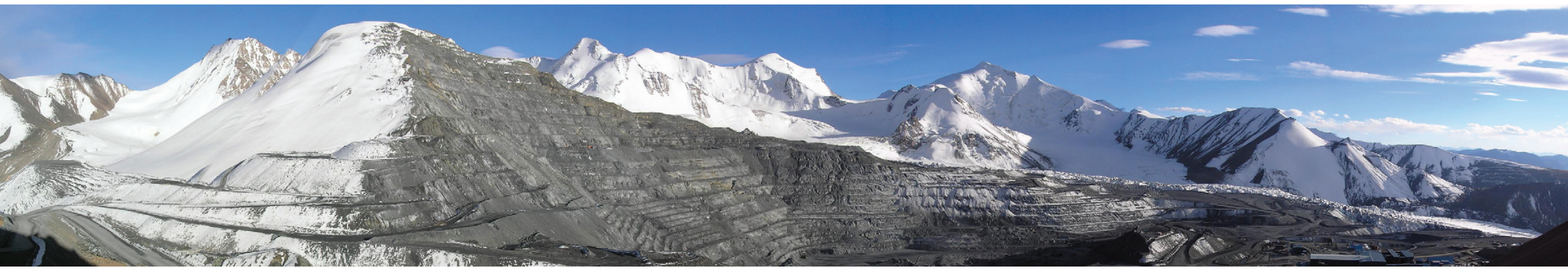

bakersteel resourcestrust

BAKER STEEL RESOURCES TRUST LIMITED

Annual Report and Audited Financial Statements

For the year ending 31 December 2015

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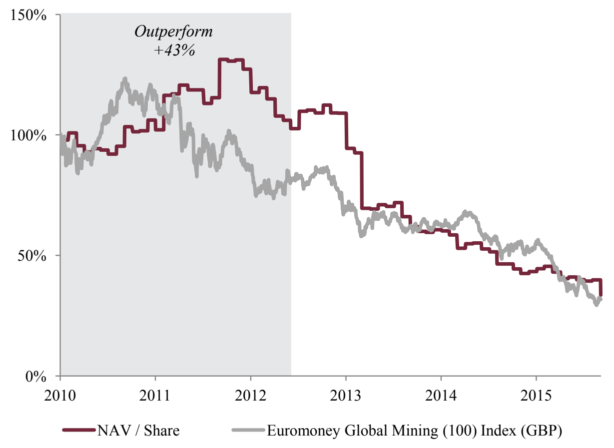
MISSION STATEMENT

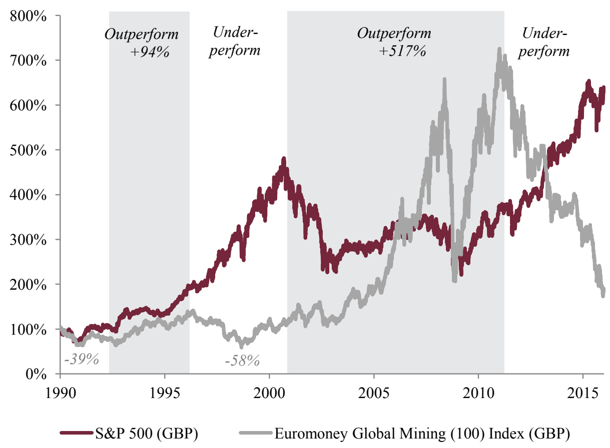
Baker Steel Resources Trust ("BSRT") aims to be recognised as the funding partner of choice for selected resources projects and management teams, delivering superior returns to our shareholders over the long term whilst investing ethically and responsibly.

Mining is cyclical and is well placed for a period of outperformance

BSRT NAV return since April 2010 launch



Indices return over 25 years



Source: Bloomberg, Baker Steel internal

Data at 31 December 2015

CHAIRMAN'S STATEMENT
For the year ended 31 December 2015

Despite apparent green shoots in the mining sector at the beginning of 2015, hopes for improved conditions were disappointed as the bear market of the past five years continued unabated during the year, amid fears of a slowdown in demand for metals, in particular from China. This is illustrated by the Euromoney Global Mining Index which fell 39.3% in Sterling terms during the year and at 31 December 2015 was down 68.2% from the date of the Company's first Net Asset Value (NAV) on 30 April 2010. By comparison, the Company's NAV per share fell 25.4% during the year and has fallen 65.8% since 30 April 2010.

Mining shares have fallen in response to weak commodity prices which in turn have fallen owing to concerns over the level of global growth, and in particular the growth in China as it evolves from an infrastructure-led to a consumer-led economy. Iron ore companies continued to be hard hit with the price of iron ore trading a little above US$40 per tonne at the year end, less than a quarter of its price 5 years ago. The other main component of steel manufacture, coking coal, has similarly been hard hit and massive oversupply from the steel industry has seen dumping from Chinese manufacturers onto the world market. Most other major commodities have followed suit with copper down 26% and nickel down 42% during 2015.

One positive factor for the mining industry is that the two thirds fall in the oil price over the past eighteen months has led to a decrease in the operating costs of many mines where energy can be a major component of overall costs. This, together with the depreciation of the exchange rates of many producer economies, has improved operating margins.

Although this downturn in the mining industry is as severe as most people can remember, it should be borne in mind that mining is a cyclical business and the current lack of investment in both exploration and development is sowing the seeds for the next upturn. The resultant reduced interest in mining by investors has led to many stocks trading at large discounts to long-term value or, in some cases, at a discount to cash as exemplified by one of the Company's investments, Ivanhoe Mines, which sold half of one of its three Tier 1 projects for C$571.5 million in cash at the end of 2015 but at year end was still only capitalised at C$475 million. In markets such as these it is important for the Investment Manager to proactively manage the portfolio to defend the latent value in the Company's investee companies by assisting them to survive until the market recovers and prevent others from acquiring them cheaply. This is the strategy behind the Company's recent change to the Articles of Association to allow it to make a further investment in Polar Silver with a view to achieving greater control of the asset.

During 2015 the Company adopted a new buy-back policy seeking to address the large discount at which its shares trade. This commenced in August 2015 with the repurchase of 700,000 shares. The buy-back policy has been suspended whilst the Polar Silver offer is in process as the Board may be in possession of price sensitive information.

It is all but impossible to identify the precise bottom of any bear market at the time, but we know from experience that when the turn comes in the mining sector, the recovery is likely to be sharp. One sub-sector that has shown signs of recovery is the gold market with the gold price rising 18.9% during the first quarter of 2016 and the FTSE Gold Mines Index recovering 56.2% in Sterling terms. The gold and precious metals sector has often been a lead indicator for the general mining market and the Company's portfolio is currently over 50% invested in precious metals.

Finally I would like to pay tribute to Ed Flood, a director of the Company at listing, who sadly passed away in October last year. Despite battling with a long term illness, Ed continued to contribute actively to the Company right until the end. He will be sorely missed.

Howard Myles
Chairman
21 April 2016

INVESTMENT MANAGER'S REPORT
For the year ended 31 December 2015

Financial Performance

The audited undiluted Net Asset Value per Ordinary Share as at 31 December 2015 was 33.5 pence, a decrease of 25.4% in the year and a decrease of 65.8% from the Company's first NAV per Ordinary Share calculated on 30 April 2010. During the year the Euromoney Global Mining 100 Index was down 39.3% (down 68.2% since 30 April 2010).

For the purpose of calculating the Net Asset Value per Ordinary Share, unquoted investments are carried at fair value as at 31 December 2015 as determined by the Directors in accordance with the methodology set out in note 3 and quoted investments are carried at last quoted price as at 31 December 2015.

Net assets at 31 December 2015 comprised the following:

	£m	% net assets
Unquoted Investments	29.8	77.8
Quoted Investments	8.0	20.9
Net Cash Equivalents and Accruals	0.5	1.3
	38.3	100.0

Investment Update

Largest 10 Investments – 31 December 2015	
Polar Silver Resources Ltd/Argentum	26.2%
Black Pearl Limited Partnership	18.5%
Metals Exploration Plc	11.0%
Bilboes Gold Limited	9.4%
Cemos Group plc (formerly Global Oil Shale Group Limited)	9.1%
Ivanhoe Mines Limited	5.4%
Ironstone Resources Limited	5.1%
Gobi Coal & Energy Limited	3.7%
China Polymetallic Mining Company Limited	3.5%
Archipelago Metals Limited	2.7%
Other Investments	4.1%
Net Cash Equivalents and Accruals	1.3%

Largest 10 Investments – 31 December 2014	
Black Pearl Limited Partnership	20.1%
Polar Silver Resources Ltd/Argentum	17.2%
Bilboes Gold Limited	14.5%
Ivanhoe Mines Limited	10.1%
Gobi Coal & Energy Limited	8.5%
Metals Exploration Plc	8.1%
Cemos Group plc (formerly Global Oil Shale Group Limited)	6.6%
China Polymetallic Mining Company Limited	5.0%
Ironstone Resources Limited	4.7%
Ferrous Resources Limited	3.0%
Other Investments	2.8%
Net Cash Equivalents and Accruals	(0.6%)

INVESTMENT MANAGER'S REPORT (CONTINUED)
For the year ended 31 December 2015

Investment Update

At the year end, the Company was fully invested, holding 19 investments of which the top 10 holdings comprised 94.6% of the portfolio by value. The portfolio is well diversified both in terms of commodity and geographical location of the deposits. In terms of commodity, the portfolio is concentrated on the large liquid markets of silver, gold, iron ore, coal, copper, platinum group metals, nickel and oil. Its projects are located in Australia, Canada, China, Democratic Republic of Congo, Indonesia, Mongolia, Morocco, Norway, the Philippines, Russia, South Africa, USA and Zimbabwe.

In February 2015, the Company increased its total assets by over 50%, through the acquisition of two portfolios of assets in exchange for the issue of new shares in the Company. 90% of these portfolios was in investments in which the Company already had an interest and the largest investment which was not common to the existing portfolio, Red 5 Limited, an Australian Stock Exchange listed gold producer, was subsequently sold, being non-core.

The recovery in the mining market, of which there were signs at the beginning of 2015, did not materialise during the year as demonstrated by the Euromoney Global Mining Index falling 39.3% and the FTSE Gold Mines Index falling 16.9% with the falls particularly high in the second half of the year. The Company's valuation policy for its unlisted investments takes into account general market movements in comparable listed mining shares and, largely as a result of this listed market weakness, the Net Asset Value per share fell 25.4% during the year. The values of iron ore and coking coal stocks were hit particularly hard following continued falls in the iron ore price and the oversupply of steel, particularly from China. Gobi Coal and Ironstone Resources were marked down 51% and 27% respectively during 2015.

Oil and energy was another badly-hit sector during 2015, with the price of the benchmark Brent Crude falling 35% during 2015 and off 67% since 30 June 2014. The Company has one investment in the energy sector, Cemos Group plc (formerly Global Oil Shale Group Limited) which has oil shale projects in Morocco and Australia. The investment in Cemos demonstrates the importance of investing in companies with good management as well as the quality of projects that they hold. Rather than slowing down their activities in response to the depressed oil price, the entrepreneurial management of Cemos has changed the focus of its development of its Tarfaya project in Morocco away from the production of oil and electricity generation, towards exploiting the cement potential of the project. The production of cement is highly energy intensive and the energy content of the oil shale will ensure a low cement production cost with a view to selling product throughout West Africa, where strong demand has been identified.

Metals Exploration plc is a good example of some of the pitfalls that mining companies have to contend with in developing their projects. Despite constructing the Runruno gold mine in the Philippines within budget it first suffered delays due to the bureaucratic permitting procedures in the Philippines and then, just as the final permits were being released, the mine was hit by super typhoon Lando, which although not inflicting any major structural damage, required Metals Exploration to suspend activities and rehabilitate the area. Once in full production, Runruno is scheduled to produce approximately 100,000 ounces of gold per annum.

Current market sentiment towards the mining sector is highlighted by Ivanhoe Mines Limited ("Ivanhoe") which is listed on the Toronto Stock Exchange. Ivanhoe continued to move forward strongly on all three of its main projects during 2015. In South Africa it has commenced shaft sinking on its Platreef Project where in the first phase it is planned to produce 433,000 ounces of platinum, palladium, rhodium and gold per annum, plus 31 million pounds of nickel and copper. In the Democratic Republic of Congo ("DRC"), Ivanhoe recently declared its first Mineral Resource estimate for its Kipushi zinc-copper-germanium-lead-silver mine with Measured and Indicated Mineral Resources totalling 10.2 million tonnes grading 34.9% Zinc containing 3.55 million tonnes of Zinc and completed a transaction to sell 49.5% of the Kamoa Copper Project for US$412 million (C$575 million) to Zijin Mining. Despite its remaining stakes in these three Tier 1 mining projects, with a market capitalisation of C$475 million at 31 December 2015 Ivanhoe was trading at a significant discount to the cash receivable from Zijin.

The sale of the Company's entire holding in Ferrous Resources Limited for US$2.06 million, following a tender offer from Icahn Enterprises Holdings L.P., was the Company's only significant realisation during 2015.

In order to protect its interest in its largest investment, the Prognoz Silver Project in Russia, which is held through convertible loans to Polar Silver Resources Ltd. and its 100% subsidiary ZAO Argentum ("the Polar Group"), the Company has amended its Articles to allow it to make a further investment in the Polar Group. At the date of this report negotiations with other Polar Group investors are ongoing but the Company expects to make an offer to gain control of the Polar Group in the second quarter of 2016.

INVESTMENT MANAGER'S REPORT (CONTINUED)
For the year ended 31 December 2015

Further details of each of these investments and the Company's other significant holdings are provided below.

Description of Largest Investments at 31 December 2015

Polar Silver Resources Limited ("Polar Silver")
Polar Silver is a private company which holds a 50% indirect interest in the Prognoz silver project ("Prognoz"), 444km north of Yakutsk in Russia. The Company's investments are in the form of shares in Polar Silver and loan notes in Polar Silver and its 100% owned subsidiary, Argentum, both of which are convertible into Polar Silver shares.

A NI 43-101 compliant report by independent consultant Micon International Limited ("Micon") in July 2009, estimated an Indicated Resource of 5.86 million tonnes of ore grading 773 g/t silver containing 146 million ounces of silver and Inferred Resources of 9.64 million tonnes of ore grading 473 g/t silver containing 147 million ounces of silver at Prognoz. A NI 43-101 compliant preliminary economic assessment (PEA) by Micon envisages a mine producing an average of 13 million ounces of silver per annum over a 16 year mine life.

Black Pearl Limited Partnership ("Black Pearl")
Black Pearl is a special purpose vehicle formed to invest in the Black Pearl beach placer iron sands project in West Java, Indonesia. The Company's investment is in the form of a limited partnership interest in Black Pearl. Black Pearl holds an exchangeable loan note issued by a holding company of the mine group, Rui Tong Limited.

The Black Pearl concession area is 15,000 ha of which 1,600 ha has been drilled. Australasian Joint Ore Reserves Committee ("JORC") compliant Mineral Resources stand at 572 million tonnes grading 10% iron. Black Pearl received the requisite export permit following changes to the Indonesian mining regulations at the beginning of December 2014 and made its first shipment of concentrate later that month. Off-take agreements have been signed with a number of Chinese steel mills for the full planned production of 20 million tonnes per annum. Due to the new mining regulations, the future for the project requires the further beneficiation of the product within Indonesia. Negotiations are ongoing for the Black Pearl project to form the base production for an integrated steel production facility.

Metals Exploration plc ("Metals Exploration")
Metals Exploration is an AIM listed company which owns the Runruno gold project in the Philippines. A JORC compliant report estimated mineral resources of 1.39 million ounces of gold, and 25.6 million pounds of molybdenum with 1,050,000oz gold reporting to the Measured and Indicated categories and 900,000oz gold within the Mining Proven & Probable Reserve category. Development of the Runruno mine was completed at the end of 2015. Commissioning of the mine was delayed following damage caused by super typhoon Lando. Remediation work was completed in early 2016 and awaits sign off by the Philippine authorities before the mine can commence production. Once in full production, the mine is scheduled to produce approximately 100,000 ounces of gold per annum.

Bilboes Gold Limited ("Bilboes")
Bilboes is a private Zimbabwean based gold mining company which owns four previously producing oxide mines in Zimbabwe. The oxide mines produced 9,160 ounces of gold in 2015.

In addition Bilboes has JORC compliant Indicated Mineral Resources of 29.3 million tonnes grading 2.12 g/t gold in the underlying sulphide mineralisation and Inferred Mineral Resource of 30.0 million tonnes grading 2.03 g/t gold. Contained gold in the combined Indicated and Inferred sulphide resources totals 3,964,000 ounces. The mineralisation is open along strike and at depth so there is good potential for these mineral resources to be increased. A pre-feasibility study is underway to investigate a mine producing 100,000 to 200,000 ounces per annum, initially from open pit.

