Cayman Islands
<b>INVESTMENT MANAGER:</b>	Baker Steel Capital Managers LLP* 34 Dover Street London W1S 4NG United Kingdom
<b>STOCK BROKERS:</b>	Numis Securities Limited 10 Paternoster Square London EC4M 7LT United Kingdom
<b>SOLICITORS TO THE COMPANY:</b> (as to English law)	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ United Kingdom
<b>ADVOCATES TO THE COMPANY:</b> (as to Guernsey law)	Ogier Redwood House St. Julian's Avenue St. Peter Port Guernsey GY1 1WA Channel Islands
<b>ADMINISTRATOR &amp; COMPANY SECRETARY:</b>	HSBC Securities Services (Guernsey) Limited Arnold House St. Julian's Avenue St. Peter Port Guernsey GY1 3NF Channel Islands

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

**BAKER STEEL RESOURCES TRUST LIMITED**

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**MANAGEMENT AND ADMINISTRATION (CONTINUED)**

<b>SUB-ADMINISTRATOR TO THE COMPANY:</b>	HSBC Securities Services (Ireland) DAC 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
<b>CUSTODIAN TO THE COMPANY:</b>	HSBC Continental Europe 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
<b>SAFEKEEPING AND MONITORING AGENT:</b>	HSBC Continental Europe 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
<b>AUDITOR:</b>	BDO Limited P O Box 180 Place du Pre Rue du Pre St. Peter Port Guernsey GY1 3LL Channel Islands
<b>REGISTRAR:</b>	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St Helier JE1 1ES Jersey
<b>UK PAYING AGENT AND TRANSFER AGENT:</b>	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St Helier JE1 1ES Jersey
<b>RECEIVING AGENT:</b>	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St Helier JE1 1ES Jersey
<b>PRINCIPAL BANKER:</b>	HSBC Bank plc 8 Canada Square London E14 5HQ United Kingdom

**CHAIRMAN'S STATEMENT**

**For the period from 1 January 2021 to 30 June 2021**

During the first six months of 2021, the unaudited net asset value per share rose 2.7% to 98.8 pence per share with the share price rising 27.7% to 94.5 pence per share. The market for mining shares was mixed with precious metals shares weaker in line with the reduction in the prices of gold and silver after their strong performances in 2020, whilst base metal and iron ore companies continued to be strong due to robust demand for their products. The EMIX Global Mining Index in Sterling terms rose 11.4% over the same period.

In the past 6 months markets have continued to be volatile as investors struggle to balance the deflationary pressure from the Covid-19 pandemic and the inflationary pressure from government stimulus programmes coupled with historically low interest rates. The Company's Investment Manager believes that on balance inflation is likely to be the winner of this battle which will be good for precious metals especially if negative real interest rates persist. It is clear that one of the main beneficiaries of these stimulus programmes and the recovery of the global economy will be commodities, particularly those metals required for improving infrastructure, especially related to the energy transition as countries look to "build back better". Your Company is well positioned for these developments with a material exposure to copper, silver and tin.

It was a frustrating half for the Company's largest holding, Bilboes Gold Ltd. Bilboes reached outline terms for a partial sale of the company to a large gold producer but was unable to reach a final agreement. The process is more fully described in the Investment Manager's Report but ultimately Bilboes gold mine in Zimbabwe remains a very attractive project and we are confident that its value can be realised, albeit with some delay.

There is little doubt that the sale of Bilboes was affected by the travel restrictions imposed by the Covid-19 pandemic with potential acquirors unable to visit the project and meet with management in person. With strong commodity prices over the past year, most producing companies have generated significant cash and once travel restrictions start to ease, we expect to see increased mergers and acquisition activity in the mining sector. This should help the Company to monetize some of its development projects.

**COVID-19**

The Company itself has been able to operate efficiently during the global lockdown with the full use of video conferencing and other electronic media. All of our major service providers have maintained normal service levels throughout. The main issue has been the Investment Manager's inability to visit potential and existing operations due to travel restrictions. Although the Investment Manager has continued to keep close contact with the management of all the Company's investments and there has not been any significant impact on any of the portfolio holdings due to Covid during 2021, it is hoped that site visits to both existing and potential new investments can resume shortly.

**Outlook**

While broader stock markets appear to be highly valued based on historical norms, mining share valuations have lagged considerably and look undervalued in absolute and relative terms to the general market. Some commentators are forecasting that the commodity markets are entering a new "supercycle" due to strong supply/demand dynamics. This remains to be seen but either way your Company is well positioned for either a continuation of the bull market for commodities or a period of consolidation. In the second half of the year we can look forward to potential IPO's from two of our core holdings, Tungsten West Limited in the second half of 2021 and First Tin Ltd (formerly Anglo Saxony Mining Ltd) in the first half of 2022. Although IPO's provide price discovery and a route towards liquidity, as major shareholders in both companies we can expect to be requested by the sponsoring brokers to enter into lock-ups for a period to ensure an orderly market although if there is excess demand there may be an opportunity to sell part of holdings concurrent with the IPO.

It was pleasing to see the discount between the share price and the NAV narrowing towards the end of the period albeit it has opened up again somewhat. The Investment Manager is seeing a number of interesting opportunities and once we have realised some of the latent value in the current portfolio, the Company will seek to take advantage of these ahead of a potential further increase in commodities. and possibly use its equity should the discount narrow again.



Howard Myles  
Chairman  
14 September 2021

## BAKER STEEL RESOURCES TRUST LIMITED

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### INVESTMENT MANAGER'S REPORT

For the period from 1 January 2021 to 30 June 2021

#### Financial Performance

The unaudited Net Asset Value per Ordinary Share ("NAV") as at 30 June 2021 was 99.8 pence, an increase of 2.7% in the period compared with the increase in the EMIX Global Mining Index of 11.4% in Sterling terms.

For the purpose of calculating the NAV per share, unquoted investments were carried at fair value as at 30 June 2021 as determined by the Directors and quoted investments were carried at their quoted prices as at that date.

Net assets at 30 June 2021 comprised the following:

	£m	% of net assets
Unquoted Investments	98.7	92.9
Quoted Investments	6.8	6.4
Cash and other net assets	0.7	0.7
	<hr/>	<hr/>
	106.2	100.0

#### Investment Update

##### Largest 10 Holdings – 30 June 2021

	% of NAV
Bilboes Gold Limited	18.7
Futura Resources Limited	15.4
Tungsten West Limited	15.1
Cemos Group Plc	13.6
Polar Acquisition Limited	8.4
Anglo Saxony Mining Limited (subsequently changed to First Tin Ltd)	5.1
Azarga Metals Corporation	4.0
Mines & Metals Trading (Peru) Plc	3.8
Nussir ASA	3.8
Kanga Potash (formerly Sarmin Minerals Exploration)	2.6
	<hr/>
	90.5
Other Investments	8.8
Cash and other net assets	0.7
	<hr/>
	100.0

##### Largest 10 Holdings – 31 December 2020

	% of NAV
Bilboes Gold Limited	19.5
Futura Resources Limited	16.2
Cemos Group Plc	14.5
Tungsten West Limited	13.2
Polar Acquisition Limited	8.9
Mines & Metals Trading (Peru) Plc	4.4
Anglo Saxony Mining Limited	3.9
Nussir ASA	3.4
Azarga Metals Corporation	2.7
Kanga Potash (formerly Sarmin Minerals Exploration)	2.7
	<hr/>
	89.4
Other Investments	9.7
Cash and other net assets	0.9
	<hr/>
	100.0

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

**For the period from 1 January 2021 to 30 June 2021**

During the first half of 2021, the performance of commodities was mixed with precious metals weaker (gold down 6.8% and silver down 1%) following strong performances in 2020. Industrial metal prices continued the rises seen in 2020 with demand for iron ore (up 33.5%) and copper (up 20.7%) both strong due to government stimuli focused on improving infrastructure following the slowdown induced by the COVID-19 pandemic. In addition, the price of coking coal from Australia recovered, up 91% from around US\$100 at the beginning of the year once China recommenced imports from Australia due to the demand from the local steel industry.

It was a frustrating half year for the Company's largest investment, Bilboes Gold Limited, which completed a positive Definitive Feasibility Study ("DFS") on its Isabella/McCays/Bubi gold project in Zimbabwe in early 2020 and then undertook a formal process for financing or sale in the second half of 2020. At the beginning of 2021, the outline terms of a US\$118 million cash offer were agreed by the Bilboes' shareholders and detailed negotiations commenced. Although the price offered was below that which we had hoped for, the offer had been accepted as it allowed those shareholders who wished an exit to sell for cash whilst the potential purchaser had sufficient financial strength to fund the development of the project without needing to resort to bank finance. This was important to the local management shareholders who would be retaining their interest. However shortly after the period end, following exhaustive negotiations, it was decided not to proceed with the proposed transaction due to certain post-sale conditions required by the purchaser which would have severely restricted the Company from reinvesting the proceeds of the sale. Bilboes and its advisers are currently investigating the potential of an IPO as the best way to raise the requisite development finance and realise the significant value of the Isabella/McCays/Bubi gold project whilst also re-engaging with other potentially interested parties.

Futura Resources, another of the Company's core investments, has been in a state of hiatus since the coal price was impacted by China ceasing to import coking coal from Australia from late 2020, a move which considerably compounded Covid induced market uncertainty. This meant that the price of Australian hard coking coal for the steel industry, such as that to be produced by Futura's Wilton and Fairhill mines in Queensland, fell to around US\$100 per tonne, significantly below consensus long-term expected prices. China has recently lifted its unofficial embargo on Australian coal and the market has stabilised again, with Australian coking coal prices back above US\$200 per tonne. As a result Futura has reengaged with potential investors and expects to be able to complete the financing for the development of Fairhill, the first of its two mines to be brought into production, before the end of 2021.

Three of the Company's main investments are currently moving towards a listing.

- Tungsten West Ltd completed a positive feasibility study on restarting the Hemerdon tungsten mine in Devon, UK in March 2021 which outlined a £45m initial capital requirement for a mine expected to generate on average £34 million of EBITDA per annum for over 20 years. This resulted in an after tax NPV5% of £272 million with an IRR of 33%. Advisers have been appointed and an IPO on the AIM market of the London Stock Exchange is planned for October 2021.
- In April 2021 Anglo Saxony Mining Limited ("ASM") completed a £6 million equity raising for its Tellerhauser tin mine in Saxony, Germany. In 2020 ASM completed a pre-feasibility study for the mine which would produce 6,500 tonnes per annum of 50% tin concentrate. The price of tin has doubled in the past year as it is a key ingredient in the world's increasing shift to electrification. This background has significantly increased interest in Tellerhauser as a potential European tin producer and ASM changed its name to First Tin Limited in August in anticipation of an IPO in the first half of 2022.
- Nussir ASA is planning to complete a revised feasibility study on its copper project in northern Norway on a fully electrified, zero carbon basis. This has taken longer than expected due to the lack of reliable operating data as much of the electric mining equipment has only been available as prototypes until recently. Once the feasibility study has been completed, Nussir will seek to raise the development capital via an IPO, likely in early 2022.

One of the Company's investments which has successfully completed an IPO during the first half of 2021 is Mines & Metals Trading Peru PLC ("MMTP") which completed a business combination with TSX-V listed mineral exploration company Oro X Mining Corp together with a C\$14.2 million equity raising with the resultant merged company called Silver X Mining Corporation. The combination of Oro X's and MMTP's teams, assets and operational experience creates a growth-focused platform primed to consolidate the fragmented Peruvian silver landscape. The Company's loan to MMTP is convertible into Silver X shares at the Company's option and although the statements of the newly elected government in Peru which have suggested higher taxes on mining companies in that country appear to have weighed on the share price of Silver X in recent weeks, the Company has until June 2022 to decide whether to convert or require repayment in cash.