Cemos Group plc (''Cemos'') (formerly Global Oil Shale Group Limited)
Cemos is a private cement and oil shale explorer and developer whose key assets are the Tarfaya project in Morocco containing JORC compliant Measured resources of 308 million barrels of shale oil and the Julia Creek oil shale project in Queensland Australia which has a JORC compliant Indicated Resource of 240 million barrels published in May 2013 and an Inferred Resource of 1.9 billion barrels of shale oil. Cemos is currently investigating the feasibility of constructing a cement plant at Tarfaya utilising the hydrocarbons from the oil shale as fuel for the process.

INVESTMENT MANAGER'S REPORT (CONTINUED)
For the year ended 31 December 2015

Description of Largest Investments at 31 December 2015 (continued)

Ivanhoe Mines Limited (formerly Ivanplats Limited) ("Ivanhoe")
Ivanhoe is a company listed on the Toronto Stock Exchange which holds the Kamoa copper project (47% owned) and Kipushi zinc mine (68% owned) both in the Democratic Republic of Congo ("DRC") and the Platreef nickel, platinum, palladium, copper and gold project (64% owned) in South Africa.

The Kamoa Project is located in the Kolwezi District of Katanga Province, the DRC's copper mining hub. A NI 43-101 compliant report, using a 1% copper grade cut-off, estimated Indicated Mineral Resources at 739 million tonnes grading 2.67% copper containing 19.7 million tonnes of copper. The resource statement also included 4.4 million tonnes of copper in Inferred Mineral Resources providing combined contained copper of 24.1 million tonnes, establishing Kamoa as the largest high-grade copper discovery in Africa and one of the largest in the world.

The Platreef Project is located on the Northern Limb of the PGM-bearing Bushveld Complex in South Africa. NI 43-101 compliant Indicated Mineral Resources are estimated at 214 million tonnes grading 4.1 g/t 4PE (platinum, palladium, gold and rhodium), 0.34% nickel and 0.17% copper, at a 2.0 g/t 4PE cut-off grade and at a cumulative, average true thickness of 24 metres. In addition, the estimate included Inferred Mineral Resources of 415 million tonnes grading 3.5 g/t 4PE, 0.33% nickel and 0.16% copper, at an average true thickness of 18.0 metres. The combined Indicated and Inferred Resources amount to 75.7 million ounces of 4PE. A pre-feasibility study envisages a first phase development to produce 433,000 4PE plus 31 million pounds of nickel and copper per annum.

The Kipushi zinc/polymetallic mine in the DRC previously produced 60 million tonnes of ore at 11% zinc and 6% copper together with 120 tonnes of germanium from 1925-1993. Measured and Indicated Mineral Resources total 10.2 million tonnes grading 34.9% Zinc containing 3.55 million tonnes of Zinc.

Ironstone Resources Limited ("Ironstone")
Ironstone is a private Canadian company which owns the Clear Hills Iron Ore/Vanadium Project ("Clear Hills") in Alberta, Canada. Clear Hills currently has Indicated Resources of 557.7Mt at 33.3% iron and 0.2% vanadium and an Inferred Resource of 94.7Mt at 34.1% iron.

In conjunction with pyrotechnology experts Hatch of Toronto, Ironstone is developing a proprietary metallurgical process to refine the ore into direct reduced iron. Once demonstrated commercially, this process could be applied not only to Clear Hills, but also to other significant iron ore deposits globally.

Gobi Coal & Energy Limited ("Gobi")
Gobi is an emerging coking coal producer based in Mongolia, which owns 100% of three open-cut coal development projects in south western Mongolia. Gobi's projects contain approximately 322 million tonnes of JORC resources and include more than 500,000 hectares of tenements. Gobi's first project, Shinejinst, contains approximately 95 million tonnes of JORC reserves and 229 million tonnes of JORC resources and has completed site works in anticipation of the start of production which will depend on a recovery of the price of coking coal delivered to the Mongolian/Chinese border. At full production, Shinejinst is planned to produce approximately 5 million tonnes per annum of high quality, semi-soft coking coal product.

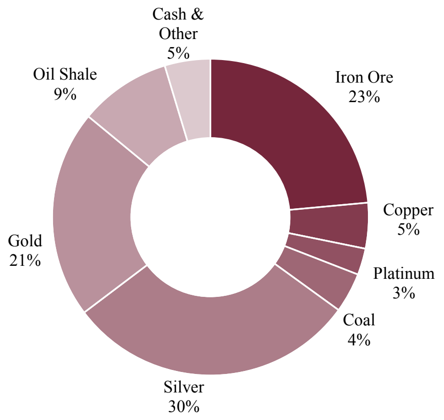
Archipelago Metals Limited ("Archipelago")
Archipelago is an Australian private company which holds a 50% joint venture interest in the Co Dinh chromite project in northern Vietnam which holds estimated JORC compliant resources containing 3.9Mt chromite. A pre-feasibility study has suggested pre-production capital costs of US$100 million for production rising to a rate of approximately 300,000 tonnes of chromite concentrate per annum with a mine life of 16 years. The partners are currently negotiating a formal joint venture agreement following which the mining licence will be issued and the partners will seek to install a pilot plant on site.

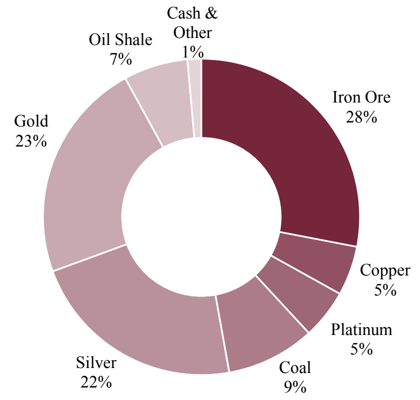
China Polymetallic Mining Limited ("CPM")
CPM is a Chinese mining company listed on the Hong Kong Stock Exchange. The Company's investment is via a special purpose vehicle, F.S.B.S. Limited Partnership. CPM has a number of development projects in the Yunan province of China. CPM's largest mine, the Shizishan Mine has JORC compliant resources totalling 8.1 million tonnes grading 256 g/t silver, 9.4% lead and 6.0% zinc for contained metal of 72 million ounces silver, 809,000 tonnes lead and 508,000 tonnes zinc. In 2015 Shizishan produced 289,000 ounces of silver, 3,679 tonnes lead and 3,087 tonnes zinc in concentrate. CPM's second project, the Dakuangshan silver lead-zinc mine, produced 35,000 ounces of silver, 764 tonnes lead and 1,450 tonnes zinc in concentrate in 2015.

Baker Steel Capital Managers LLP
Investment Manager

PORTFOLIO ANALYSIS
For the year ended 31 December 2015

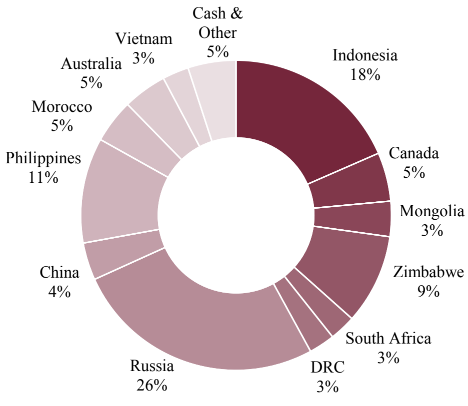
Commodity Exposure

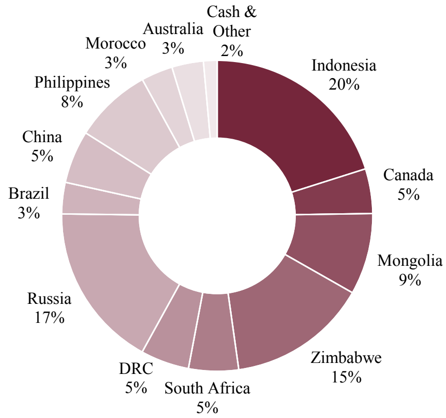




Source: Baker Steel internal. Data at 31 December.

Geographical Exposure





Source: Baker Steel internal. Data at 31 December.

STRATEGIC REPORT

Company Structure

The Company is a closed-ended investment company registered with the Guernsey Financial Services Commission (the "Commission" or "GFSC") under the Registered Collective Investment Scheme Rules 2015 (previously 2008). The Company is not authorised or regulated as a collective investment scheme by the Financial Conduct Authority. The Company is subject to the Listing Rules and the Disclosure and Transparency Rules of the UK Listing Authority. The Articles of the Company contain provisions as to the life of the Company. At the Annual General Meeting ("AGM") falling in the year 2018 and at each third AGM convened by the Board thereafter, the Board shall propose a special resolution which if passed will require the Directors, within 6 months of the passing of the special resolution, to submit proposals to shareholders that will provide shareholders with an opportunity to realise the value of their Ordinary Shares.

Role and Composition of the Board

The Board is the Company's governing body; it sets the Company's strategy and is collectively responsible to shareholders for its long-term success. The Board, which is comprised entirely of independent Non-Executive Directors, is responsible for appointing and subsequently monitoring the activities of the Manager and other service providers to ensure that the investment objectives of the Company continue to be met. The Board also ensures that the Manager adheres to the investment restrictions set by the Board and acts within the parameters set by it in any other respect. It also identifies and monitors the key risks facing the Company.

Investment activities are predominantly monitored through quarterly Board meetings at which the Board receives detailed reports and updates from the Investment Manager, who attends each Board meeting. Services from other key service providers are reviewed as appropriate.

In August 2015, recognising the discount to NAV at which the Company's Ordinary Shares traded, the Board introduced a mechanism whereby, beginning from the publication of the Company's Net Asset Value as at 31 July 2015, the Company will on a monthly basis, following publication of its monthly Net Asset Value, calculate the aggregate net cash proceeds of disposals of investments over the immediately preceding six month period. Subject to meeting solvency requirements, if the Ordinary Shares are trading at a discount in excess of 15 per cent to their Net Asset Value, the Board intends to allocate at least 50 per cent. of such proceeds (less the aggregate value of any Ordinary Shares already bought back during the six month period) to buy back its own Ordinary Shares. As at 31 December 2015, the discount management mechanism is suspended until the proposed acquisition of a majority interest in Polar Silver is clarified as the Board may be in possession of price sensitive information.

The Board continues to review the Company's ongoing charges to ensure that the total costs incurred by shareholders in the running of the Company remain competitive when measured against peers. An analysis of the Company's costs, including management fees (which are based on the market capitalisation of the Company), Directors' fees and general expenses, is submitted to each Board meeting.

As at 31 December 2015, the Board comprised four Directors. The Directors recognise the benefits of diversity in terms of gender and ethnicity and will take these into account when considering future appointments to the Board. However their principal criteria will remain skills and experience with the objective of maximising shareholder value.

Investment Management

The Manager was appointed pursuant to a management agreement with the Company dated 31 March 2010 (the Management Agreement). Under the Management Agreement, the Manager acts as manager of the Company, subject to the overall control and supervision of the Directors and was authorised to appoint the Investment Manager to manage and invest the assets of the Company. The Manager is responsible for the payment of the fees of the Investment Manager. The Manager is a company incorporated in the Cayman Islands on 10 April 2002 with registration number 117030 and is an affiliate of the Investment Manager.

Baker Steel Capital Managers LLP acts as Investment Manager of the Company and was incorporated in England and Wales on 19 December 2001. It is authorised and regulated by the Financial Conduct Authority in the United Kingdom. The Investment Manager is a limited liability partnership with registration number OC301191 and is an affiliate of the Manager. The Investment Manager has been appointed by the Company to act as its AIFM and is responsible for the portfolio management and risk management of the Company. The Investment Manager manages the Company in accordance with the AIFMD. The Investment Manager is a specialist natural resources asset management and advisory firm operating from its head office in London and its branch office in Sydney. It has an experienced team of fund managers covering the precious metals, base metals and minerals sectors worldwide, both in relation to commodity equities and the commodities themselves.

The Directors formally review the performance of the Investment Manager on an annual basis and remain satisfied that the Investment Manager has the appropriate resources and expertise to manage the portfolio of the Company in the best interests of the Company and its shareholders.

STRATEGIC REPORT (CONTINUED)

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 uplift in value resulting from development progression of the investee companies' projects and through exploiting value inherent in market inefficiencies and pricing anomalies.

Investment Policy

The core of the Company's strategy is to invest in natural resources companies, predominantly unlisted, that the Investment Manager considers to be undervalued and that have strong fundamentals and attractive growth prospects. Natural resources companies, for the purposes of the investment policy, are those involved in the exploration for and production of base metals, precious metals, bulk commodities, thermal and metallurgical coals, industrial minerals, energy and uranium, and include single-asset as well as diversified natural resources companies.

It is intended that unlisted investments be realised through an IPO, trade sale, management repurchase or other methods.

The Company focuses primarily on making investments in companies with producing and/or tangible assets such as resources and reserves that have been verified under internationally recognised standards for reporting, such as those of the Australasian Joint Ore Reserves Committee ("JORC"). The Company may also invest from time to time in exploration companies whose activities are speculative by nature.

The Company has flexibility to invest in a wide range of investments in addition to unlisted and listed equities and equity-related securities, including but not limited to commodities, convertible bonds, debt securities, royalties, options, warrants and futures. Derivatives may be used for efficient portfolio management, hedging and for the purposes of obtaining investment exposure. The Company may also have exposure from time to time to other companies within the wider resources and materials sector, including services companies, transport and infrastructure companies, utilities and downstream processing companies.

The Company may take legal or management control of a company from time to time. The Company may invest in other investment funds or vehicles, including any managed by the Manager or Investment Manager, where such investment would be complementary to the Company's investment objective and policy.

Borrowing and Leverage

The Company may, at the discretion of the Investment Manager, incur leverage for liquidity purposes by borrowing funds from banks, broker-dealers or other financial institutions or entities. The costs of leverage will affect the operating results of the Company.

During the year, no leverage was used by the Company.

Investment Restrictions

There are no fixed limits on the allocation between unlisted and listed equities or equity-related securities and cash although, as a guideline, typically the Investment Manager will aim for the Company to be invested over the long-term as follows:

- between 40 and 100 per cent of the value of its gross assets in unlisted equities or equity-related securities;
- up to 50 per cent of the value of its gross assets in listed equities or equity-related securities;
- up to 10 per cent of the value of its gross assets in cash or cash-like holdings; and
- typically in 10 to 20 core positions to provide adequate diversification whilst retaining a focused core approach. Core positions will typically be between 5 per cent and 15 per cent of net asset value ("NAV") as at the date of acquisition.

The actual percentage of the Company's gross assets invested in listed and unlisted equities and equity-related securities and cash and cash-like holdings and the number of positions held may fall outside these ranges from time to time. For example, listed securities might exceed the above guideline following a significant number of IPOs or in certain market conditions and likewise cash balances may exceed the above guideline following the realisation of one or more investments or following the issue of new equity in the Company, pending investment of the proceeds.

STRATEGIC REPORT (CONTINUED)

Investment Restrictions (continued)

The investment policy has the following limits:

- Save in respect of cash and cash-like holdings awaiting investment and except as set out below, the Company will invest or lend no more than 20 per cent in aggregate of the value of its gross assets in or to any one particular company or group of companies, as at the date of the relevant transaction.
- No more than 10 per cent in aggregate of the value of the gross assets of the Company may be invested in other listed closed-ended investment funds, except for those which themselves have stated investment strategies to invest no more than 15 per cent of their gross assets in other listed closed-ended investment funds.

At an Extraordinary General Meeting of the Company on 4 January 2016, shareholders resolved to allow the Company to increase the maximum investment in Polar Silver Resources Limited and / or any company within its group (the Polar Silver Group) from 20% to 35% of the NAV of the Company as at the date of the relevant transaction.

Where derivatives are used for investment exposure, these limits will be applied in respect of the investment exposures so obtained.

The Company will avoid (a) cross-financing between the businesses forming part of its investment portfolio and (b) the operation of common treasury functions between it and the investee companies.

When deemed appropriate, the Company may borrow up to 10 per cent of NAV for temporary purposes such as settlement mis-matches. Borrowings will not however be incurred for the purposes of any Share repurchases.

The Investment Manager will not normally hedge the exposure of the Company to currency fluctuations.

Any material change in the investment objective, investment policy or borrowing policy will only be made with the prior approval of holders of Ordinary Shares by Ordinary Resolution.

In the event of any breach of the investment restrictions the Investment Manager would report the breach to the Board and shareholders would be informed of any corrective action required. No breaches of these investment restrictions occurred during the year ended 31 December 2015.

Performance

An outline of performance, market background, investment activity and portfolio strategy during the year under review, as well as outlook, is provided in the Chairman's Statement on page 2 and the Investment Manager's Report on pages 3-6.

Principal risks and uncertainties

A summary of the principal risks and uncertainties faced by the Company is set out below.