**INVESTMENT MANAGER'S REPORT (CONTINUED)****For the period from 1 January 2021 to 30 June 2021**

During the first half of 2021 the Company did not make any new core investments pending the expected sale for cash of its investment in Bilboes. A number of new projects were reviewed as the market for mining projects continued the recovery seen over the past two years however due to COVID-19 pandemic travel restrictions it has not been practical for the Investment Manager to visit prospective projects, a pre-requisite to investment.

Elsewhere in the portfolio, the Company continues to hold a royalty interest in the Prognoz silver project in far east Russia. The owner of the project, Polymetal International, has approved the accelerated development of the open-pit mine at Prognoz with ore processing at its Nezhda concentrator. First payable concentrate production is expected in the third quarter 2023. Cemos Group PLC achieved strong production in the first half of the year generating EBITDA of approximately €6 million. However due to new restrictions on importing clinker, the operation's main input material, into Morocco and difficulties in acquiring locally produced clinker, Cemos has delayed its decision to double capacity until the position becomes clearer.

In August 2021, TSX-V listed Azarga Metals Corporation released the results of its updated Preliminary Economic Assessment on its Unkur copper/silver project in far eastern Russia. A development base case of an initial open-pit mining operation is envisaged followed by underground mining which demonstrates attractive returns with an IRR of 27% and NPV<sub>8%</sub> of US\$205 million at long term consensus metal prices and an IRR 44% and NPV<sub>8%</sub> of US\$380m at recent spot prices of US\$10,000 per tonne for copper and US\$28 per oz for silver. The exploration potential at the project remains attractive and a program of additional drilling is planned by the end of the year targeting additional open-pittable resources which would likely further enhance the economic returns.

At 30 June 2021	Price / Index Level	% Change in 6 Months	% Change in 3 years
Net Asset Value (pence/share)	99.8	+2.7%	+55.3%
Ordinary Share Price (pence/share)	94.5	+27.7%	+87.3%
EMIX Global Mining Index (£)	973.86	+11.4%	+50.1%
Chinese Import Iron Ore Fines 62% Fe spot (US\$)	211.13	+33.5%	+148.7%
Copper (US\$/t)	9,351.50	+20.7%	+45.4%
Gold (US\$/oz)	1,770.11	-6.8%	+29.0%
Silver (US\$/oz)	26.13	-1.0%	+43.7%

Baker Steel Capital Managers LLP

Source: *Bloomberg*

Investment Manager

September 2021



**DIRECTORS' REPORT**

**For the period from 1 January 2021 to 30 June 2021**

The Directors of the Company present the Half-Yearly Report and Unaudited Condensed Interim Financial Statements for the six months ended 30 June 2021.

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, 1987, as amended ("POI Law") and the Registered Collective Investment Scheme Rules 2015 issued by the Guernsey Financial Services Commission ("GFSC"). On 28 April 2010 the Ordinary Shares and Subscription Shares of the Company were admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange, Premium Segment.

**Investment Objective**

The Company's investment objective is to seek capital growth over the long-term through a focused, global portfolio consisting principally of the equities, loans or related instruments of natural resources companies. The Company invests predominantly in unlisted companies (i.e. those companies that have not yet made an initial public offering ("IPO")) but also in listed securities (including special situations opportunities and less liquid securities) with a view to making attractive investment returns through 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 2021, the Company's unaudited NAV per Ordinary Share increased by 2.7% and the share price increased by 28% on the London Stock Exchange. This compares with a rise in the EMIX Global Mining Index (capital return in Sterling terms) of 11.4%. A more detailed explanation of the performance of the Company is provided within the Investment Manager's Report on pages 4 to 6.

The results for the period are shown in the Statement of Comprehensive Income on pages 14 and 15 and the Company's financial position at the end of the period is shown in the Statement of Financial Position on page 13.

**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.

**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  
David Staples

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 2020 ("the Annual Report") are presented on page 17 of that report.

**DIRECTORS' REPORT (CONTINUED)****For the period from 1 January 2021 to 30 June 2021****Directors and their interests (continued)**

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

On 26 April 2021, David Staples purchased 35,000 shares in the Company. No other director has a beneficial interest in the Company.

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

	Board Meetings		Audit Committee Meetings	
	Held	Attended	Held	Attended
Howard Myles	2	2	2	2
Charles Hansard	2	2	2	N/A
Fiona Perrott-Humphrey	2	2	2	2
David Staples	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 general meeting shall from time to time determine).

For the period ended 30 June 2021 the total remuneration of the Directors was £57,500 (30 June 2020: £57,500), with £28,750 payable at 30 June 2021 (31 December 2020: £28,750).

**Authorised share capital**

The share capital of the Company on incorporation was represented by an unlimited number of Ordinary Shares of no par value. The Company may issue an unlimited number of shares of a nominal or par value and/or of no par value or a combination of both.

**Shares in issue**

The Company was admitted to trading on the London Stock Exchange on 28 April 2010. The Company had 107,153,335 Ordinary and 9,167 Management Ordinary Shares totalling 107,162,502 Ordinary Shares in issue as at 30 June 2021, of which 700,000 Ordinary Shares were held in Treasury.

**Going concern**

Having reassessed the principal and emerging risks described on pages 14 and 15 of the 31 December 2020 Annual Report, and the other matters discussed in connection with the viability statement as set out on pages 15 and 16 of the said report, the Directors consider it is appropriate to adopt the going concern basis in preparing these interim Financial Statements. There will be a discontinuation vote at the AGM in 2021, however following consultation with major shareholders, the Board consider it likely that the discontinuation vote will not be passed and the Company will continue following the AGM. The following discontinuation vote will be held at the AGM in 2024. As at 30 June 2021, approximately 6.75% of the Company's assets were represented by cash and unrestricted listed and quoted investments which are readily realisable. 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.

**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.

**DIRECTORS' REPORT (CONTINUED)**

**For the period from 1 January 2021 to 30 June 2021**

**Directors and their interests (continued)**

**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 2020 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 2021 and do not expect any changes in the second half of 2021.

**Directors' responsibility statement**

The Directors confirm that to the best of their knowledge:

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

**Corporate governance compliance**

As described in the Company's Annual Report, the Board has considered the principles and recommendations set out in UK Corporate Governance Code that was revised in 2018 and is effective for periods commencing on or after 1 January 2019 (the "UK Code") issued by the Financial Reporting Council (the "FRC"). Page 21 of the 31 December 2020 Annual Report presents and explains those matters where the Company has not complied with the UK Code. There is no change in compliance since the Annual Report.

Signed for and on behalf of the Directors:



David Staples  
Audit Committee Chairman  
14 September 2021

**BAKER STEEL RESOURCES TRUST LIMITED****UNAUDITED PORTFOLIO STATEMENT  
AS AT 30 JUNE 2021**

<b>Shares /Warrants/ Nominal</b>	<b>Investments</b>	<b>Fair value £ equivalent</b>	<b>% of Net assets</b>
<b><u>Listed equity shares</u></b>			
<b>Australian Dollars</b>			
5,091,910	Akora Resources Limited	691,150	0.65
1,230,000	Resolute Mining Limited	337,247	0.32
<b>Australian Dollars Total</b>		<b>1,028,397</b>	<b>0.97</b>
<b>Canadian Dollars</b>			
7,858,031	Azarga Metals Corporation	574,247	0.54
20,000	Endeavour Mining Corporation	311,253	0.29
1,314,326	Silver X Mining Corporation	319,778	0.30
<b>Canadian Dollars Total</b>		<b>1,205,278</b>	<b>1.13</b>
<b>Great Britain Pounds</b>			
31,000	Fresnillo Plc	239,196	0.23
122,760,000	Metals Exploration Plc	2,393,820	2.25
28,700	Polymetal International Plc	446,142	0.42
<b>Great Britain Pounds Total</b>		<b>3,079,158</b>	<b>2.90</b>
<b>United States Dollars</b>			
21,000	AngloGold Ashanti Limited	282,535	0.27
76,000	Coeur Mining Inc	488,689	0.46
104,000	Harmony Gold Mining Company Limited	280,898	0.26
218,000	Iamgold Corporation	465,677	0.44
<b>United States Dollars Total</b>		<b>1,517,799</b>	<b>1.43</b>
<b>Total investment in listed equity shares</b>		<b>6,830,632</b>	<b>6.43</b>
<b><u>Debt instruments</u></b>			
<b>Australian Dollars</b>			
1,000,000	Futura Resources Limited	499,505	0.47
<b>Australian Dollars Total</b>		<b>499,505</b>	<b>0.47</b>
<b>Canadian Dollars</b>			
305,000	PRISM Diversified Limited Loan Note 1	132,207	0.12
250,500	PRISM Diversified Limited Loan Note 2	421,244	0.40
<b>Canadian Dollars Total</b>		<b>553,451</b>	<b>0.52</b>

**BAKER STEEL RESOURCES TRUST LIMITED****UNAUDITED PORTFOLIO STATEMENT (CONTINUED)  
AS AT 30 JUNE 2021**

<b>Shares /Warrants/ Nominal</b>	<b>Investments</b>	<b>Fair value £ equivalent</b>	<b>% of Net assets</b>
<b><u>Debt instruments (Continued)</u></b>			
<b>Euro</b>			
1,045	Cemos Group Plc Convertible Unsecured Loan Security	7,632,433	7.18
<b>Euro Total</b>		<b>7,632,433</b>	<b>7.18</b>
<b>Great Britain Pounds</b>			
16,666,667	Tungsten West Limited Convertible Loan Note	11,360,745	10.70
<b>Great Britain Pounds Total</b>		<b>11,360,745</b>	<b>10.70</b>
<b>United States Dollars</b>			
3,500,000	Azarga Metals Secured Convertible Loan Note	3,461,261	3.26
440,000	Bilboes Holdings Loan Note 1	2,622,229	2.47
220,000	Bilboes Holdings Loan Note 2	507,998	0.48
7,009,332	Black Pearl Limited Partnership	1,267,198	1.19
1,000,000	Mines & Metals Trading (Peru) Plc Promissory Note	724,113	0.68
4,000,000	Mines & Metals Trading (Peru) Plc Convertible Debenture	3,341,737	3.15
<b>United States Dollars Total</b>		<b>11,924,536</b>	<b>11.23</b>
<b>Total investments in debt instruments</b>		<b>31,970,670</b>	<b>30.10</b>
<b><u>Unlisted equity shares, warrants and royalties</u></b>			
<b>Australian Dollars</b>			
7,800,000	Futura Gross Revenue Royalty	5,109,064	4.81
11,309,005	Futura Resources Limited	10,745,193	10.12
<b>Australian Dollars Total</b>		<b>15,854,257</b>	<b>14.93</b>
<b>Canadian Dollars</b>			
13,490,414	Azarga Metals Warrants 31/12/2022	211,875	0.20
13,083,936	PRISM Diversified Limited	1,017,185	0.96
1,000,000	PRISM Diversified Limited Warrants 31/12/2023	25,688	0.02
<b>Canadian Dollars Total</b>		<b>1,254,748</b>	<b>1.18</b>
<b>Great Britain Pounds</b>			
35,788,014	Anglo Saxony Mining Limited	5,368,202	5.05
1,594,646	Celadon Mining Limited	15,947	0.02
24,004,167	Cemos Group plc	6,831,955	6.43
7,869,319	Tungsten West Limited	4,721,591	4.44
<b>Great Britain Pounds Total</b>		<b>16,937,695</b>	<b>15.94</b>