Market and financial risks
Market risk arises from volatility in the prices of the Company's underlying investments which, in view of the Company's investment policy, are in turn particularly sensitive to commodity prices. Market risk represents the potential loss the Company might suffer through holding investments in the face of negative market movements. The Board has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager on a regular basis. Further details are disclosed in note 4 on pages 47 to 51.

The Company's investment activities also expose it to a variety of financial risks including in particular foreign currency risk.

Portfolio management and performance risks
The Board is responsible for determining the investment strategy to allow the Company to fulfil its objectives and also for monitoring the performance of the Investment Manager which has been delegated day to day discretionary management of the Company's portfolio. An inappropriate strategy may lead to poor performance. The investment policy of the Company allows for a highly focused portfolio which can lead to a concentration of risk. To manage this risk the Investment Manager provides to the Board, on an ongoing basis, an explanation of the significant stock selection recommendations and the rationale for the composition of the investment portfolio. The Board mandates and monitors an adequate diversification of investments, both geographically and sectorally, in order to reduce the risks associated with particular sectors, based on the diversification requirements inherent in the Company's investment policy.

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties (continued)
Portfolio management and Performance risks (continued)

The Company invests in companies whose projects are located in emerging markets. In such countries governments can exercise substantial influence over the private sector and political risk can be a significant factor. In adverse social and political circumstances, governments have been involved in policies of expropriation, confiscatory taxation, nationalisation, intervention in the securities markets and imposition of foreign exchange controls and investment restrictions. The Investment Manager and the Board take into account specific political risks when entering into an investment and seek to mitigate them by diversifying geographically. The mining sector is currently out of favour with investors and the Company currently trades at a significant discount to its Net Asset Value.

The Company's ability to implement its investment policy depends on the Investment Manager's ability to identify, analyse and invest in investments that meet the Company's investment criteria. Failure by the Investment Manager to find additional investment opportunities meeting the Company's investment objective and to manage investments effectively could have a material adverse effect on the Company's business, financial condition, and results of operations. The Company has no employees and, subject to oversight by the Board, is reliant on the Investment Manager, which has significant discretion as to the implementation of the Company's operating policies and strategies. The Company is subject to the risk that the Investment Manager will cease to be involved in the management of any part of the Company's assets and that no suitable replacement will be found. The Board regularly monitors the performance of the Investment Manager and the Company's NAV performance against its peers.

There is the risk that the market capitalisation of the Company (on which the Investment Manger's fee is calculated) falls to such extent that it will no longer be viable for the Investment Manager to provide the services that it currently provides.

Risk of a vote to wind-up the Company

The Articles currently contain provisions for a Shareholder resolution every three years on whether to discontinue the Company. The next vote is due at the AGM in 2018. Should there be a catastrophic loss of value in the Company's assets possibly as a result of the risks above, or merely a change in sentiment towards the mining sector generally by a sufficient proportion of shareholders, there is the risk of shareholders voting to wind-up the Company at that time. Because the Company's investments are largely unlisted it could then take a protracted amount of time to realise them or they might be sold at a discount to Fair Value if an accelerated timetable is required.

The Board has conducted sensitivity tests of future income and expenditure and the ability to realise assets, should assets fall in value by over 50% by 2018. The Board has concluded that, even in circumstances representing such further deterioration in markets, it can remain viable until the discontinuation vote and should there be a vote to continue, it can remain viable for at least a year beyond. To understand the requirements of the Company's major shareholders, the Investment Manager regularly liaises with the Company's broker and meets major shareholders. The Chairman is available to meet with shareholders should they express concerns.

In the event of a winding up of the Company, Shareholders will rank behind any creditors of the Company and, therefore, any positive return for Shareholders will depend on the Company's assets being sufficient to meet the prior entitlements of any creditors.

Viability Statement

In accordance with provision C.2.2 of the UK Corporate Governance Code, published by the Financial Reporting Council in September 2014 (the "Code"), the Directors have assessed the prospects of the Company over the period until the discontinuation vote at the AGM in June 2018 and, if shareholders decide the Company should continue, one year beyond that. The Directors consider that this is an appropriate timeframe to assess the viability of the Company.

The Directors have considered each of the principal risks and uncertainties detailed above individually and collectively and have taken into account in particular the impact of the shareholder vote on the viability of the Company.

The Company has already seen pressures from the fall in commodity prices and a move by its share price to a wide discount to its NAV, which itself has fallen significantly, albeit less than the Euromoney Global Mining Index. These trends reflect the underlying failure of the world's major economies to recover strongly from the global financial crisis of 2007-8 and the subsequent slowing down of growth of emerging markets, despite the unprecedented stimulus policies followed by governments of the major economies.

Notwithstanding this, it is a feature of closed-ended investment companies such as BSRT that the greatest risk to viability is that the investments lose value towards a point where the Board cannot ensure that assets continue to exceed liabilities or where expenses become excessive or cannot be met as they fall due.

STRATEGIC REPORT (CONTINUED)

Viability Statement (continued)

In the case of the Company, which has no gearing, the Board has conducted stress and sensitivity tests of future income and expenditure and the ability to realise assets, and has concluded that based on the listed assets held, even in circumstances representing a further deterioration in value in excess of 50% of net assets, the Company can remain viable over the period to the 2018 AGM and, if shareholders decide the Company should continue, one year beyond that. The key factor in this assessment is that currently the Company's greatest expense is the Investment Management fee which is calculated on the market capitalisation of the Company. Should net assets fall, market capitalisation would be expected to fall in line, such that the costs of the Company would also fall.

It is the view of the Directors that, considering shareholders have already voted in 2015 to defer the next continuation vote until 2018 and barring a catastrophic further fall in the mining sector, there is currently no reason to suppose that the requisite majority of shareholders will vote to wind up the Company.

As a result the Board of Directors concludes that the Company is viable over the period of assessment.

Future Developments

The future performance of the Company depends upon the success of the Company's investment strategy and on investors' view of mining related investments as an asset class. Further comments on the outlook for the Company are discussed in the Chairman's statement on page 2 and the Investment Manager's Report on pages 3 to 6.

Signed on behalf of the Board of Directors by:

Howard Myles Christopher Sherwell 21 April 2016

BOARD OF DIRECTORS

The Board of Directors are presented below. Mr Sherwell was appointed on 9 March 2010; all other Directors were appointed on 12 March 2010. The Board's view on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed. The Directors consider that their independence has not been impacted by their length of service.

Howard Myles (aged 66): Howard Myles currently acts as a non-executive director of a number of investment companies. Howard was a partner in Ernst & Young from 2001 until 2007 and was responsible for the Investment Funds Corporate Advisory team. He was previously with UBS Warburg from 1987 to 2001. Howard began his career in stockbroking in 1971 as an equity salesman and joined Touche Ross in 1975 where he qualified as a chartered accountant. In 1978 he joined W. Greenwell & Co. in the corporate broking team and in 1987 moved to SG Warburg Securities where he was involved in a wide range of commercial and industrial transactions in addition to leading UBS Warburg's corporate finance function for investment funds. He is a fellow of the Institute of Chartered Accountants and of The Chartered Institute for Securities and Investments.

Charles Hansard (aged 68): Charles Hansard has over 30 years' experience in the investment industry as a professional and in a non-executive capacity. He currently serves as a non-executive director on a number of boards which include the Moore Capital group of funds, AAA- rated Deutsche Bank Global Liquidity Fund, and Electrum Ltd., a privately owned gold exploration company. He formerly served as a director of Apex Silver Mines Ltd., where he chaired the finance committee during its capital raising phase and as chairman of the board of African Platinum Plc, which he led through reorganisation and feasibility prior to its sale to Impala Platinum. He commenced his career in South Africa with Anglo American Corporation and Fleming Martin as a mining analyst. He subsequently worked in New York as an investment banker for Hambros before returning to the UK to co-found IFM Ltd., one of the earliest European hedge fund managers. Charles holds a B.B.S. from Trinity College Dublin.

Clive Newall (aged 66): Clive Newall graduated from the Royal School of Mines, University of London, England in 1971 with an honours degree in Mining Geology, and was awarded an MBA from the Scottish Business School at Strathclyde University. He has worked in mining and exploration throughout his career, having held senior management positions with Amax Exploration Inc. and the Robertson Group plc. Clive has been a director of a number of public companies in the United Kingdom and Canada. He is the founder of First Quantum Minerals Ltd and has been its President and a director since its incorporation.

Christopher Sherwell (aged 68): Christopher Sherwell has worked since 2004 as a senior Non-Executive Director based in Guernsey with roles in the offshore finance industry and is a director of a number of listed investment companies. Prior to January 2004, Christopher was a Managing Director of Schroders' offshore investment and private banking operations in the Channel Islands. Christopher was previously Investment Director from 1993-2000 and also served on the boards of various Schroder group companies and funds during his period there. Prior to Schroders he worked at Smith New Court as a research analyst specialising in asset allocation for Asian markets. Christopher is a Rhodes Scholar with degrees in science and in economics and politics. He has worked as a university lecturer and was for sixteen years a journalist, most of them working for the Financial Times.

DIRECTORS' REPORT
For the year ended 31 December 2015

The Directors of the Company present their sixth annual report and the audited financial statements for the year ended 31 December 2015.

Principal activity and business review

Baker Steel Resources Trust Limited (the "Company") is a closed-ended investment company with limited liability incorporated on 9 March 2010 in Guernsey under the Companies (Guernsey) Law, 2008 with registration number 51576. The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended ("POI Law") and the Registered Collective Investment Scheme Rules 2008 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.

Details of the Company's investment objectives and policies are described in the Strategic Report.

Performance

In the year to 31 December 2015, the Company's NAV per Ordinary Share decreased by 25.4% (2014: decrease of 27.6%). This compares with a fall in the Euromoney Global Mining 100 Index (capital return in Sterling terms) of 39.3% (2014: fall of 15.4%). A more detailed explanation of the performance of the Company is provided within the Investment Manager's Report on pages 3 to 6.

The results for the year are shown in the Statement of Comprehensive Income on page 33 and 34 and the Company's financial position at the end of the year is shown in the Statement of Financial Position on page 32.

Dividend and dividend 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 following publication of the Company's audited financial statements for each year and will be no less than 15% of the aggregate net realised cash gains (after deducting losses) in that financial year. The Board will retain discretion for determining the most appropriate manner to make such distribution which may include share buybacks, tender offers and dividend payments.

Directors and their interests

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

Howard Myles (Chairman)
Edward Flood (deceased 15 October 2015)
Charles Hansard
Clive Newall
Christopher Sherwell

Biographical details of each of the Directors are presented on page 13.

Each of the Directors is considered to be independent in character and judgement, notwithstanding that they have each served on the Board since the inception of the Company.

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

	Number of Ordinary Shares 2015	**Number of Ordinary Shares 2014**
Edward Flood (deceased 15 October 2015)	-	65,000
Christopher Sherwell	96,821	25,000
Clive Newall	25,000	25,000

Mr Sherwell had an indirect interest in the shares of the Company through an investment in another Fund which is also managed by the Manager. This investment was compulsorily redeemed in February 2015 and Mr. Sherwell was issued with 71,821 Ordinary Shares of the Company in exchange. There were no changes occurring between year-end and one month prior to notice of the AGM for the approval of the financial statements.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2015

Directors and their interests (continued)

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.

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.

Issue of Shares

The Company was admitted to trading on the London Stock Exchange on 28 April 2010. On that date, 30,468,865 Ordinary Shares and 6,093,772 Subscription Shares were issued pursuant to a placing and offer for subscription and 35,554,224 Ordinary Shares and 7,110,822 Subscription Shares were issued pursuant to a Scheme of Reorganisation of Genus Capital Fund.

In addition 10,000 Management Ordinary Shares were issued.

Following the exercise of Subscription Shares at the end of September 2010, March 2011, March 2012, June 2012 and September 2012, a total of 119,444 Ordinary Shares were issued. The final exercise date for the Subscription Shares was 2 April 2013. No Subscription Shares were exercised at this time and all residual Subscription Shares were subsequently cancelled.

Following in specie transactions on 28 June 2014 and 1 July 2014, a total of 5,561,243 Ordinary Shares were issued and following in specie transactions on 25 February 2015 and 4 March 2015 40,196,071 Ordinary Shares were issued.

Of the 40,196,071 Ordinary Shares issued in 2015, 38,819,601 were issued to acquire two portfolios of investments with a total value of £12.66 million and 1,376,470 to acquire 1,462,500 ordinary shares of Global Oil Shale for a consideration of £0.45 million. In addition the Company issued a total of 3,368,488 new Ordinary Shares in respect of cash subscriptions under an Open Offer to all shareholders for a consideration of £1,219,393.

On 14 August 2015 and 20 August 2015 the Company bought back 200,000 and 500,000 Ordinary Shares respectively, both at an average price of 20 pence per share. The repurchased Ordinary Shares are held in Treasury.

Following the transactions noted above the Company has a total of 114,568,335 Ordinary and 10,000 Management Shares in issue as at 31 December 2015, of which 700,000 Ordinary Shares are held in Treasury.

Significant Shareholdings

As at 31 March 2016 the Company has received notifications in accordance with the FCA's Disclosure and Transparency Rule 5.1.2 R of the following interests in 3% of more of the voting rights attaching to the Company's issued share capital.

Ordinary Shareholder	Number of Ordinary Shares	% of Total Shares in issue
State Street Nominees Limited*	16,000,000	13.88
Northcliffe Holdings*	14,614,398	12.68
Harewood Nominees Limited*	14,171,300	12.29
Capita Trustees Limited*	11,483,843	9.96
Vidacos Nominees Limited*	9,638,930	8.36
Nortrust Nominees Limited*	9,358,210	8.12
Bank of New York Nominees Limited*	8,904,871	7.73

* Custodian accounts held on behalf of individual shareholders. These holdings are aggregated.

The Manager, Baker Steel Capital Managers (Cayman) Limited, had a direct interest in 504,832 Ordinary Shares. The Investment Manager, Baker Steel Capital Managers LLP had an interest in 10,000 Management Ordinary Shares at 31 December 2015 (31 December 2014: 10,000).

Following the introduction of the Discount Management Programme, 700,000 shares are held by the Company in the form of Treasury Shares.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2015

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable Guernsey law, Listing Rules, Disclosures and Transparency Rules, UK Corporate Governance Code and generally accepted accounting principles.

Guernsey Company Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable the Directors to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that to the best of their knowledge:

- the 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;
- the Annual Report includes a fair review of the development and performance of the business and position of the Company together with the description of the principal risks and uncertainties that the Company faces, as required by the Disclosure and Transparency Rules of the UK Listing Authority;
- the Directors confirm that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Auditor Information

The Directors at the date of approval of this Report confirm that, so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the reasonable steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for a period of 12 months following the signing of these financial statements. The Company had net current assets at 31 December 2015 of £513,780 and it holds listed securities that can be realised to meet liabilities as they become due. As at 31 December 2015, approximately 22.2% of the Company's assets were represented by cash and unrestricted listed and quoted investments. 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.

Corporate Governance Compliance

The Board has considered the principles and recommendations set out in the UK Corporate Governance Code (September 2014) (the "UK Code") issued by the Financial Reporting Council (the "FRC"). The UK Code is available in the FRC's website, www.frc.org.uk and the Company has made its corporate governance practices publicly available and these can be found at www.bakersteelresourcestrust.com.

Throughout the year ended 31 December 2015, the Company has complied with the recommendations of the UK Code and Guernsey Financial Services Code of Corporate Governance ("GFSC Code"), except as set out below.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2015

Corporate Governance Compliance (continued)

The UK Code includes provisions relating to:

- The role of the Chief Executive,
- Executive Directors' remuneration
- The requirement for a Senior Independent Director
- Nomination, Remuneration and Management Engagement Committees
- The requirement for an internal audit function

For the reasons set out in the Annual Report the Board considers these provisions are not relevant to the position of the Company as it is an externally managed investment entity. The Company has therefore not reported further in respect of these provisions. The Directors are all independent and non-executive and the Company does not have employees, hence no Chief Executive is required for the Company. The Board is satisfied that any relevant issues can be properly considered by the Board.

There have been no other instances of non-compliance, other than those noted above.

Details of the Company's corporate governance arrangements may be found on its website bakersteelresourcestrust.com.

Operation and composition of the Board

- Composition

  The Board has no executive directors and has contractually delegated responsibility for the management of the Company's investment portfolio, the arrangement of custodial and cashflow monitoring and oversight services and the provision of accounting and company secretarial services. The Company has no employees.

- Independence

  The Board consists entirely of independent non-executive Directors, of whom Howard Myles is the Chairman. Each of the Directors confirms that they have no other significant commitments that impact on their ability to act for the Company and its shareholders.

- Senior Independent Director

  In view of its non-executive nature, the Board considers that it is not necessary for a Senior Independent Director to be appointed.

- Appointment and re-election

  The Company has a transparent procedure for the appointment and re-election of the Directors. There are no service contracts in place for the Directors.