**BAKER STEEL RESOURCES TRUST LIMITED****UNAUDITED PORTFOLIO STATEMENT (CONTINUED)  
AS AT 30 JUNE 2021**

<b>Shares /Warrants/ Nominal</b>	<b>Investments</b>	<b>Fair value £ equivalent</b>	<b>% of Net assets</b>
<b><u>Unlisted equity shares and warrants and royalties (Continued)</u></b>			
<b>Norwegian Krone</b>			
12,785,361	Nussir ASA	4,051,779	3.81
<b>Norwegian Krone Total</b>		<b>4,051,779</b>	<b>3.81</b>
<b>United States Dollars</b>			
451,445	Bilboes Gold Limited	16,723,774	15.74
4,244,550	Gobi Coal & Energy Limited	144,456	0.14
16,352	Polar Acquisition Limited	8,958,180	8.43
56,042	Kanga Potash (formerly Sarmin Minerals Exploration)	2,759,490	2.60
<b>United States Dollars Total</b>		<b>28,585,900</b>	<b>26.91</b>
<b>Total unlisted equity shares, warrants and royalties</b>		<b>66,684,379</b>	<b>62.77</b>
<b>Financial assets held at fair value through profit or loss</b>		<b>105,485,681</b>	<b>99.30</b>
<b>Other Assets &amp; Liabilities</b>		<b>743,063</b>	<b>0.70</b>
<b>Total Equity</b>		<b>106,228,744</b>	<b>100.00</b>

**UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021**

	Notes	Unaudited 30 June 2021 £	Audited 31 December 2020 £
<b>Assets</b>			
Cash and cash equivalents		336,626	424,140
Interest receivable		625,736	684,184
Other receivables		20,221	19,628
Financial assets held at fair value through profit or loss	3	105,485,681	102,607,947
<b>Total assets</b>		<b>106,468,264</b>	<b>103,735,899</b>
<b>Equity and Liabilities</b>			
<b>Liabilities</b>			
Directors' fees payable	9	28,750	28,750
Management fees payable	7,9	150,829	110,825
Administration fees payable		10,731	35,000
Audit fees payable		27,000	54,000
Custodian fees payable		8,536	7,587
Other payables		13,674	8,338
<b>Total liabilities</b>		<b>239,520</b>	<b>244,500</b>
<b>Equity</b>			
Management Ordinary Shares	8	9,167	9,167
Ordinary Shares	8	75,972,688	75,972,688
Revenue Reserves		10,727,353	10,971,969
Capital Reserves		19,519,536	16,537,575
<b>Total equity</b>		<b>106,228,744</b>	<b>103,491,399</b>
<b>Total equity and liabilities</b>		<b>106,468,264</b>	<b>103,735,899</b>
Net Asset Value per Ordinary Share (in Pence) – Basic and Diluted	5	99.8	97.2

These unaudited condensed financial statements on pages 13 to 27 were approved by the Board of Directors on 14 September 2021 and signed on its behalf by:



David Staples  
Director

**UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021**

		Unaudited period ended 30 June 2021 Revenue £	Unaudited period ended 30 June 2021 Capital £	Unaudited period ended 30 June 2021 Total £
<b>Income</b>				
Interest income		778,743	-	778,743
Dividend income		39,189	-	39,189
Loan guarantee income		46,247	-	46,247
Net gain on financial assets at fair value through profit or loss	3	-	2,994,059	2,994,059
Net foreign exchange loss		-	(12,098)	(12,098)
<b>Net income</b>		<b>864,179</b>	<b>2,981,961</b>	<b>3,846,140</b>
<b>Expenses</b>				
Management fees	7,9	816,287	-	816,287
Directors' fees	9	57,500	-	57,500
Administration fees		63,393	-	63,393
Other expenses		53,900	-	53,900
Custody fees		51,725	-	51,725
Audit fees		27,000	-	27,000
Broker fees		17,500	-	17,500
Directors' insurance and expenses		3,750	-	3,750
Legal fees		17,740	-	17,740
<b>Total expenses</b>		<b>1,108,795</b>	<b>-</b>	<b>1,108,795</b>
<b>Net gain / (loss) for the period</b>		<b>(244,616)</b>	<b>2,981,961</b>	<b>2,737,345</b>
<b>Net gain / (loss) for the period per Ordinary Share:</b>				
Basic and Diluted (in pence)	5	(0.23)	2.80	2.57

In the period ended 30 June 2021 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 and is provided for information purposes.



**UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

		Unaudited period ended 30 June 2020 Revenue £	Unaudited period ended 30 June 2020 Capital £	Unaudited period ended 30 June 2020 Total £
	Notes			
<b>Income</b>				
Interest Income		684,545	-	684,545
Dividend Income		117,212	-	117,212
Net gain on financial assets at fair value through profit or loss	3	-	3,420,604	3,420,604
Net foreign exchange gain		-	33,349	33,349
<b>Net income</b>		<b>801,757</b>	<b>3,453,953</b>	<b>4,255,710</b>
<b>Expenses</b>				
Management fees	7,9	494,503	-	494,503
Directors' fees	9	57,500	-	57,500
Administration fees		53,960	-	53,960
Other expenses		50,474	-	50,474
Custody fees		40,276	-	40,276
Audit fees		28,450	-	28,450
Broker fees		26,003	-	26,003
Directors' insurance and expenses		7,511	-	7,511
Legal fees		4,531	-	4,531
<b>Total expenses</b>		<b>763,208</b>	<b>-</b>	<b>763,208</b>
<b>Net gain for the period</b>		<b>38,549</b>	<b>3,453,953</b>	<b>3,492,502</b>
<b>Net gain for the period per Ordinary Share:</b>				
Basic and Diluted (in pence)	5	0.04	3.24	3.28

In the period ended 30 June 2020 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 and is provided for information purposes.

**BAKER STEEL RESOURCES TRUST LIMITED****UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021**

	<b>Management Ordinary Shares £</b>	<b>Ordinary Shares £</b>	<b>Treasury Shares £</b>	<b>Revenue reserves £</b>	<b>Capital reserves £</b>	<b>Period end £</b>
Balance as at 1 January 2021	9,167	76,113,180	(140,492)	10,971,969	16,537,575	103,491,399
Net gain for the period	-	-	-	(244,616)	2,981,961	2,737,345
<b>Balance as at 30 June 2021</b>	<b>9,167</b>	<b>76,113,180</b>	<b>(140,492)</b>	<b>10,727,353</b>	<b>19,519,536</b>	<b>106,228,744</b>
Note:	8	8				

**UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

	<b>Management Ordinary Shares £</b>	<b>Ordinary Shares £</b>	<b>Treasury Shares £</b>	<b>Revenue reserves £</b>	<b>Capital reserves £</b>	<b>Period end £</b>
Balance as at 1 January 2020	9,167	76,113,180	(140,492)	10,808,636	(8,127,181)	78,663,310
Net gain for the period	-	-	-	38,549	3,453,953	3,492,502
<b>Balance as at 30 June 2020</b>	<b>9,167</b>	<b>76,113,180</b>	<b>(140,492)</b>	<b>10,847,185</b>	<b>(4,673,228)</b>	<b>82,155,812</b>

*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 2021 TO 30 JUNE 2021**

	<b>Unaudited Period ended 30 June 2021 £</b>	<b>Unaudited Period ended 30 June 2020 £</b>
<b>Cash flows from operating activities</b>		
Net gain for the period	2,737,345	3,492,502
<i>Adjustments to reconcile net gain for the period to net cash used in operating activities:</i>		
Interest income	(778,743)	(684,545)
Dividend income	(39,189)	(117,212)
Net gain on financial assets at fair value through profit or loss	3 (2,994,059)	(3,420,604)
Net increase in other receivables	(593)	(7,504)
Net (decrease)/increase in payables	(4,980)	5,269
	<u>(1,080,219)</u>	<u>(732,094)</u>
Interest received	837,191	962,982
Dividend received	39,189	117,212
<b>Net cash (used in)/provided by operating activities</b>	<b><u>(203,839)</u></b>	<b><u>348,100</u></b>
<b>Cash flows from investing activities</b>		
Purchase of financial assets at fair value through profit or loss	(12,665,636)	(7,462,339)
Sale of financial assets at fair value through profit or loss	12,781,961	6,947,756
<b>Net cash provided by/(used in) investing activities</b>	<b><u>116,325</u></b>	<b><u>(514,583)</u></b>
<b>Net decrease in cash and cash equivalents</b>	<b>(87,514)</b>	<b>(166,483)</b>
Cash and cash equivalents at the beginning of the period	424,140	659,757
<b>Cash and cash equivalents at the end of the period</b>	<b><u>336,626</u></b>	<b><u>493,274</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 2021 TO 30 JUNE 2021**

**1. GENERAL INFORMATION**

Baker Steel Resources Trust Limited (the “Company”) is a closed-ended investment company with limited liability incorporated and domiciled on 9 March 2010 in Guernsey under the Companies (Guernsey) Law, 2008 with registration number 51576. The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors Law and the Registered Collective Investment Scheme Rules 2018 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 2021 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 2020, 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 2020 and are expected to be applied to the Company’s annual financial statements for the year ending 31 December 2021.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021**
**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>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Opening book cost	81,003,041	74,539,152
Purchases at cost	12,665,636	12,871,078
Proceeds on sale of investments	(12,781,961)	(11,870,016)
Realised gains	3,660,428	5,462,827
Closing cost	84,547,144	81,003,041
Unrealised gains	20,938,537	21,604,906
<b>Financial assets held at fair value through profit or loss</b>	<b>105,485,681</b>	<b>102,607,947</b>

The following table analyses net gains on financial assets at fair value through profit or loss for the period/year ended 30 June 2021, 31 December 2020 and 30 June 2020.

	<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>2021</b>	<b>2020</b>	<b>2020</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	(273,452)	5,462,245	4,117,283
- Debt instruments	3,933,880	582	-
	3,660,428	5,462,827	4,117,283
<i>Movement in unrealised (losses)/gains on:</i>			
- Listed equity shares	(399,854)	(2,924,836)	(3,510,145)
- Unlisted equity shares	3,438,849	10,821,831	1,349,473
- Royalties	(445,518)	(428,348)	(400,286)
- Debt instruments	(3,355,920)	11,731,267	1,667,381
- Warrants	96,074	12,027	196,898
	(666,369)	19,211,941	(696,679)
<b>Net gain on financial assets at fair value through profit or loss</b>	<b>2,994,059</b>	<b>24,674,768</b>	<b>3,420,604</b>

The following table analyses investments by type and by level within the fair valuation hierarchy at 30 June 2021.

	<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	6,830,632	-	-	6,830,632
Unlisted equity shares	-	-	52,379,572	52,379,572
Royalties	-	-	14,067,244	14,067,244
Warrants	-	-	237,563	237,563
Debt instruments	-	-	31,970,670	31,970,670
	6,830,632	-	98,655,049	105,485,681

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021**
**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 2020.

	Quoted prices in active markets Level 1 £	Quoted market based observables Level 2 £	Unobservable inputs Level 3 £	Total £
<i>Financial assets at fair value through profit or loss</i>				
Listed equity shares	7,185,851	-	-	7,185,851
Unlisted equity shares	-	-	36,987,733	36,987,733
Royalties	-	-	14,512,762	14,512,762
Warrants	-	-	141,489	141,489
Debt instruments	-	-	43,780,112	43,780,112
	<u>7,185,851</u>	<u>-</u>	<u>95,422,096</u>	<u>102,607,947</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 2021.