  The Directors do not retire by rotation at each AGM; instead each director puts himself forward for re-election on an annual basis at the AGM. The AGM also includes a resolution whereby shareholders are able to approve the maximum cumulative remuneration for the Board.

  All the Directors are responsible for reviewing the size, structure and skills of the Board and considering whether any changes are required or new appointments are necessary to meet the requirements of the Company's business or to maintain a balanced Board. The Directors are not required to retire by rotation at each annual general meeting of the Company.

- Information and training

  The Board receives full details of the Company's assets, liabilities and other relevant information in advance of Board meetings. Typically, the Board meets formally four times a year; however, the Investment Manager and Company Secretary stay in more regular, less formal contact with the Directors. Individual Directors have direct access to the Company Secretary and may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. New Directors will receive an induction from the Investment Manager and Company Secretary on joining the Board, and all Directors receive other relevant training as necessary.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2015

Corporate Governance Compliance (continued)

Operation and composition of the Board (continued)

- Performance appraisal

  The performance of the Board and the Audit Committee are evaluated through a formal and rigorous assessment process led by the Chairman. The performance of the Chairman is evaluated by the other Directors.

- Investment Manager assessment

  The Investment Manager was appointed pursuant to an investment management agreement with the Manager dated 31 March 2010 and which was amended and restated, with the Company joining as a party, on 14 November 2014 (the Investment Management Agreement). The Investment Manager is paid by the Manager and is not separately remunerated by the Company. The Investment Management Agreement pursuant to which the Company and the Manager have appointed the Investment Manager is terminable by any party giving the other parties not less than 12 months' written notice.

  The Investment Manager prepares regular reports to the Board to allow it to review and assess the Company's activities and performance on an ongoing basis. The Board and the Investment Manager have agreed clearly defined investment criteria, exposure limits and specified levels of authority. The Board completes a formal assessment of the Investment Manager on an annual basis. The assessment covers such matters as the performance of the Company relative to its peers and sector, the management of investment relations and the reasonableness of fee arrangements. Based on its assessment it is the opinion of the Board that the continuation of the appointment of the Investment Manager is in the best interests of shareholders of the Company.

- Board meetings

  The Board generally meets at least four times a year, at which time the Directors review the management of the Company's assets and all other significant matters so as to ensure that the Directors maintain overall control and supervision of the Company's affairs. The Board is responsible for the appointment and monitoring of all service providers to the Company. Between these quarterly meetings there is regular contact with the Investment Manager. The Directors are kept fully informed of investment and financial controls and other matters which are relevant to the business of the Company and which should be brought to the attention of the Directors. The Directors also have access to the Company Secretary (through its appointed representatives who are responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with) and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company.

  Attendance at the Board and Audit Committee meetings during the year was as follows;

	Board Meetings		Audit Committee Meetings		Ad hoc Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
Howard Myles	4	4	4	4	5	3
Christopher Sherwell	4	4	4	4	5	4
Charles Hansard	4	4	N/A	N/A	5	0
Clive Newall	4	4	4	4	5	0
Edward Flood	4	0	N/A	N/A	5	3

  In addition to formal meetings, all Directors contribute to a significant ad hoc exchange of views between the Directors and the Investment Manager on specific matters, in particular in relation to 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 year ended 31 December 2015 the total remuneration of the Directors was £133,037 (2014: £140,000), with £28,750 (2014: £35,712) payable at year end.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2015

Corporate Governance Compliance (continued)

Operation and composition of the Board (continued)

- Relations with Shareholders

  The Board believes that the maintenance of good relations with shareholders is vital for the long-term prospects of the Company. The Company's stockbrokers, Numis Securities Limited, and Investment Manager are responsible for managing relationships with shareholders and each provides the Board with feedback on a regular basis that includes a shareholder contact report and any concerns the shareholder has raised. The Chairman and the Board are also available to meet with shareholders at the Company's Annual General Meeting or otherwise.

- General Meetings

  All meetings of the Company, including the Annual General Meeting, are held in Guernsey.

Committees

The Committees of the Board have formal Terms of Reference which are available on the Company's webpage http://www.bakersteelresourcestrust.com/corporate_governance.

- Audit Committee

  The Board has established an Audit Committee. The Audit Committee meets at least three times a year and is responsible for ensuring that the financial performance of the Company is properly reported on and monitored and provides a forum through which the Company's external auditor may report to the Board. The Audit Committee operates within established terms of reference. The Directors consider there is no need for an internal audit function because the Company operates through service providers and the Directors receive control reports on service providers.

  Christopher Sherwell is Chairman of the Audit Committee.

- Nomination, Remuneration and Management Engagement Committees

  Given the size and nature of the Company and the fact that all the Directors are independent and non-executive it is not deemed necessary to form separate Nomination, Remuneration, and Management Engagement Committees. The Board, as a whole, will consider new Board appointments, remuneration and the engagement of service providers. The Directors recognise the benefits of diversity in terms of gender and ethnicity and will take these into account when considering future appointments to the Board. However their principal criteria will remain skills and experience with the objective of maximising shareholder value.

  The remuneration for the non- executive directors is capped by shareholder resolution at the AGM. There is no differential for payments of the non-executive directors except that the Chairman of the Board and the Chairman of the Audit Committee each receive additional payments for these roles.

Internal Controls

The Board has delegated the day to day responsibilities for the management of the Company's investment portfolio, the provision of depositary services and administration, registrar and corporate secretarial functions including the independent calculation of the Company's NAV and the production of the Annual Report and Financial Statements which are independently audited.

Formal contractual agreements have been put in place between the Company and providers of these services.

Even though the Board has delegated responsibility for these functions, it retains accountability for these functions and is responsible for the systems of internal control. At each quarterly Board meeting, compliance reports are provided by the Administrator, Company Secretary and Investment Manager.

The Company's risk matrix continues to be the core element of the Company's risk management process in establishing the Company's system of internal financial and reporting control. The risk matrix is prepared and maintained by the Manager and reviewed regularly by the Board which initially identifies the risks facing the Company and then collectively assesses the likelihood of each risk, the impact of those risks and the strength of the controls operating over each risk. The system of

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2015

Corporate Governance Compliance (continued)

Internal Controls (continued)

internal financial and operating control is designed to manage rather than to eliminate the risk of failure to achieve business objectives and by its nature can only provide reasonable and not absolute assurance against misstatement and loss.

These controls aim to ensure that assets of the Company are safeguarded, proper accounting records are maintained and the financial information for publication is reliable. The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company.

This process has been in place for the year under review and up to the date of approval of this Annual Report and Financial Statements and is reviewed by the Board and is in accordance with the Internal Controls: Revised Guidance for Directors on the Combined Code issued by the FRC.

The Board therefore believes that the Company has adequate and effective systems in place to identify, mitigate and manage the risks to which it is exposed.

Internal Audit

The Company does not have an internal audit function; it delegates to third parties most of its operations and does not employ any staff. The Board will continue to review whether a function equivalent to internal audit is needed.

Subsequent Events

At the Extraordinary General Meeting ("EGM") on 4 January 2016 shareholders passed a resolution to amend the Company's investment policy in order to enable it to increase its existing investment in the Polar Silver Group so that such investment may represent up to 35 per cent in aggregate of the value of the Company's gross assets at the time of the relevant transaction. New Articles were adopted at the same EGM which provided the Company with additional flexibility with regard to the composition of the Board and the location of future Board meetings.

On 10 February 2016 Polar Acquisition Limited ("PAL") was incorporated. PAL is a wholly owned subsidiary of BSRT, incorporated in the British Virgin Islands. PAL has been dormant up to the date of this report.

Signed on behalf of the Board of Directors by:

Howard Myles Christopher Sherwell 21 April 2016

REPORT OF THE AUDIT COMMITTEE
For the year ended 31 December 2015

The function of the Audit Committee (the "Committee") as described in its Terms of Reference is to ensure that the Company maintains high standards of integrity in its financial reporting and internal controls.

The Board, as a whole, including the Audit Committee members, consider the nature and extent of the Company's risk management framework and the risk profile that is acceptable in order to achieve the Company's strategic objectives. As a result, it is considered that the Board has fulfilled its obligations under the Code.

The Audit Committee continues to be responsible for reviewing the adequacy and effectiveness of the Company's on-going risk management systems and processes. The Company's system of internal controls, along with its design and operating effectiveness, is subject to review by the Audit Committee through reports received from all service providers.

In the event of any deficiencies or breaches reported, the Board would consider the actions required to remedy and prevent significant failings or weaknesses.

Fraud, Bribery and Corruption

The Audit Committee continues to monitor the fraud, bribery and corruption policies of the Company. The Board receives a confirmation from all service providers that there have been no instances of fraud or bribery.

The Audit Committee considered the adequacy and security of the arrangements of its service providers to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee is satisfied it has the ability and resources to investigate any such matters which may arise and to follow up on any conclusion reached by such investigation.

The function of the Audit Committee (the "Committee") as described in its Terms of Reference is to ensure that the Company maintains high standards of integrity in its financial reporting and internal controls.

The Audit Committee is appointed by the Board and all members are considered to be independent both of the Investment Manager and the external auditor. The Committee meets a minimum of three times a year to discuss the Interim and Annual Report and Financial Statements, the audit plan and engagement letter, and the Company's risks, via discussion of its risk matrix. The Board is satisfied that the Audit Committee is properly constituted with members having recent and relevant financial experience, including one member who is a chartered accountant.

Primary Areas of Judgement

As part of its review of the Company's financial statements, the Audit Committee takes account of the most significant issues and risks, both operational and financial, likely to impact on the financial statements and the mitigating controls to address these risks. The Audit Committee has determined that the key risk of misstatement is valuation of investments for which there is no readily observable market price. Such investments are recorded at fair value which is the price that would be expected to be received to sell an asset in an orderly transaction between market participants at the measurement date. Significant judgements are required in respect of the valuation of the Company's investments for which there is no observable market price. The Company bases most of its valuations on the most recent observable transactions for each investment and other comparable companies and adjusts these for changes in company specific performance and comparable company performance for which there is observable data. This performance information, by its nature, takes into account market expectations of future commodity prices. Further information on the Company's methodologies is provided in Note 3 to the financial statements.

The risk is mitigated through the review by the Board of detailed reports prepared by the Investment Manager on portfolio valuation including valuation methodology, the underlying assumptions and the valuation process. Corroborative evidence from the audit process is also available.

The Investment Manager also provides information to the Board on relevant market indices, recent transactions in similar assets and other relevant information to allow an assessment of appropriate carrying value having regard to the relevant factors.

The responsibility for ensuring that investments are carried at fair value lies with the Board.

REPORT OF THE AUDIT COMMITTEE (CONTINUED)
For the year ended 31 December 2015

Through its meetings during the year ended 31 December 2015 and its review of the Company's Annual Report and Financial Statements, the Committee considered the following significant risks as well as the principal risks and uncertainties described on pages 10 and 11.

Risk Considered	How addressed
The accuracy of the Company's Annual Report and Financial Statements	Review of the Annual Report and Financial Statements, discussions with the external auditor and meetings with the auditor to understand the audit approach and findings
Adequacy of the Company's accounting and internal controls systems	Consideration of the Company's risk matrix, taking account of the relevant risks, the potential impact to the Company and the mitigating controls in place.
Valuation of the Company's investments, in particular the valuation of unquoted investments	Reports received from the Investment Manager providing background to the investment valuations. The Investment Manager reporting is then supported by the independent auditor's review of the investment valuations.
To review the effectiveness and independence of the external audit process	The Committee has regular dialogue with the external auditor both before and during the audit process. The auditor presents to the Committee at both the engagement and audit review stage, and confirms their independence at each stage. The Committee receives feedback from the Investment Manager on the audit process and any concerns or challenges faced.

The Audit Committee also provides a forum through which the Company's auditor reports to the Board. The Board, not the Audit Committee, approves all non-audit work carried out by the auditor in advance and the fees paid to the auditor in this respect.

External Audit

The Company's external auditor is Ernst & Young LLP ("EY"). EY has been the Company's auditor since its incorporation in 2010.

During 2015, the Audit Committee reviewed the services provided by the auditor, and the related fees, and concluded that it was not necessary to conduct a competitive tender at that stage. However, the Audit Committee does keep this matter under consideration and is cognisant of the Corporate Governance provisions relating to audit tenure.

The audit fees during the year were as follows:

		2015	**2014**
Audit Fees			
	Audit Fees	49,500	42,800
Non audit Fees			
	Agreed Upon Procedures	7,400	7,250
	FATCA review	-	7,500
	ISRE 2410 review	-	17,500
	Acquisition of additional assets	-	45,000
		7,400	77,250
Total Fees		56,900	120,050

The external auditor provides a planning report in advance of the annual audit, a report on the annual audit and an Agreed upon Procedures report in accordance with ISRS 4400 for the half year financial statements. In the prior year, due to the Acquisition of Additional Investments, the auditor issued an ISRE 2410 report. The Audit Committee has an opportunity to question and challenge the auditor in respect of each of these reports. Based on levels of interaction with the auditor, and the assessment of auditor reporting the Audit Committee is satisfied that the reappointment of the external auditor should be proposed at the Annual General Meeting of the Company.

REPORT OF THE AUDIT COMMITTEE (CONTINUED)
For the year ended 31 December 2015

The Audit Committee confirms that it has reviewed the non-audit services provided by EY and received confirmation from EY that due to the type of services provided there was no risk or any threat to its independence and is satisfied that they do not compromise EY's independence or objectivity. The Audit Committee is also satisfied that fees for non-audit services are proportionate in relation to the fees for audit services. In conclusion, the Audit Committee is satisfied that EY remains independent. The Audit Committee has assessed the effectiveness of the external auditors, considering the audit planning, adherence to audit standards, competence of the audit team and feedback from the Investment Manager and concluded that it is appropriate to reappoint EY as external auditors.

Internal Audit

The Audit Committee believes that the Company does not require an internal audit function because it delegates its day to day functions to third party service providers although the Audit Committee oversees these operations and receives regular reports in this respect.

Risk Management and Internal Controls

The Board is responsible for the Company's system of internal controls and risk management. The Audit Committee has been delegated the responsibility for reviewing the ongoing effectiveness of the Company's internal controls and it discharges its duties in this area by assessing the nature and extent of the significant risks it is willing to accept in achieving the Company's objectives and ensuring that effective systems of risk identification, assessment and mitigation have been implemented.

The Company delegates its day to day operations to third parties and therefore relies on the internal control arrangements of its outsourced service providers in respect of a number of key controls. It is the Audit Committee's responsibility to ensure that suitable internal control systems are implemented by the Company's third party service providers and to review the effectiveness of these controls on an ongoing basis.

The key risks faced by the Company, and the controls in place to mitigate such risks, are set out in a Risk Matrix which is regularly reviewed by the Board. The Risk Matrix identifies the likelihood and severity of the impact of each identified risk factor and the mitigating controls in place to minimise the probability of such risks occurring. The Strategic Report outlines the principal risks and uncertainties affecting the Company.

By their nature, the control mechanisms can only provide reasonable rather than absolute assurance against misstatement or loss. The Board seeks continual improvement in its internal controls mechanisms. The Audit Committee is not aware of any significant failings or weaknesses in the Company's internal controls in the year under review.

Financial Reporting

The primary role of the Audit Committee in relation to financial reporting is to review the annual Financial Statements with the Administrator and the Investment Manager and assess their appropriateness. It focuses in this respect, amongst other matters, on:

- the clarity of the disclosures in the financial reporting and compliance with statutory, regulatory and other financial reporting requirements;
- the quality and acceptability of accounting policies and practices;
- material areas where significant judgements have been applied or where there has been discussion with the auditor; and
- taken as a whole, whether the financial statements are fair, balanced and understandable and provide shareholders with the necessary information to assess the Company's performance and strategy although the Board retains overall responsibility in this respect.

REPORT OF THE AUDIT COMMITTEE (CONTINUED)
For the year ended 31 December 2015

Going Concern

The Audit Committee has made an assessment of the Company's ability to continue as a going concern. Particular regard has been given to the fact that the Company holds listed securities that can if necessary be realised to meet liabilities as they become due; as at 31 December 2015, approximately 22.2% of the Company's assets were represented by cash and unrestricted quoted investments.

On the basis of its review, the Audit Committee is satisfied that the Company has the resources to continue in business for a period longer than 12 months from the date of signing these financial statements and therefore is of the opinion that the financial statements should be prepared on a going concern basis and has accordingly recommended this opinion to the Board.