<b>30 June 2021</b>	<b>Unlisted Equities £</b>	<b>Royalties £</b>	<b>Debt instruments £</b>	<b>Warrants £</b>	<b>Total £</b>
Opening balance 1 January 2021	36,987,733	14,512,762	43,780,112	141,489	95,422,096
Purchases of investments	12,287,971	-	-	-	12,287,971
Sales of investments	-	-	(12,387,402)	-	(12,387,402)
Transfer to Level 1	(334,981)	-	-	-	(334,981)
Change in net unrealised gains/(losses)	3,438,849	(445,518)	(3,355,920)	96,074	(266,515)
Realised gains	-	-	3,933,880	-	3,933,880
Closing balance 30 June 2021	<u>52,379,572</u>	<u>14,067,244</u>	<u>31,970,670</u>	<u>237,563</u>	<u>98,655,049</u>
Unrealised gains on investments still held at 30 June 2021	<u>12,538,435</u>	<u>2,300,267</u>	<u>9,749,560</u>	<u>224,438</u>	<u>24,857,700</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 2020.

<b>31 December 2020</b>	<b>Unlisted Equities £</b>	<b>Royalties £</b>	<b>Debt instruments £</b>	<b>Warrants £</b>	<b>Total £</b>
Opening balance 1 January 2020	24,780,551	14,019,975	29,293,224	116,337	68,210,087
Purchases of investments	1,519,012	921,135	2,818,227	13,125	5,271,499
Sales of investments	-	-	(63,188)	-	(63,188)
Transfer to Level 1	(133,661)	-	-	-	(133,661)
Change in net unrealised gains	10,821,831	(428,348)	11,731,267	12,027	22,136,777
Realised gains	-	-	582	-	582
Closing balance 31 December 2020	<u>36,987,733</u>	<u>14,512,762</u>	<u>43,780,112</u>	<u>141,489</u>	<u>95,422,096</u>
Unrealised gains on investments still held at 31 December 2020	<u>9,366,113</u>	<u>2,745,785</u>	<u>13,105,480</u>	<u>128,364</u>	<u>25,345,742</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021**

**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. Mines & Metals Trading (Peru) Plc merged with Silver X Mining Corp (Silver X) on 23 June 2021. The shares of Silver X are traded on the Toronto Stock Exchange and accordingly the investment has been transferred from Level 3 to Level 1 in these financial statements.

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 no Level 2 investments at 30 June 2021 (31 December 2020: none).

Investments classified within Level 3 have significant unobservable inputs. They include unlisted debt instruments, royalty rights, unlisted equity shares and warrants. Level 3 investments are valued using valuation techniques explained below. The inputs used by the Directors in estimating the value of Level 3 investments include the original transaction price, recent transactions in the same or similar instruments if representative in volume and nature, completed or pending third-party transactions in the underlying investment of comparable issuers, subsequent rounds of financing, recapitalisations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows. Level 3 investments may also be adjusted with a discount to reflect illiquidity and/or non-transferability in the absence of market information.

**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. 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 2021 TO 30 JUNE 2021**

**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 cashflows 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 like 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 2021 TO 30 JUNE 2021**
**3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)**
**Quantitative information on significant unobservable inputs – Level 3**

Description	30 June	Valuation technique	Unobservable input	Range of unobservable input (weighted average)
	2021 £			
Unlisted Equity	40,462,706	Transactions	Private transactions	n/a
Unlisted Equity	5,068,964	IndexVal	Change in index	n/a
Unlisted Equity	6,831,955	EBITDA Multiple	EBITDA Multiple	n/a
Royalties	14,067,244	Royalty Valuation model	Commodity price and discount rate risk	n/a
Unlisted Equity	15,947	Other	Exploration results, study results, financing	n/a
<b>Debt Instruments</b>				
Black Pearl Limited Partnership	1,267,198	Valued at mean estimated recovery	Estimated recovery range	+/-50%
Other Convertible Debentures/Loans	3,130,227	Transactions	Private transactions	n/a
Other Convertible Debentures/Loans	27,573,245	Valued at fair value with reference to credit risk	Rate of Credit Risk	20%-40%
<b>Warrants</b>	237,563	Simplified Black Scholes Model	Volatilities	50%
Description	31 December	Valuation technique	Unobservable input	Range of unobservable input (weighted average)
	2020 £			
Unlisted Equity	27,236,964	Transactions	Private transactions	n/a
Unlisted Equity	2,790,916	IndexVal	Change in index	n/a
Unlisted Equity	6,943,907	EBITDA Multiple	EBITDA Multiple	n/a
Royalties	14,512,762	Royalty Valuation model	Commodity price and discount rate risk	n/a
Unlisted Equity	15,946	Other	Exploration results, study results, financing	n/a
<b>Debt Instruments</b>				
Black Pearl Limited Partnership	1,281,629	Valued at mean estimated recovery	Estimated recovery range	+/-50%
Other Convertible Debentures/Loans	13,070,904	Transactions	Private transactions	n/a
Other Convertible Debentures/Loans	29,427,579	Valued at fair value with reference to credit risk	Rate of Credit Risk	20%-40%
<b>Warrants</b>	141,489	Simplified Black Scholes Model	Volatilities	50%

Information on third party transactions in unlisted equities is derived from the Investment Manager's market contacts. The change in IndexVal for each particular unlisted equity is derived from the weighted average movements of the individual baskets for that equity so it is not possible to quantify the range of such inputs.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021**
**3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)**
**Sensitivity analysis to significant changes in unobservable inputs within Level 3 investments**

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 30 June 2021 are as shown below:

Description	Input	Sensitivity used*	Effect on Fair Value (£)
Unlisted Equity	Transactions & Expected Transactions	+/- 10%	+/-4,046,271
Unlisted Equity	Change in IndexVal	+126/-25%*	+6,386,895/-1,267,241
Unlisted Equity	EBITDA Multiple	+/- 20%	+/-1,366,391
Royalties	Commodity Price	+/- 20%	+/-2,813,449
Royalties	Discount Rate	+/-20%	+1,516,619/-1,331,453
<b>Debt Instruments</b>			
Black Pearl Limited Partnership	Probability weighting	+/-33%	+/-418,175
Others/Loans	Risk discount rate	+/-20%	-4,141,795/+94,572
Others/Loans	Volatility of Index Basket	+/-40%	+1,706,809/-1024,742
Others/Loans	Transactions and expected transactions	+/- 10%	+/- 313,023
<b>Warrants</b>	Volatility of Index Basket	+/-40%	+96,228/-108,245

\* The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value. The +126%/-25% sensitivity was used as this was the range of movements of the constituents in the IndexVal basket for Nussir and Prism.