Christopher Sherwell
Audit Committee Chairman
21 April 2016

PORTFOLIO STATEMENT
AT 31 DECEMBER 2015

Shares /Warrants/ Nominal	Investments	Fair value £ equivalent	% of Net assets
	Listed equity shares		
	Canadian Dollars		
4,007,917	Aquila Resources Inc	337,937	0.88
557,818	BacTech Environmental Corporation	6,816	0.02
658,000	Buffalo Coal Corporation	9,649	0.02
5,703,059	Ivanhoe Mines Limited	1,700,456	4.44
1,248,175	Ivanhoe Mines Limited (restricted)*	372,163	0.97
	Canadian Dollars Total	**2,427,021**	**6.33**
	Great Britain Pounds		
102,099,527	Metals Exploration Plc	4,211,606	10.99
	Great Britain Pounds Total	**4,211,606**	**10.99**
	United States Dollars		
55,246,318	China Polymetallic Mining Company Limited (CPM)* *(held via a vehicle which holds the shares in CPM)*	1,353,279	3.53
	United States Dollars Total	**1,353,279**	**3.53**
	Total investment in listed equity shares	**7,991,906**	**20.85**
	Debt instruments		
	Canadian Dollars		
250,500	Ironstone Resources Limited Loan Note	122,443	0.32
	Canadian Dollars Total	**122,443**	**0.32**
	United States Dollars		
13,435,000	Argentum Convertible Note	9,109,710	23.76
440,000	Bilboes Holdings Convertible Loan Note	298,346	0.78
7,000,000	Black Pearl Limited Partnership	7,071,647	18.45
1,370,000	Polar Silver Convertible Notes	928,940	2.42
	United States Dollars Total	**17,408,643**	**45.41**
	Total investments in Debt instruments	**17,531,086**	**45.73**

Classified as Level 2 (Refer Note 3)

PORTFOLIO STATEMENT (CONTINUED)
AT 31 DECEMBER 2015

Shares /Warrants/ Nominal	Investments	Fair value £ equivalent	% of Net assets
	Unlisted equity shares and warrants		
	Australian Dollars		
24,613,742	Burrabulla Corporation Limited (formerly South American Ferro Metals Limited)	-	-
	Australian Dollars Total	**-**	**-**
	Canadian Dollars		
4,000,000	Aquila Resources Inc Warrants 11/10/2016	-	-
13,083,936	Ironstone Resources Limited	1,822,683	4.75
38,400	Ironstone Resources Limited Warrants 01/09/2016	-	-
3,036,605	Ironstone Resources Limited Warrants 31/12/2016	-	-
606,667	Ironstone Resources Limited Warrants 31/07/2017	6,467	0.02
143,143	Ironstone Resources Limited Warrants 22/02/2018	3,645	0.01
3,531,000	MagIndustries Corporation	224,372	0.58
500,000	Salmon River Resources Limited	-	-
	Canadian Dollars Total	**2,057,167**	**5.36**
	Great Britain Pounds		
1,594,646	Celadon Mining Limited	143,518	0.37
23,337,501	Cemos Group plc (formerly Global Oil Shale Group Limited)	3,500,625	9.13
	Great Britain Pounds Total	**3,644,143**	**9.50**
	Norwegian Krone		
6,540,689	Nussir ASA	751,655	1.96
	Norwegian Krone Total	**751,655**	**1.96**
	United States Dollars		
15,493,567	Archipelago Metals Limited	1,050,554	2.74
1,000,000	Archipelago Metals Limited Warrants 31/12/2016	145	-
451,445	Bilboes Gold Limited	3,299,822	8.61
4,244,550	Gobi Coal & Energy Limited	1,410,245	3.68
1,000,000	Midway Resources International	84,757	0.22
2,961	Polar Silver Resources Limited	2,008	0.01
	United States Dollars Total	**5,847,531**	**15.26**
	Total Unlisted equity shares and warrants	**12,300,496**	**32.08**
	Financial assets held at fair value through profit or loss	**37,823,488**	**98.66**
	Other Assets & Liabilities	**513,780**	**1.34**
	Total Equity	**38,337,268**	**100.00**

INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAKER STEEL RESOURCES TRUST LIMITED

Our opinion on the financial statements

In our opinion:

- Baker Steel Resources Trust Limited's (the "Company") financial statements (the "financial statements") give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"); and
- the financial statements have been prepared in accordance with the requirements of the Companies (Guernsey) Law 2008.

What we have audited

We have audited the financial statements of Baker Steel Resources Trust Limited for the year ended 31 December 2015, which comprise:

- the statement of financial position as at 31 December 2015;
- the statement of comprehensive income for the year ended 31 December 2015;
- the statement of changes in equity for the year ended 31 December 2015;
- the statement of cash flows for the year ended 31 December 2015; and
- related notes 1 to 15 to the financial statements.

The financial reporting framework that has been applied in their preparation is applicable law and IFRS.

Overview of our audit approach

Risk of material misstatement	• Valuation of unquoted investments, including unrealised gains/losses.
Audit scope	• We performed an audit of the financial statements of the Company for the year ended 31 December 2015.
Materiality	• Overall materiality of £767k, which represents 2% of net asset value.

Our assessment of risk of material misstatement

We identified the risk of material misstatement described below as that which had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing this risk, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on this individual area.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
For the year ended 31 December 2015

<table>
<tr><th>Risk</th><th>Our response to the risk</th><th>What we concluded to the Audit Committee</th></tr>
<tr><td>Valuation of unquoted investments (2015: £29,831,582; 2014: £24,626,399), including unrealised gains/(losses) (2015: £6,657,970; 2014: (£4,838,369))

Refer to the Audit Committee Report (page 21); Accounting policies in Note 2 (page 37); and Note 3 to the Financial Statements

The majority (79%: 2015, 76%: 2014) of the carrying value of investments relate to the Company's holdings in unquoted investments, which are valued using different valuation techniques, as defined in Note 3 (pages 41 to 46).

The valuation is subjective, with a high level of judgement and estimation linked to the determination of the values with limited market information available.

As a result, there is a risk of an inappropriate valuation model being applied, together with the risk of inappropriate inputs to the model/calculation being selected.

The valuation of the unquoted investments is the key driver of the Company's net asset value and total return. Incorrect valuation could have a significant impact on the net asset value of the Company and therefore the return generated for shareholders.</td><td>• We documented our understanding of the processes, policies and methodologies used by management for valuing unquoted investments held by the Company and performed walkthrough tests to confirm our understanding of the systems and controls implemented.

• We carried out the following substantive investment valuation procedures on a sample of unquoted investments held by the Company. These substantive procedures comprised of:
o agreeing the valuation per the financial statements back to the models used by management;
o testing the inputs to the models back to the independent sources and evaluating whether all key terms of the unquoted investments had been considered in the application of the models; and
o testing the mathematical accuracy of the calculations.

• We engaged our own internal valuation experts to:
o assist us to determine whether the methodologies used to value a sample of unquoted investments were in accordance with methods usually used by market participants for these types of unquoted investments; and
o use their knowledge of the market to assess and corroborate management's market related judgements and valuation inputs (including discount rates, forward prices, production values and recent relevant transaction data) by reference to comparable transactions, and independently compiled databases/indices.</td><td>The application of the discounted cash flow ("DCF") method is the most commonly adopted approach used by the industry for valuing unquoted mining assets as it reflects the risk associated with the expected cash flow profile over the life of the mining asset.

However, management used risk free discount rates and then applied a 'haircut' to the calculated net present value of the project.

We have applied a risk adjusted discount rate to recalculate the net present value of unquoted investments and concluded that the value determined by management is within our estimated range.

Moreover, we have determined that the discount rates applied by management in the Development Risk Adjusted Values ("DRAVs") calculations are at the lower end of our estimated range. However, DRAV is not the primary determination of fair value used by management, being a tool for assessing recoverability of projects and loan notes. We were able to utilise other corroborative data and inputs which resulted in normalised discount rates.

It is recommended to adjust either the cash flows with identified specific risks, or to use a risk adjusted discount rate.

Other than the above, we have no further matters to communicate in respect of the use of Valuation policies or methodologies for unquoted investments.

No material misstatements were identified in the valuation of unquoted investments held by the Company, and the associated realised and unrealised gains/losses.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
For the year ended 31 December 2015

The scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope. Taken together, this enables us to form an opinion on the financial statements.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

This is the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £767k (2014: £643k), which is 2% (2014: 2%) of net asset value.

It was considered inappropriate to determine materiality based on Company profit before tax as the primary focus of the Company is the overall performance of investments held, which includes a significant asset revaluation component. In addition, profit is not a key metric reported upon by the Company, with the ability to make dividend payments not limited by the profitability of the Company in any particular period.

We believe that net asset value provides us with an appropriate basis for audit materiality as net asset value is a key published performance measure and is a key metric used by management in assessing and reporting on the overall performance of the Company.

During the course of our audit, we reassessed initial materiality and noted no factors leading us to amend materiality levels from those originally determined at the audit planning stage.

Performance materiality

This refers to the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% (2014: 50%) of our planning materiality, namely £383k (2014: £322k). We have set performance materiality at this percentage, because in the prior year we have identified audit differences which result in a higher risk of misstatements in the current year.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £38k (2014: £32k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
For the year ended 31 December 2015

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matters on which we are required to report by exception

ISAs (UK and Ireland) reporting	We are required to report to you if, in our opinion, financial and non-financial information in the annual report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or • otherwise misleading. In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the directors' statement that they consider the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the annual report appropriately addresses those matters that we communicated to the audit committee that we consider should have been disclosed.	We have no exceptions to report.
Companies (Guernsey) Law 2008 reporting	We are required to report to you if, in our opinion: • proper accounting records have not been kept; or • the financial statements are not in agreement with the accounting records; or • we have not received all the information and explanations we require for our audit.	We have no exceptions to report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
For the year ended 31 December 2015

Listing Rules review requirements	We are required to review: • The directors' statement in relation to going concern set out on page 16, and longer-term viability, set out on pages 11 and 12; and • the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.	We have no exceptions to report.

Statement on the Directors' assessment of the principal risks that would threaten the solvency or liquidity of the entity

ISAs (UK and Ireland) reporting	We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to: • the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity; • the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated; • the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and • the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

David Robert John Moore, ACA
for and on behalf of Ernst & Young LLP
Guernsey, Channel Islands

21 April 2016

Notes:

1. The maintenance and integrity of the Company web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

2. Legislation in the Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	2015 £	2014 £
Assets			
Cash and cash equivalents	9	562,101	94,217
Due from broker		3,720	-
Other receivables		77,361	93,294
Financial assets held at fair value through profit or loss	3	37,823,488	32,347,828
Total assets		**38,466,670**	**32,535,339**
Equity and Liabilities			
Liabilities			
Directors' fees payable	11	28,750	35,712
Management fees payable	7,11	25,979	34,335
Administration fees payable	6	23,253	27,563
Audit fees payable		21,683	35,308
Legal fees payable		-	167,806
Other payables		29,737	68,059
Total liabilities		**129,402**	**368,783**
Equity			
Management Ordinary Shares	10	10,000	10,000
Ordinary Shares	10	80,557,984	66,945,285
Profit and loss account		(42,230,716)	(34,788,729)
Total equity		**38,337,268**	**32,166,556**
Total equity and liabilities		**38,466,670**	**32,535,339**
Net Asset Value per Ordinary Share (in Pence) – Basic and diluted	12	33.5	44.9

The financial statements on pages 32 to 57 were approved by the Board of Directors on 21 April 2016 and signed on its behalf by:

Howard Myles   Christopher Sherwell

The accompanying notes form an integral part of these audited financial statements

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Year ended 2015 Revenue £	Year ended 2015 Capital £	Year ended 2015 Total £
Income				
Interest income		71,864	-	71,864
Other income		25,783	-	25,783
Net loss on financial assets at fair value through profit or loss	3	-	(6,625,328)	(6,625,328)
Net foreign exchange loss		-	(6,474)	(6,474)
Net income/(loss)		**97,647**	**(6,631,802)**	**(6,534,155)**
Expenses				
Management fees	7,11	459,657	-	459,657
Legal fees		1,044	-	1,044
Directors' fees	11	133,037	-	133,037
Administration fees	6	86,416	-	86,416
Audit fees		44,103	-	44,103
Custody fees		58,283	-	58,283
Directors' expenses		7,750	-	7,750
Broker fees		48,194	-	48,194
Other expenses	8	69,348	-	69,348
Total expenses		**907,832**	**-**	**907,832**
Net loss for the year		**(810,185)**	**(6,631,802)**	**(7,441,987)**
Net loss for the year per Ordinary Share:				
Basic and diluted (in pence)	12	(0.7)	(6.0)	(6.7)

In the year ended 31 December 2015 there were no gains or losses other than those recognised above.

The Directors consider all results to derive from continuing activities.

The format of the Income Statement follows the recommendations of the 2014 AIC Statement of Recommended Practice.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Year ended 2014 Revenue £	Year ended 2014 Capital £	Year ended 2014 Total £
Income				
Interest income		77,998	-	77,998
Net loss on financial assets at fair value through profit or loss	3	-	(9,955,713)	(9,955,713)
Net foreign exchange loss		-	(3,461)	(3,461)
Net income/(loss)		**77,998**	**(9,959,174)**	**(9,881,176)**
Expenses				
Management fees	7,11	472,295	-	472,295
Legal fees		168,185	-	168,185
Directors' fees	11	140,000	-	140,000
Administration fees	6	98,642	-	98,642
Audit fees		41,125	-	41,125
Custody fees		32,112	-	32,112
Directors' expenses		8,273	-	8,273
Acquisition of assets		50,275	-	50,275
Brokerage fees		27,806	-	27,806
Other expenses	8	82,489	-	82,489
Total expenses		**1,121,202**	**-**	**1,121,202**
Net loss for the year		**(1,043,204)**	**(9,959,174)**	**(11,002,378)**
Net loss for the year per Ordinary Share:				
Basic and diluted (in pence)	12	(1.5)	(14.4)	(15.9)

In the year ended 31 December 2014 there were no gains or losses other than those recognised above.

The Directors consider all results to derive from continuing activities.

The format of the Income Statement follows the recommendations of the 2014 AIC Statement of Recommended Practice.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Management Ordinary Shares	Ordinary Shares	Treasury Shares	Profit and loss account (Revenue)	Profit and loss account (Capital)	Year ended
	£	£	£	£	£	£
Balance as at 1 January 2014	10,000	64,767,056	-	(5,438,874)	(18,347,477)	40,990,705
Issue of Ordinary Shares in specie	-	2,178,229	-		-	2,178,229
Net loss for the year	-	-	-	(1,043,204)	(9,959,174)	(11,002,378)
Balance as at 31 December 2014	**10,000**	**66,945,285**	**-**	(6,482,078)	(28,306,651)	**32,166,556**
Issue of Ordinary Shares for cash	-	1,219,393	-	-	-	1,219,393
Issue of Ordinary Shares in specie	-	13,112,248	-	-	-	13,112,248
Expenses related to issue of shares		(578,450)				(578,450)
Ordinary Shares held as Treasury	-	-	(140,492)	-	-	(140,492)
Net loss for the year	-	-	-	(810,185)	(6,631,802)	(7,441,987)
Balance as at 31 December 2015	**10,000**	**80,698,476**	**(140,492)**	**(7,292,263)**	**(34,938,453)**	**38,337,268**
Note	10	10	10			

The accompanying notes form an integral part of these audited financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Year ended 2015 £	Year ended 2014 £
Cash flows from operating activities			
Net loss for the year		(7,441,987)	(11,002,378)
Adjustments to reconcile income for the year to net cash used in operating activities:			
Interest income		(71,864)	(77,998)
Net loss on financial assets at fair value through profit or loss	3	6,625,328	9,955,713
Net (increase)/decrease in other receivables		(3,964)	5,317
Net (decrease)/increase in other payables		(239,381)	197,780
		(1,131,868)	(921,566)
Interest received		88,041	6,133
Net cash used in operating activities		**(1,043,827)**	**(915,433)**
Cash flows from investing activities			
Purchase of financial assets at fair value through profit or loss		(2,455,778)	(1,127,370)
Sale of financial assets at fair value through profit or loss		3,467,038	1,659,525
Net cash provided by investing activities		**1,011,260**	**532,155**
Cash flows from financing activities			
Proceeds from shares issued	10	1,219,393	-
Expenses related to issue of shares		(578,450)	
Payment for redemption of shares	10	(140,492)	-
Net cash provided by financing activities		**500,451**	**-**
Net increase/(decrease) in cash and cash equivalents		467,884	(383,278)
Cash and cash equivalents at the beginning of the year		94,217	477,495
Cash and cash equivalents at the end of the year	9	**562,101**	**94,217**
Supplemental disclosure of non-cash flow information			
Purchase of financial assets at fair value through profit or loss	10	(13,112,248)	(2,178,229)
Issue of Ordinary Shares in specie	10	13,112,248	2,178,229

The accompanying notes form an integral part of these audited financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss, which are designated at fair value through profit or loss. The financial statements have been prepared on a going concern basis.

The Company's functional currency is the Great Britain pound Sterling ("£"), being the currency in which its Ordinary Shares are issued and in which returns are made to shareholders. The presentation currency is the same as the functional currency. The financial statements have been rounded to the nearest £. The Company invests in companies around the world whose shares are denominated in various currencies. Currently the majority of the portfolio is denominated in US Dollars but this will not necessarily remain the case as the portfolio develops.