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 2020 are as shown below:

Description	Input	Sensitivity used	Effect on Fair Value (£)
Unlisted Equity	Transactions & Expected Transactions	+/- 10%	+/-2,723,696
Unlisted Equity	Change in IndexVal	+82/-42%*	+2,288,551/-1,172,185
Unlisted Equity	EBITDA Multiple	+/- 20%	+/-1,388,781
Royalties	Commodity Price	+/-20%	+/-2,862,119
Royalties	Discount Rate	+/-20%	-2,732,511/+2,223,695
<b>Debt Instruments</b>			
Black Pearl Limited Partnership	Probability weighting	+/-33%	+/-422,938
Others/Loans	Risk discount rate	+/-20%	-4,272,633/+1,996,328
Others/ Loans	Volatility of Index Basket	+/-40%	+2,109,175/-2,346,725
Others/ Loans	Transactions and expected transactions	+/-10%	+/-1,307,090
<b>Warrants</b>	Volatility of Index Basket	+/-40%	+87,968/-92,079

\* The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value. The +82%/-42% sensitivity was used as this was the range of movements of the constituents in the IndexVal basket for Sarmin, the only investment valued on the basis of IndexVal in the 2020 Annual Financial Statements.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021****4. OTHER FINANCIAL INSTRUMENTS**

The Directors consider the carrying amount for financial instruments such as cash and cash equivalents and short-term receivables and payables, are a reasonable approximation of fair values.

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

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

**5. NET ASSET VALUE PER SHARE AND GAIN PER SHARE**

Net asset value per share is based on the net assets of £106,228,744 (31 December 2020: £103,491,399) and 106,462,502 (31 December 2020: 106,462,502) Ordinary Shares, being the number of shares in issue at 30 June 2021 excluding 700,000 shares which are held in treasury. The calculation for basic and diluted NAV per share is as below:

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>Ordinary Shares</b>	<b>Ordinary Shares</b>
Net assets at the period end (£)	106,228,744	103,491,399
Number of shares	106,462,502	106,462,502
Net asset value per share (in pence) basic and diluted	99.8	97.2
Weighted average number of shares	106,462,502	106,462,502

The basic and diluted gain per share for the period ended 30 June 2021 is based on the net gain for the period of the Company of £2,737,345 (30 June 2020: £3,492,502) and on 106,462,502 (30 June 2020: 106,462,502) being the weighted average number of Ordinary Shares in issue during the period.

**6. TAXATION**

The Company is a Guernsey Exempt Company and is therefore not subject to taxation in Guernsey on its income under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. An annual exemption fee of £1,200 (2020: £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 2021 was £816,287 (30 June 2020: £494,503) of which £150,829 (31 December 2020: £110,825) 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 made adjustments 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 2021, the Highwater Mark was the equivalent of approximately 94 pence per share with the relevant Hurdle being the equivalent of approximately 146 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 2021 TO 30 JUNE 2021**

**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 2020: 106,453,335) Ordinary Shares in issue with an additional 700,000 (31 December 2020: 700,000) held in treasury. In addition, the Company has 9,167 (31 December 2020: 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 2021</b>		<b>31 December 2020</b>	
	<b>Amount £</b>	<b>No. of shares*</b>	<b>Amount £</b>	<b>No. of shares**</b>
<b>Issued and fully paid share capital</b>				
Ordinary Shares of no par value** (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)
Total Share Capital	<u>75,981,855</u>		<u>75,981,855</u>	

The outstanding Ordinary Shares as at the period ended 30 June 2021 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>
Balance at 1 January 2021 & 30 June 2021	<u>76,122,347</u>	<u>106,462,502</u>	<u>140,492</u>	<u>700,000</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021**

**8. SHARE CAPITAL (CONTINUED)**

The outstanding Ordinary Shares as at the year ended 31 December 2020 are as follows:

	Ordinary Shares		Treasury Shares	
	Amount £	No. of shares*	Amount £	No. of shares
Balance at 1 January 2020 & 31 December 2020	76,122,347	106,462,502	140,492	700,000

\* Includes 9,167 (31 December 2020: 9,167) Management Ordinary Shares.

\*\* The value reported for the Ordinary Shares represents the net of subscriptions and redemptions (including any associated expenses).

**9. RELATED PARTY TRANSACTIONS**

The Investment Manager, Baker Steel Capital Managers LLP, had an interest in 9,167 Management Ordinary Shares at 30 June 2021 (31 December 2020: 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 2021 (31 December 2020: 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 2020: 12,452,177) and The Sonya Trust holds 12,722,129 shares (31 December 2020: 12,673,350).

David Staples, a Director of the Company purchased 35,000 shares in the Company on 26 April 2021.

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

	2021 £	2020 £
Management fees	816,287	494,503
Directors’ fees	57,500	57,500

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

	30 June 2021 £	31 December 2020 £
Management fees	150,829	110,825
Directors’ fees	28,750	28,750

**10. SUBSEQUENT EVENTS**

Since the period end, the Company has increased the bridging loan to Futura Resources by a further AUS\$1 million.

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