The Statement of Comprehensive Income is presented in accordance with the Statement of Recommended Practice ("SORP") 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in November 2014 by the Association of Investment Companies. The Company has voluntarily adopted the SORP and only applied it to the Statement of Comprehensive Income, rather than to the entire financial statements.

Income encompasses both revenue and capital gains/losses. For a listed investment company it is necessary to distinguish revenue from capital for the purpose of determining the distribution. Revenue includes items such as dividends, interests, fees, rent and other equivalent items. Capital is the return, positive or negative, from holding investments other than that part of the return that is revenue. The SORP provides guidance on the items that should be recognised as capital/revenue. Where specific guidance is not given an item is recognised in accordance with its economic substance.

b) Significant accounting judgements and estimates

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Significant accounting judgements and estimates (continued)

(i) Judgements

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

Assessment as Investment Entity

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

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

The Company meets the above criteria in and is therefore considered to be an investment entity and therefore all entities that qualify as subsidiaries or associates are carried at fair value through profit or loss.

Associates

The Directors consider that entities over which the Company exercises significant influence, including where it holds more than 20% of the voting rights, should be considered as associates of the Company and these are disclosed in Note 13 of the financial statements.

Going Concern

As described in the Director's Report the Directors have assessed the financial position of the Company and are satisfied that it can continue in operation for a period exceeding 12 months from the date of signing the financial statements, accordingly the financial statements have been prepared on a going concern basis.

(ii) Estimates and assumptions

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

Fair value of financial instruments

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

c) Financial assets at fair value through profit or loss

In accordance with IAS 39 the Company designates its investments as at fair value through profit or loss, at initial recognition. All derivatives are classified as held for trading and are included in financial assets at fair value through profit or loss. Designation of the investments in this way is consistent with the Company's documented risk management policy and investment strategy, and information about the investments is provided to the Board on this basis.

Recognition and derecognition

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments. Routine purchases and sales of investments are accounted for on the trade date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Financial assets at fair value through profit or loss (continued)

Recognition and derecognition (continued)
Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets at fair value through profit or loss are re-measured at fair value. Gains and losses arising from changes in fair value are recognised in the Statement of Comprehensive Income in the year in which they arise.

A financial asset is derecognised when the Company no longer has control over the contractual rights that comprise that asset. This occurs when the rights are realised, expired or are surrendered. A financial liability is derecognised when it is extinguished or when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets may be acquired for a consideration in the form of an issue of the Company's own shares.

A contract that will be settled by the entity (receiving or) delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash or another financial asset is accounted for as an equity instrument.

The cost of the assets acquired is determined as at the fair value of the consideration given, being the fair value of the equity instruments issued or the asset received, if that is more easily measured, together with directly attributable transaction costs on the transaction date.

Subsequent measurement
After initial recognition, investments are measured at fair value, with unrealised gains and losses on investments recognised in the Statement of Comprehensive Income. Investments are derecognised on sale. Gains and losses on sale of investments are recognised in the Statement of Comprehensive Income.

Determination of fair value
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value for financial instruments traded in active markets at the reporting date is based on their last quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not traded in an active market, fair value is determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 3.

d) Other financial assets and liabilities

Other receivables, measured at amortised cost, include the contractual amounts for settlement of trades and other obligations due to the Company. Amount due to brokers, 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. Due to their short term maturities, their amortised cost is a reasonable approximation of fair value.

e) Interest income and expense
Bank interest income, interest income on convertible debt instruments and interest expense are recognised on an accruals basis based on the effective interest method.

f) Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise cash balances held at banks. Cash and cash equivalents are included in the financial statements at their principal amount.

g) Expenses
All expenses are recognised on an accruals basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Translation of foreign currencies

Foreign currency transactions during the year are translated into Sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the Statement of Financial Position date. Exchange differences including those arising from adjustment to fair value of financial instruments during the year, are included in the Statement of Comprehensive Income. The foreign exchange movements relating to financial assets form part of the fair value movement in the Statement of Comprehensive Income.

i) Segment information

The Directors are of the opinion that the Company is engaged in a single segment of business: investing in natural resources companies.

j) Net asset value per share

Net Asset Value per Ordinary Share disclosed on the face of the Statement of Financial Position is calculated in accordance with the Company's Prospectus by dividing the net assets of the Company on the Statement of Financial Position date by the number of Ordinary Shares (including the Management Ordinary Shares) outstanding at that date.

k) New accounting pronouncements

The following amendments were applicable for the first time this year but had no significant impact on the financial statements of the Company.

- Amendment to IAS 24, 'Related Party Disclosures' (effective 1 July 2014)

- IFRS 8 Operating Segments – Amendments (effective 1 July 2014)

- IFRS 13 Fair Value Measurement - Amendments (effective 1 January 2015)

l) New accounting pronouncements not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied, were in issue but not yet effective. There are other accounting pronouncements but the ones listed are most relevant to the financial statements of the Company and are therefore expanded on below.

- IFRS 9 Financial Instruments – Amendments (effective 1 January 2018)

- A finalised version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition. IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.

- IFRS 10 Consolidated Financial Statements - Amendments (effective 1 January 2016)
  Narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances.

- IFRS 12 Disclosure of Interests in Other Entities - Amendments (effective 1 January 2016)
  Narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances.

- IAS 1 Presentation of Financial Statements Disclosure Initiative (effective 1 January 2016)
  This amendment is designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that entities should use professional judgement in determining where and in what order information is presented in the financial disclosures.

IFRS 9, 10, 11 and 12 have not yet been endorsed by the European Union. The Board currently intends to adopt the standards on the mandatory adoption dates. The Board anticipates that the adoption of these standards and interpretations in the future period will not have a material impact on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

31 December 2015	Listed equity shares £	Unlisted equity shares £	Debt instruments £	Warrants £	Total £
Financial assets at fair value through profit or loss					
Cost	17,010,213	25,904,903	13,764,242	21,826	56,701,184
Unrealised (loss)/gain	(9,018,307)	(13,614,664)	3,766,844	(11,569)	(18,877,696)
Market value at 31 December 2015	7,991,906	12,290,239	17,531,086	10,257	37,823,488

31 December 2014	Listed equity shares £	Unlisted equity shares £	Debt instruments £	Warrants £	Total £
Financial assets at fair value through profit or loss					
Cost	21,113,026	29,647,588	9,847,648	-	60,608,262
Unrealised (loss)/gain	(13,417,194)	(17,519,268)	2,650,151	25,877	(28,260,434)
Market value at 31 December 2014	7,695,832	12,128,320	12,497,799	25,877	32,347,828

The following table analyses net (losses)/gains on financial assets at fair value through profit or loss for the years ended 31 December 2015 and 31 December 2014.

	Year ended 2015 £	Year ended 2014 £
Financial assets at fair value through profit or loss		
Realised gain/(losses) on:		
- Listed equity shares	(4,035,152)	(1,155,705)
- Unlisted equity shares	(11,956,811)	-
- Debt instruments	(9,011)	-
- Warrants	(7,092)	-
	(16,008,066)	(1,155,705)
Movement in unrealised gains/(losses) on:		
- Listed equity shares	1,856,871	(3,987,236)
- Unlisted equity shares	6,446,620	(6,725,004)
- Debt instruments	1,116,693	1,927,732
- Warrants	(37,446)	(15,500)
	9,382,738	(8,800,008)
Net loss on financial assets at fair value through profit or loss	(6,625,328)	(9,955,713)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015.

	Quoted prices in active markets Level 1 £	Quoted market based observables Level 2 £	Unobservable inputs Level 3 £	Total £
Financial assets at fair value through profit or loss				
Listed equity shares	6,266,464	1,725,442	-	7,991,906
Unlisted equity shares	-	-	12,290,239	12,290,239
Warrants	-	-	10,257	10,257
Debt instruments	-	-	17,531,086	17,531,086
	6,266,464	1,725,442	29,831,582	37,823,488

The following table analyses investments by type and by level within the fair valuation hierarchy at 31 December 2014.

	Quoted prices in active markets Level 1 £	Quoted market based observables Level 2 £	Unobservable inputs Level 3 £	Total £
Financial assets at fair value through profit or loss				
Listed equity shares	3,785,431	3,910,401	-	7,695,832
Unlisted equity shares	-	-	12,128,320	12,128,320
Warrants	25,597	-	280	25,877
Debt instruments	-	-	12,497,799	12,497,799
	3,811,028	3,910,401	24,626,399	32,347,828

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 transaction (in the example of Ivanhoe below), the value of the investment immediately after the event (in the example of MagIndustries Corporation) or the carrying value of the investment at the beginning of the financial year.

During the year ended 31 December 2015 there were releases of previously "locked up" shares of Ivanhoe Mining Limited ("Ivanhoe"). The shares in Ivanhoe have been transferred from Level 2 to Level 1 as the locked up shares have been released. The total number of Ivanhoe shares released during the year was 4,527,524 shares (average of 1,131,881 shares per quarter) equivalent to £4,503,676. During January 2016, the final tranche of Ivanhoe shares was released.

Burrabulla Corporation Limited (formerly South American Ferro Metals Limited) has been transferred from Level 1 to Level 3 as it is no longer listed. The value of the investment has been written down to zero following it being placed into administration and delisted.

The Company acquired 3,531,000 shares in MagIndustries Corporation on 25 February 2015. At acquisition the investment was classified as Level 1 due to its listing on the Toronto Stock Exchange ("TSX"). On 19 August 2015 the company delisted from TSX and is therefore reflected within level 3 investments based on its value on delisting.

During the year ended 31 December 2014, the only transfer between levels related to the release of the locked up Ivanhoe shares, from Level 2 to Level 1. The total number of Ivanhoe shares released during the year was 3,131,996 (average of 782,999 per quarter) amounting to £2,371,125.

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

The table below shows a reconciliation of beginning to ending fair value balances for Level 3 investments and the amount of total gains or losses for the year included in net loss on financial assets and liabilities at fair value through profit or loss held at 31 December 2015 and at 31 December 2014.

	Unlisted Equities £	Debt instruments £	Warrants £	Total £
Opening balance 1 January 2015	12,128,320	12,497,799	280	24,626,399
Purchases of investments	6,893,464	3,925,604	21,826	10,840,894
Sales of investments*	(1,318,043)	-	-	(1,318,043)
Change in net unrealised (losses)/gains	6,446,128	1,116,694	(11,849)	7,550,973
Realised losses	(11,956,811)	(9,011)	-	(11,965,822)
Transfer from Level 1 to 3	97,181	-	-	97,181
Closing balance 31 December 2015	12,290,239	17,531,086	10,257	29,831,582
Unrealised gain/(losses) on investments still held at 31 December 2015	(17,585,378)	3,368,631	(11,569)	(14,228,316)

	Unlisted Equities £	Debt instruments £	Warrants £	Total £
Opening balance 1 January 2014	17,398,607	9,255,943	41,377	26,695,927
Purchases of investments	1,454,717	1,314,124	-	2,768,841
Change in net unrealised (losses)/gains	(6,725,004)	1,927,732	(41,097)	(4,838,369)
Closing balance 31 December 2014	12,128,320	12,497,799	280	24,626,399
Unrealised gain/(losses) on investments still held at 31 December 2014	(18,014,549)	2,251,939	280	(15,762,330)

*The only significant sale during the year was Ferrous Resources which was sold for £1,307,957. These proceeds represented a gain of £354,767 against the 31 December 2014 book value, but the investment had previously been written down substantially and a loss of £11,876,647 was realised against acquisition cost.

In determining an investment's position within the fair value hierarchy, the Directors take into consideration the following factors:

Investments whose values are based on quoted market prices in active markets are classified within Level 1. These include listed equities with observable market prices. The Directors do not adjust the quoted price for such instruments, even in situations where the Company holds a large position and a sale could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within Level 2. These include certain less-liquid listed equities. Level 2 investments are valued with reference to the listed price of the shares should they be freely tradeable after applying a discount for liquidity if relevant. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Company held such investments at 31 December 2015 amounting to £1,725,442 (31 December 2014: £3,910,401).

Investments classified within Level 3 have significant unobservable inputs. They include unlisted debt instruments, 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 to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Directors in the absence of market information.

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

Valuation methodology of Level 3 investments

The default valuation technique is of Latest Recent Transaction. Where an unquoted investment has been acquired or where there has been a material arm's length transaction during the past six months it will be carried at cost unless there are changes or events which suggest cost is not equivalent to fair value.

Where there has been no Latest Recent Transaction the primary valuation driver is IndexVal. For each core unlisted investment, the Company maintains a weighted average basket of listed companies which are comparable to the investment in terms of commodity, stage of development and location ("IndexVal"). IndexVal is used as an indication of how an investment's share price might have moved had it been listed. Movements in commodity prices are deemed to have been taken into account by the movement of IndexVal.

A subsidiary driver of valuation is DRAV. The Investment Manager also prepares discounted cash flow models for the Company's core investments annually and also for significant new information and decision making purposes when required. From these, Development Risk Adjusted Values ("DRAVs") are derived. The computations are based on consensus forecasts for long term commodity prices and investee company management estimates of operating and capital costs. The Investment Manager takes account of market, country and development risks in its discount factors. The DRAVs are not a primary determinant of Fair Value but are instead a tool that the Investment Manager uses to evaluate potential investments as well as to provide underlying valuation references for the Fair Value already established.

The valuation technique for Level 3 investments can be divided into four groups:

i. Transactions

Where there have been transactions within the past 6 months either through a capital raising by the investee company or known secondary market transactions, representative in volume and nature and conducted on an arm's length basis, this is taken as the primary driver for valuing Level 3 investments.

ii. IndexVal

Where there have been no known transactions for 6 months, at the Company's half year and year end, movements in IndexVal will generally be taken into account in assessing Fair Value where there has been at least a 10% movement in IndexVal over at least a six month period. The IndexVal results are used as an indication of trend and are viewed in the context of investee company progress.

iii. Warrants

Warrants are valued using a simplified Black & Scholes model taking into account time to expiry, exercise price and volatility. Where there is no established market for the underlying shares an assumed volatility of 40% is used, due to the difficulty in establishing a sensible volatility for unlisted shares without giving distorted results.

iv. Convertible loans

Convertible loans are valued at principal plus accrued interest, taking into account credit risk and the value of the conversion aspect as related to the DRAV derived which relates to the valuation of the sub-sector of the equity, except when there is a clear path towards conditions for conversion such as an IPO, when the equity value of the investment on conversion is also taken into account when determining Fair Value.

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

Quantitative information of significant unobservable inputs – Level 3

Description	2015 £	Valuation technique	Unobservable input	Range (weighted average)
Unlisted Equity	6,373,862	Recent Transactions	Private transactions	n/a
Unlisted Equity	4,710,067	IndexVal	Change in IndexVal	n/a
Unlisted Equity	1,206,310	Other	Project Milestones	n/a
Debt Instruments				n/a
Argentum Convertible & Polar Silver Loan Notes	10,038,650	Valued at par with reference to credit risk and value on conversion	Development risk discount rate	n/a
Black Pearl Limited Partnership	7,071,647	Valued at par plus interest accrued with reference to weighted average of probabilities of repayment	Probability weighting	n/a
Other Convertible Debentures/Loans	420,789	Valued at par with reference to credit risk	Development risk discount rate	n/a
Warrants	10,257	Simplified Black & Scholes Model	Volatilities	40%

Description	2014 £	Valuation technique	Unobservable input	Range (weighted average)
Unlisted Equity	6,949,544	Recent Transactions	Private transactions	n/a
Unlisted Equity	5,034,154	IndexVal	Change in IndexVal	n/a
Unlisted Equity	144,622	Other	Project Milestones	n/a
Debt Instruments				
Argentum Convertible & Polar Silver Loan Notes	5,524,543	Valued at par with reference to credit risk and value on conversion	Credit Risk	n/a
Black Pearl Limited Partnership	6,469,037	Valued at par plus interest accrued with reference to credit risk and value on conversion	Credit Risk	n/a
Other Convertible Debentures/Loans	504,219	Valued at par	Credit Risk	n/a
Warrants	280	Simplified Black & Scholes Model	Volatilities	40%

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. A sensitivity of 70% has been used in the analysis above as this was the greatest amount that IndexVal moved for any single investment during any twelve month period since IndexVal was first adopted. The valuation method for the equity investment in Ironstone changed from IndexVal in 2014 to Recent Transaction in 2015. The valuation for Black Pearl changed from Valued at Par plus interest with reference to credit risk and value on conversion to valued at par plus interest accrued with reference to weighted average of probabilities of repayment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

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 31 December 2015 are as shown below:

Description	Input	Sensitivity used*	Effect on Fair Value (£)
Unlisted Equity	Change in IndexVal	+/-70%**	+/-8,603,167
Debt Instruments			
Argentum Convertible & Polar Silver Loan Notes	Development risk discount rate	+20%***	nil
Black Pearl Limited Partnership	Probability weighting	+/-33%	+/-1,823,228
Other Convertible Debentures/Loans	Development risk discount rate	+20%	nil
Warrants	Volatility of 40%	+/-20%	+9,727/-7,387

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 2014 are as shown below:

Description	Input	Sensitivity used*	Effect on Fair Value (£)
Unlisted Equity	Change in IndexVal	+/-70%	+/-8,489,824
Debt Instruments			
Argentum Convertible & Polar Silver Loan Notes	Credit Risk	+20%	-1,104,909
Black Pearl Limited Partnership	Credit Risk	+20%	-1,293,807
Other Convertible Debentures/Loans	Credit Risk	+20%	-100,844
Warrants	Volatility of 40%	+/-20%	+1,862/-280

**The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value. The 70% sensitivity was used as this was the highest movement observed for IndexVal for any investment since the commencement of the technique.*

*** Where the recent transaction methodology is used, the change in IndexVal is also referred to in ascertaining that the transaction that occurred during the year still reflects fair value.*

****Of amount outstanding*

The Company has not disclosed the fair value for financial assets such as cash and cash equivalents and short-term receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

4. RISK MANAGEMENT POLICIES AND DISCLOSURES

The Company's principal financial instruments comprise financial assets, primarily unlisted equity investments and loans in natural resources companies. The portfolio is concentrated on projects on the large liquid commodity markets and diversified in terms of geography. These investments reflect the core of the Company's investment strategy.

The Company manages its exposure to key financial risks primarily through diversification of geography and commodity, and through technical and legal due diligence. The objective of the policy is to support the delivery of the Company's core investment objective whilst maintaining future financial security. The main risks that could adversely affect the Company's financial assets or future cash flows are market risk (comprising market price risk, currency risk and interest rate risk), commodity price risk, liquidity risk, concentration risk and credit risk.

The Company's financial liabilities principally comprise fees payable to various parties and arise directly from its operations.

Risk exposures and responses
The Company's Board of Directors oversees the management of financial risks, each of which is summarised below.

a) Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: market price risk, currency risk and interest rate risk.

i. Market price risk

Market price risk is the risk that the fair value of future cash flows will fluctuate because of changes in the market prices of the Company's investment portfolio.

The following illustrates the sensitivity of the income to an increase or decrease of 10% in the fair value of the Company's investment portfolio. The level of change is considered to be reasonably possible based on observations of current market conditions in 2015. The sensitivity analysis assumes all other variables are held constant.

The impact of a 10% decrease in the value of investments on the net assets and income of the Company as at 31 December 2015 would have been a decrease of £3,782,349 (31 December 2014: £3,234,783). An increase of 10% would increase the net asset value by £3,782,349 (31 December 2014: £3,234,783). In practice, the actual results may differ from the sensitivity analysis above and the difference could be material.

ii. Currency risk

The majority of the Company's financial assets and liabilities are denominated in US Dollars. The functional currency of the Company is Sterling. Currency risk is the risk that the value of non-£ denominated financial instruments will fluctuate due to changes in foreign exchange rates. The table below shows the currencies and amounts the Company was exposed to at 31 December 2015 and 31 December 2014.

31 December 2015

Currency	Amount in local currency	Conversion rate (based on £)	Value £	% of net assets
CAD	9,555,380	0.4888	4,670,633	12.18
EUR	(7,417)	0.7364	(5,462)	(0.01)
GBP	8,313,023	1.0000	8,313,023	21.68
USD	36,291,022	0.6781	24,607,419	64.19
NOK	9,811,029	0.0766	751,655	1.96
			38,337,268	**100.00**

4. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

ii. Currency risk (continued)

31 December 2014

Currency	Amount in local currency	Conversion rate (based on £)	Value £	% of net assets
AUD	185,042	0.5252	97,181	0.30
CAD	9,157,075	0.5540	5,073,456	15.78
EUR	(7,417)	0.7766	(5,760)	(0.02)
GBP	4,590,042	1.0000	4,590,042	14.27
USD	34,928,536	0.6416	22,411,637	69.67
			32,166,556	**100.00**

At 31 December 2015 and 31 December 2014, had any foreign currencies strengthened by 10% relative to Sterling, with all other variables held constant, total equity would have increased by the amounts shown below.

Currency	2015 Value £	2014 Value £
AUD	-	9,718
CAD	467,063	507,346
EUR	(546)	(576)
USD	2,460,742	2,241,164
NOK	75,166	-
	3,002,425	**2,757,652**

A 10% decrease in foreign currencies relative to Sterling, with all other variables held constant, would lead to a corresponding decrease in the total equity by equal but opposite amounts as shown in the above tables. The estimated movement is based on management's determination of a reasonably possible change in foreign exchange rates. In practice, the actual results may differ from the sensitivity analysis above and the difference could be material.

iii. Interest rate risk

Although the Company's financial assets and liabilities expose it indirectly to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and fair value, it is subject to little direct exposure to interest rate fluctuations as the majority of the financial assets are equity investments or similar investments which do not pay interest. For valuation purposes convertible loans all have fixed interest rates and are treated more like quasi equity albeit with higher ranking than equity. As such they are not directly exposed to interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates which expose the Company, to a limited extent, to interest rate risk and corresponding gains/losses from a change in the fair value of these financial instruments.

The table below summarises the Company's exposure to interest rate risk. It includes the Company's assets and liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

At 31 December 2015	Up to 1 month	More than 6 months	Non-interest bearing	Total
Assets	£	£	£	£
Cash and cash equivalents	562,101	-	-	562,101
Financial assets held at fair value through profit or loss	16,181,357	420,789	21,221,342	37,823,488
Receivables	-	-	81,081	81,081
Total Assets	16,743,457	420,789	21,302,423	38,466,670
Liabilities				
Other liabilities	-	-	129,402	129,402
Total Liabilities	-	-	129,402	129,402
Interest rate sensitivity gap	16,743,457	420,789		

4. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

iii. Interest rate risk (continued)

At 31 December 2014	Up to 1 month	More than 6 months	Non-interest bearing	Total
Assets	**£**	**£**	**£**	**£**
Cash and cash equivalents	94,217	-	-	94,217
Financial assets held at fair value through profit or loss	-	11,849,740	20,498,088	32,347,828
Receivables	-	-	93,294	93,294
Total Assets	94,217	11,849,740	20,591,382	32,535,339
Liabilities				
Other liabilities	-	-	368,783	368,783
Total Liabilities	-	-	368,783	368,783
Interest rate sensitivity gap	94,217	11,849,740		

Interest rate sensitivity
It is the opinion of the Directors that the financial instruments of the Company are not materially exposed to interest rate risk and accordingly no interest rate sensitivity calculation has been provided in these financial statements.

b) Commodity price risk

The Company is exposed to the risk of fluctuations in prevailing market commodity prices through its investment portfolio. Commodity price risk is beyond the Company’s control but will be mitigated to a certain extent as a result of the Company’s diversified portfolio as long as commodity prices remain uncorrelated. It is not possible to quantify within reasonable ranges the impact of commodity price changes on the valuation of the Company’s investments. However as discussed in Note 3 to the financial statements, in general, long term commodity price increases should give rise to an increase in fair value of the Company’s investments.

c) Liquidity risk

Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price. The Company invests in unlisted equities for which there may not be an immediate market. The Company seeks to mitigate this risk by maintaining a cash and listed share position which will cover its ongoing operational expenses.

The Company has the ability to incur borrowings of up to 10% of its Net Asset Value but the Company's policy is to restrict any such borrowings to temporary purposes only, such as settlement mis-matches.

The table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. The amounts in the table are the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

4. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

c) Liquidity risk (continued)

At 31 December 2015	Less than 1 month	1-3 months	3-12 months	More than 12 months	No contractual maturity	Total
Assets	**£**	**£**	**£**	**£**	**£**	**£**
Cash and cash equivalents	562,101	-	-	-	-	562,101
Financial assets held at fair value through profit or loss	17,110,296	-	420,789	-	20,292,403	37,823,488
Receivables	20,799	-	60,282	-	-	81,081
Total Assets	17,693,196	-	481,071	-	20,292,403	38,466,670

	Less than 1 month	1-3 months	3-12 months	More than 12 months	No contractual maturity	Total
Liabilities	**£**	**£**	**£**	**£**	**£**	**£**
Other payables and accrued expenses	77,982	29,737	21,683	-	-	129,402
Total Liabilities	77,982	29,737	21,683	-	-	129,402
Net assets attributable to shareholders						38,337,268

At 31 December 2014	Less than 1 month	1-3 months	3-12 months	More than 12 months	No contractual maturity	Total
Assets	**£**	**£**	**£**	**£**	**£**	**£**
Cash and cash equivalents	94,217	-	-	-	-	94,217
Financial assets held at fair value through profit or loss	4,876,484	-	7,255,885	282,323	19,933,136	32,347,828
Receivables	16,835	-	76,459	-	-	93,294
Total Assets	4,987,536	-	7,332,344	282,323	19,933,136	32,535,339

	Less than 1 month	1-3 months	3-12 months	More than 12 months	No contractual maturity	Total
Liabilities	**£**	**£**	**£**	**£**	**£**	**£**
Other payables and accrued expenses	97,610	235,865	35,308	-	-	368,783
Total Liabilities	97,610	235,865	35,308	-	-	368,783
Net assets attributable to shareholders						32,166,556

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

4. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

d) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full as they fall due. The Company has exposure to credit risk in relation to its cash balances, Debt instruments, Level 1 to 3 investments and trade receivables as stated in the Statement of Financial Position. The maximum credit risk for the Company is £38,466,670 (2014:£32,535,339).

As at 31 December 2015, the Company's financial assets exposed to credit risk were held with the following weight:

Financial Assets	Counterparty	**Credit Rating	2015 % of net assets
Convertible debt instruments			
- Convertible Loan Note	ZAO Argentum	NR*	23.76
- Convertible Loan Note	Black Pearl Limited Partnership	NR*	18.45
- Convertible Loan Note	Polar Silver Resources Limited	NR*	2.42
- Convertible Loan Note	Bilboes Holdings	NR*	0.78
- Loan Note	Ironstone Resources Limited	NR*	0.32
Cash and cash equivalents	HSBC Bank plc	AA-	1.47
Due from Brokers	HSBC Bank plc	AA-	0.01
Total			47.21

As at 31 December 2014, the Company's financial assets exposed to credit risk were held with the following weight:

Financial Assets	Counterparty	Credit Rating	2014 % of net assets
Convertible debt instruments			
- Convertible Loan Note	Black Pearl Limited Partnership	NR*	20.11
- Convertible Loan Note	ZAO Argentum	NR*	15.16
- Convertible Loan Note	Bilboes Holdings	NR*	0.88
- Loan Note	Ironstone Resources Limited	NR*	0.43
- Convertible Loan Note	Polar Silver Resources Limited	NR*	2.01
- Unsecured Convertible Debenture	Aquila Resources Inc	NR*	0.26
Cash and cash equivalents	HSBC Bank plc	AA-	0.29
Total			39.14

* No rating available
**As per Moody's

c) Concentration risk

The Company's current investment policy is to invest in natural resources companies, both listed and unlisted, that the Investment Manager considers to be undervalued and that have strong fundamentals and attractive growth prospects which means that the Company has significant concentration risk relating to natural resources companies.

Concentration risks include, but are not limited to natural resources asset category (such as gold) and geography. The Company may at certain times hold relatively few investments. The Company could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including by the default of the issuer. Such risks potentially could have a material adverse effect on the Company's financial position, results of operations, business prospects and returns to investors. The Company's investments are geographically diverse reducing this aspect of concentration risk. In terms of commodity, the portfolio is likewise diversified in the large liquid markets of silver, gold, iron ore, coal, copper, platinum group metals, nickel and oil to mitigate this aspect of concentration risk.

5. TAXATION

The Company is a Guernsey Exempt Company and is therefore not subject to taxation on its income under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. An annual exemption fee of £1,200 (2014: £600) has been paid.

6. ADMINISTRATION FEES

The Administrator, HSBC Securities Services (Guernsey) Limited, is paid fees for acting as administrator of the Company at the rate of 7 basis points of gross asset value up to US$250 million; the rate reduces to 5 basis points of gross asset value above US$250 million. The Administrator is also reimbursed by the Company for reasonable out-of-pocket expenses. These fees accrue and are calculated as at the last business day of each month and paid monthly in arrears.

The administration fees paid for the year ended 31 December 2015 were £84,416 (2014: £98,642) of which £23,253 (2014: £27,563) was payable at 31 December 2015. HSBC Securities Services (Ireland) Limited, the sub-Administrator, is paid a portion of these fees by the Administrator.

The Administrator is also entitled to a fee for its provision of corporate secretarial services provided to the Company on a time spent basis and subject to a minimum annual fee of £40,000. The Company is also responsible for any sub-administration fees as agreed in writing from time to time, and reasonable out-of-pocket expenses. The Administrator is also entitled to fees of €5,000 for preparation of the financial statements of the Company.

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 Performance Period is each 12 month period ending on 31 December in each year (the "Performance Period"). The Manager may in certain circumstances be entitled to be paid a performance fee if the Net Asset Value at the end of any Performance Period exceeds the Hurdle as at the end of the Performance Period. The performance fee is subject to adjustments for any issue and/or repurchase of Ordinary Shares.

The amount of the performance fee is 15 per cent of the total increase in the Net Asset Value, if the Hurdle has been met, at the end of the relevant Performance Period, over the highest previously recorded Net Asset Value as at the end of a Performance Period in respect of which a performance fee was last accrued, having made adjustments for numbers of Ordinary Shares issued and/or repurchased as described above. In addition, the performance fee will only become payable if there have been sufficient net realised gains.

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

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.

The management fee for the year ending 31 December 2015 was £459,657 (2014: £472,295) out of which £25,979 (2014: £34,335) was outstanding at the year end.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

8. OTHER EXPENSES

	2015 TOTAL £	2014 TOTAL £
Registrar fees	17,473	20,980
Listing fees	1,288	25,876
Board meeting expenses	19,044	8,311
Guernsey regulatory fees	3,205	3,165
Other regulatory fees	5,793	5,500
Marketing costs	1,140	855
Website expenses	405	270
Miscellaneous expenses	21,000	17,532
	69,348	82,489

9. CASH AND CASH EQUIVALENTS

	2015 £	2014 £
Deposits at HSBC Bank plc	562,101	94,217

10. 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 114,568,335 (2014: 71,703,776) Ordinary Shares in issue with 700,000 held in treasury. In addition, the Company has 10,000 (2014: 10,000) Management Ordinary Shares in issue, which are held by the Investment Manager.

On 28 August 2014, the Company agreed to subscribe for 1,462,500 Ordinary Shares of Cemos Group plc (formerly Global Oil Shale Group Limited) for a consideration of £585,000. This consideration was settled through the issue of 1,376,470 Ordinary Shares of the Company at the unaudited net asset value of 42.5 pence per share on 27 February 2015. Under IFRS the consideration of this transaction has to be valued based on listed price of 32.5 pence per share as at 2 March 2015. Therefore the consideration for this transaction is £0.45 million which is recognised in the financial statements.

On 25 February 2015, the Company acquired two portfolios of Investments with a total value of £16 million. This consideration was settled through the issue of 30,468,522 new Ordinary Shares of the Company based on the unaudited net asset value of 42.6 pence per share on 18 February 2015 and 8,351,079 new Ordinary Shares of the Company based on a 15% discount to this unaudited net asset value. Under IFRS the consideration for this transaction has to be valued based on listed price of 32.6 pence per Ordinary Shares of the Company as at 23 February 2015. Therefore the consideration for this transaction is £12.66 million which is recognised in the financial statements. The fair values of the loan notes and shares received were determined by reference to the valuation techniques as outlined in Note 3.

In addition the Company issued a total of 3,368,488 new Ordinary Shares in respect of cash subscriptions under the Open Offer to all shareholders for a consideration of £1,219,393.

On 14 August 2015 and 20 August 2015 the Company bought back 200,000 and 500,000 Ordinary Shares respectively, both at an average of 20 pence per share. The repurchased Ordinary Shares are held in Treasury.

The above transactions had no impact on the profit or loss for the current financial year, they did however impact the NAV per share of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

10. SHARE CAPITAL (CONTINUED)

The Ordinary Shares are admitted to the Premium Listing segment of the Official List.

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.

Holders of Management Ordinary Shares have the right to receive notice of and to attend and vote at general meetings of the Company, except that the holders of Management Ordinary Shares are not entitled to vote on any resolution relating to certain specific matters, including a material change to the Company's investment objective, investment policy or borrowing policy. Each holder of Management 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 Management Ordinary Shares present in person or by proxy will have one vote for each Management Ordinary Share held by him.

Holders of Ordinary Shares and Management Ordinary Shares are entitled to receive, and participate in, any dividends or other distributions out of the profits of the Company available for dividend and resolved to be distributed in respect of any accounting period or other income or right to participate therein.

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

	2015		2014	
	Amount £	**No. of shares****	**Amount £**	**No. of shares****
Issued and fully paid share capital				
Ordinary Shares of no par value* (including Management Ordinary Shares)	80,708,476	115,278,335	66,955,285	71,713,776
Treasury Shares	140,492	700,000	-	-

The issue of Ordinary Shares during the year ended 31 December 2015 took place as follows:

	Ordinary Shares		Treasury Shares	
	Amount £	**No. of shares****	**Amount £**	**No. of shares**
Balance at 1 January 2015	66,955,285	71,713,776	-	-
Issue of Ordinary Shares	13,753,191	43,564,559	-	-
Buy-back of Ordinary Shares	(140,492)	(700,000)	140,492	700,000
Balance at 31 December 2015	80,567,984	114,578,335	140,492	700,000

The issue of Ordinary Shares during the year ended 31 December 2014 took place as follows:

	Ordinary Shares		Treasury Shares	
	Amount £	**No. of shares****	**Amount £**	**No. of shares**
Balance at 1 January 2014	64,777,056	66,152,533	-	-
Issue of Ordinary Shares	2,178,229	5,561,243	-	-
Balance at 31 December 2014	66,955,285	71,713,776	-	-

** On 9 March 2010, 1 Management Ordinary Share was issued and on 26 March 2010, 9,999 Management Ordinary Shares were issued.*

*** Includes 10,000 Management Ordinary Shares*

10. SHARE CAPITAL (CONTINUED)

Capital Management

The Company regards capital as comprising its issued Ordinary Shares. The Company does not have any debt that might be regarded as capital. The Company's objectives in managing capital are:

- To safeguard its ability to continue as a going concern and provide returns to shareholders in the form of capital growth over the long-term through a focused, global portfolio consisting principally of the equities or related instruments of natural resources companies;
- To allocate capital to those assets that the Directors consider are most likely to provide the above returns; and
- To manage, so far as is reasonably possible, any discount between the Company's share price and its NAV per Ordinary Share.

The Company has continued to hold sufficient cash and listed assets positions to enable it to meet its obligations as they arise and the Investment Manager provides the Directors with reporting on the activities of the investments of the Company such that they can be satisfied with the allocation of capital.

As discussed in the Strategic Report, in August 2015 the Company introduced a share buyback programme with the objective of managing the discount the Company's shares trade at compared to its Net Asset Value. The Company has repurchased 700,000 shares at an average price of 20 pence per share through this programme and the repurchased shares are held in Treasury. The scheme was suspended in December 2015 pending the potential acquisition of a controlling interest in Polar Silver.

As described in the Directors' Report on page 14, the Company has a policy to distribute 15 per cent of net realised cash gains after deducting losses during the financial year through dividends or otherwise. The amount available for distribution will be assessed following completion of the audit of the financial statements.

The Company has authority to make market purchases of up to 14.99 Per Cent of its own Ordinary Shares in issue. A renewal of such authority is sought from Shareholders at each Annual General Meeting of the Company or at a General Meeting of the Company, if required. Any purchases of Ordinary Shares will be made within internal guidelines established from time to time by the Board and within applicable regulations.

The Company is not subject to any externally imposed capital requirements.

11. RELATED PARTY TRANSACTIONS

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

	Number of Ordinary Shares 2015	Number of Ordinary Shares 2014
Edward Flood (deceased 15 October 2015)	-	65,000
Christopher Sherwell	96,821	25,000
Clive Newall	25,000	25,000

At 31 December 2014 Mr Sherwell had an indirect interest in the shares of the Company through an investment in another Fund which is also managed by the Manager. During February 2015, this investment was compulsorily redeemed and Mr. Sherwell was issued with 71,821 Ordinary Shares in the Company in exchange.

The Manager, Baker Steel Capital Managers (Cayman) Limited, had an interest in 504,832 Ordinary Shares at 31 December 2015 (2014: 504,832).

The Investment Manager, Baker Steel Capital Managers LLP, had an interest in 10,000 Management Ordinary Shares at 31 December 2015 (2014: 10,000).

Baker Steel Global Funds SICAV – Precious Metals Fund ("Precious Metals Fund") had an interest in 7,669,609 Ordinary Shares in the Company at 31 December 2015 (2014: NIL). These shares are held in a custodian account with Citibank N.A. London. Precious Metals Fund shares a common Investment Manager with the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

11. RELATED PARTY TRANSACTIONS (CONTINUED)

The Management fees and Directors' fees accrued for the year were:

	2015	**2014**
Management fees	459,675	472,295
Directors' fees	133,037	140,000

The Management fees and Directors' fees outstanding at the year end were:

	2015	**2014**
Management fees	25,979	34,335
Directors' fees	28,750	35,712

12. NET ASSET VALUE PER SHARE AND LOSS PER SHARE

Net asset value per share is based on the net assets of £38,337,268 (31 December 2014: £32,166,556) and 114,578,335 (31 December 2014: 71,713,776) Ordinary Shares, being the number of shares in issue at the year end. The calculation for basic and diluted net asset value per share is as below:

	31 December 2015 Ordinary Shares	**31 December 2014 Ordinary Shares**
Net assets at the year end (£)	38,337,268	32,166,556
Number of shares	114,578,335	71,713,776
Net asset value per share (in pence) basic and diluted	33.5	44.9
Weighted average number of shares	111,241,585	69,121,434

The basic and diluted loss per share for 2015 is based on the net loss for the year of the Company of £7,441,987 and on 111,241,585 Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the year.

The basic and diluted loss per share for 2014 is based on the net loss for the year of the Company of £11,002,378 and on 69,121,434 Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the year.

13. INVESTMENT IN ASSOCIATES

The interests in the below companies are for investment purposes and they are deemed associates by virtue of the Company having the right to appoint a non-executive director.

The Company holds a 21.7% interest in Bilboes Gold Limited; a Company incorporated in Mauritius whose principal activity is the development of gold mining projects in Zimbabwe.

The Company holds a 27.5% interest in Polar Silver Resources Limited; a Company incorporated in the British Virgin Islands whose principal activity is the development of gold mining projects in Russia.

The Company holds a 25.8% interest in Cemos Group Limited, a Company incorporated in Jersey, whose principal activity is the development of oil shale projects in Morocco and Australia.

The Company holds a 16.4% interest in Ironstone Resources Limited; a Company incorporated in Canada whose principal activity is the development of iron ore projects in Canada.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

14. SUBSEQUENT EVENTS

At the Extraordinary General Meeting ("EGM") on 4 January 2016, shareholders passed a resolution to amend the Company's investment policy in order to enable it to increase its existing investment in the Polar Silver Group so that such investment may represent up to 35 per cent in aggregate of the value of the Company's gross assets at the time of the relevant transaction. New Articles were adopted at the same EGM which provided the Company with additional flexibility with regard to the composition of the Board and the location of future Board meetings.

On 10 February 2016 Polar Acquisition Limited ("PAL") was incorporated. PAL is a wholly owned subsidiary of BSRT incorporated in the British Virgin Islands. PAL has been dormant up to the date of this report.

15. APPROVAL OF ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

The Annual Report and Audited Financial Statements for the year end 31 December 2015 were approved by the Board of Directors on 21 April 2016.

APPENDIX - ADDITIONAL INFORMATION

REMUNERATION DETAILS FOR INVESTMENT MANAGER'S STAFF

As noted earlier, under AIFMD, the Investment Manager received approval to act as a full scope UK AIFM to the Company as of 22 July 2014. Pursuant to Article 22(1) of AIFMD, an AIFM must, where appropriate for each AIF it manages, make an annual report available to the AIF investors. The annual report must contain, amongst other items, the total amount of remuneration paid by the AIFM to its staff for the financial year, split into fixed and variable remuneration including, where relevant, any carried interest paid by the AIF, along with the aggregate remuneration awarded to senior management and members of staff whose actions have a material impact on the risk profile of the AIF.

For the year ended 31 December 2015 there was no fixed remuneration paid to staff at the Investment Manager. Variable remuneration amounted to £244,817. No carried interest was paid by the Company. These figures represent the aggregate remuneration paid to staff of the Investment Manager for the year ended 31 December 2015. The total remuneration of the individuals whose actions have a material impact upon the risk profile of the AIFs managed by the AIFM amounted to £244,817. An allocation in relation to each AIF has not been provided, as this information cannot be reliably determined and therefore is not readily available.

The total AIFM remuneration attributable to senior management whose actions have a material impact on the risk profile of the AIF was £56,465 and the amount attributable to other Identified Staff was £65,943. The remuneration figures reflect an approximation of the portion of AIFM remuneration reasonably attributable to the AIFs.

GLOSSARY OF TERMS

4PE – Platinum, Palladium, Gold and Rhodium

AIF – Alternative Investment Fund

AIFM – Alternative Investment Fund Manager

AIFMD - Alternative Investment Fund Managers Directive

BSRT – Baker Steel Resources Trust Limited

Code – UK Corporate Governance Code published by the Financial Reporting Council in September 2014.

Commission – Guernsey Financial Services Commission

DRAVs – Development Risk Adjusted Values

DRC – Democratic Republic of Congo

EU – European Union

EGM – Extraordinary General Meeting

FCA – Financial Conduct Authority

FRC – Financial Reporting Council

GFSC – Guernsey Financial Services Commission

g/t – Grams per tonne

IAS – International Accounting Standards

IFRS – International Financial Reporting Standards as adopted by the European Union

Identified Staff – Members of staff whose actions have a material impact on the risk profile of the AIF and who are not categorised as senior management

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.

IPO – Initial Public Offering (stock market launch)

JORC – **AUSTRALASIAN JOINT ORE RESERVES COMMITTEE**
The Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code) of the Australasian Joint Ore Reserves Committee (JORC) is widely accepted as a standard for professional reporting of mineral resources and ore reserves. Mineral resources are classified as 'Inferred', 'Indicated' or 'Measured', while ore reserves are either 'Probable' or 'Proven'.

Mt – million tonnes

NI 43–101 – **CANADIAN NATIONAL INSTRUMENT 43-101**
Canadian National Instrument 43-101 is a mineral resource classification instrument which dictates reporting and public disclosure of information in Canada relating to mineral properties.

PEA – Preliminary Economic Assessment

SORP – Statement of Recommended Practice issued by The Association of Investments Companies dated November 2014

BAKER STEEL RESOURCES TRUST LIMITED

(the **"Company")**

(incorporated in Guernsey with registered number: 51576)

NOTICE OF 2016 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2016 Annual General Meeting of the Company will be held at Arnold House, St Julian's Avenue, St Peter Port, Guernsey, GY1 3NF on Friday 10th June 2016 at 10.00 am for the purpose of considering and, if thought fit, passing the following resolutions:

Ordinary Resolutions

1. That the financial statements of the Company for the period ended 31 December 2015 and the reports of the Directors and the auditors thereon be received and adopted.

2. That the reappointment of Ernst & Young LLP (the "**Auditors**") of Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 4AF as auditors of the Company for the year ended 31 December 2016, be approved and ratified.

3. That Howard Myles, being eligible and offering himself for re-election, be re-elected as a Director of the Company.

4. That Charles Hansard, being eligible and offering himself for re-election, be re-elected as a Director of the Company.

5. That Clive Newall, being eligible and offering himself for re-election, be re-elected as a Director of the Company.

6. That Christopher Sherwell, being eligible and offering himself for re-election, be re-elected as a Director of the Company.

7. That the Directors be and are hereby authorised to fix the remuneration of the Auditors for the year ended 31 December 2016.

8. That the maximum remuneration of the Directors for the year ended 31 December 2016 be fixed at an aggregate amount of £200,000.

Special Resolutions

9. That the Articles of Incorporation be amended to allow the withholding of 30% tax under FATCA.

Dated 21 April 2016
By order of the Board

HSBC Securities Services (Guernsey) Limited
Company Secretary

Notes

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and any adjournment thereof and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
2. A form of proxy is attached which, if required, should be completed in accordance with these instructions and the instructions thereon.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes to the form of proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

If you do not intend to attend the meeting please complete and return the form of proxy as soon as possible.

4. You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to different shares or a different class of shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy the form of proxy. Please indicate the proxy holder's name and the number and class of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares of the relevant class held by you). Please indicate if the proxy instruction is one of multiple instructions being given. All forms of proxy must be signed and should be returned together in the same envelope.
5. The notes to the form of proxy explain how to direct your proxy to vote on each resolution or abstain from voting.

   To appoint a proxy using the form of proxy, the form of proxy must be:

   - completed and signed;
   - sent or delivered to the Company's Registrars, Capita Asset Services, FREEPOST CAPITA PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU United Kingdom received by the Company's registrars no later than 10.00 am on 8th June 2016.

   In the case of a member which is an individual the form of proxy must be signed under the hand of the appointer or the appointer's attorney duly authorised in writing or in the case of a member which is a company, the form or proxy must be executed either under its common seal or under the hand of an officer or attorney so authorised.

   Any power of attorney or any other authority under which the form of proxy is signed or any instrument appointing a proxy (or a notarially certified copy of such power or authority) must be included with the form of proxy.
6. To change your proxy instructions simply submit a new form of proxy using the methods set out above and in the notes to the form of proxy. Note that the cut-off date and time for receipt of a form of proxy (see above) also apply in relation to amended instructions; any amended form of proxy received after the relevant cut-off date and time will be disregarded.

   Where you have appointed a proxy using the hard-copy form of proxy and would like to change the instructions using another hard-copy form of proxy, please contact Capita Asset Services on 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge). If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. – 5.30 p.m. Monday to Friday excluding public holidays in England and Wales.

   If you submit more than one valid form of proxy, the form received last before the latest time for the receipt of proxies will take precedence.
7. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services at the address above. In the case of a member which is an individual the revocation notice must be under the hand of the appointer or of his attorney duly authorised in writing or in the case of a member which is a company, the revocation notice must be executed either under its common seal or under the hand of an officer of the company or an attorney duly authorised. Any power of attorney or any other authority under

which the revocation notice is signed (or a notarially certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by the Capita Asset Services no later than 10.00 am on 8th June 2016. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

8. Except as provided above, members who have general queries about the meeting should contact Capita Asset Services on 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge). If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. – 5.30 p.m. Monday to Friday excluding public holidays in England and Wales.

9. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the Company's agent RA10 by 10:00 am on 8th June 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the United Kingdom Uncertificated Securities Regulations 2001. In any case your form of proxy must be received by the Company's registrars no later than 10.00 am on 8th June 2016.

10. Entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at 6.00 p.m. on 8th June 2016. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Upon completion please return the form of proxy to the following address to arrive no later than 10.00 am on 8th June 2016: Capita Asset Services, FREEPOST CAPITA PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU United Kingdom

MANAGEMENT AND ADMINISTRATION

DIRECTORS:	Howard Myles (Chairman) Edward Flood (deceased 15 October 2015) Charles Hansard Clive Newall Christopher Sherwell *(all of whom are non-executive and independent)*
REGISTERED OFFICE:	Arnold House St. Julian's Avenue St. Peter Port Guernsey Channel Islands
MANAGER:	Baker Steel Capital Managers (Cayman) Limited PO Box 309 George Town Grand Cayman KY1-1104 Cayman Islands
INVESTMENT MANAGER:*	Baker Steel Capital Managers LLP 34 Dover Street London W1S 4NG England United Kingdom
STOCK BROKERS:	Numis Securities Limited 10 Paternoster Square London EC4M 7LT United Kingdom
SOLICITORS TO THE COMPANY: (as to English law)	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ United Kingdom
ADVOCATES TO THE COMPANY: (as to Guernsey law)	Ogier Redwood House St. Julian's Avenue St. Peter Port Guernsey GY1 1WA Channel Islands
ADMINISTRATOR & COMPANY SECRETARY:	HSBC Securities Services (Guernsey) Limited Arnold House St. Julian's Avenue St. Peter Port Guernsey GY1 3NF Channel Islands

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

MANAGEMENT AND ADMINISTRATION (CONTINUED)

SUB-ADMINISTRATOR TO THE COMPANY:	HSBC Securities Services (Ireland) Limited 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
CUSTODIAN TO THE COMPANY:	HSBC Institutional Trust Services (Ireland) Limited 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
SAFEKEEPING AND MONITORING AGENT:	HSBC Institutional Trust Services (Ireland) Limited 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
AUDITOR:	Ernst & Young LLP Royal Chambers St. Julian's Avenue St. Peter Port Guernsey GY1 4AF Channel Islands
REGISTRAR:	Capita Registrars (Guernsey) Limited Mont Crevelt House Bulwer Avenue St. Sampson Guernsey GY2 4LH Channel Islands
UK PAYING AGENT AND TRANSFER AGENT:	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom
RECEIVING AGENT:	Capita Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom
PRINCIPAL BANKER:	HSBC Bank plc 8 Canada Square London E14 5HQ United Kingdom