

bakersteel
resourcestrust

BAKER STEEL RESOURCES TRUST LIMITED

Annual Report and Audited Financial Statements

For the year ending 31 December 2017

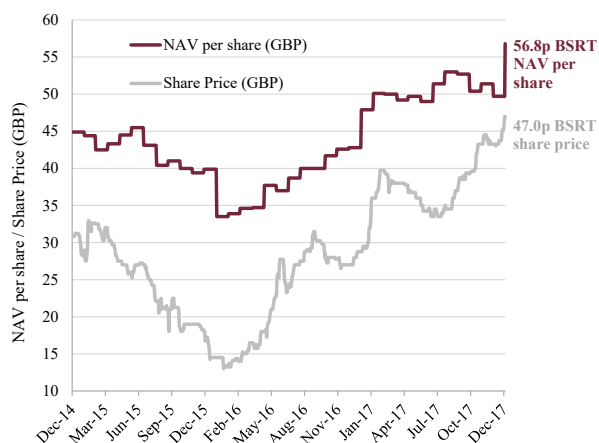
CONTENTS	PAGE
Mission Statement	2
Chairman's Statement	3
Investment Manager's Report	4-8
Portfolio Statement	9-10
Strategic Report	11-15
Board of Directors	16
Directors' Report	17-23
Report of the Audit Committee	24-27
Independent Auditor's Report	28-32
Statement of Financial Position	33
Statement of Comprehensive Income	34-35
Statement of Changes in Equity	36
Statement of Cash Flows	37
Notes to the Financial Statements	38-58
Appendix - additional information (unaudited)	59
Glossary of Terms	60-61
Management and Administration	62-63

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.

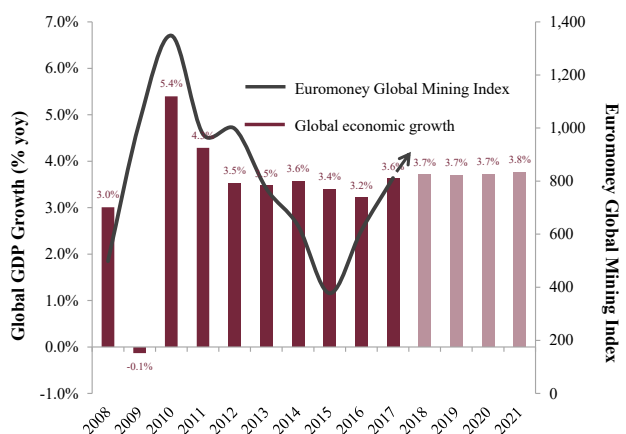
BSRT has increased its NAV and generated strong share price performance during 2017, supported by an economic environment which is increasingly positive for natural resources and mining.

Baker Steel Resources Trust - 3 Year Performance



Source: Bloomberg, Baker Steel internal
Data at 31 December 2017

Global GDP Growth is Increasing Steadily



Source: Bloomberg, International Monetary Fund, World Economic Outlook Database, October 2017
Notes: Euromoney Global Mining Index Total Return in USD terms.

CHAIRMAN'S STATEMENT

For the year ended 31 December 2017

I write to you today with the mining market further on the road to recovery. In 2017 commodity prices consolidated on the gains made the previous year and then moved forward again towards the end of the year on the back of positive supply/demand dynamics. Mining equities followed this with the Euromoney Global Mining Index slightly down in the first half of 2017 but rising 21.8% in the second half to end up 20.7% on the year. The Company's net asset value moved broadly in line with this being up 18.6%.

The advantage of proactively managing the Company's investments has been demonstrated by the successful investment in Polar Acquisition Limited and its subsidiaries ("PAL"). During the downturn in 2014 and 2015, the Company was able to increase its holdings in convertible loans to PAL's subsidiaries and then in 2016 we were able to achieve a more favourable equity-for-debt swap which meant the Company effectively gained control of the PAL Group. In early 2017, Russian based Polymetal International plc ("Polymetal") was brought in to fund and undertake the feasibility study for the underlying Prognoz Silver Project. In April 2018, Polymetal acquired PAL's subsidiary, Polar Silver, for a consideration of 6,307,000 Polymetal shares equating to US\$59.4 million as at 12 April 2018. In addition, PAL will retain a royalty over the future production from the Prognoz mine which together with the consideration payable in Polymetal shares valued PAL at US\$ 90 million and accordingly the Company's 46.2% ownership of PAL at US\$42 million. After taking into account the US\$ 6 million realised in 2017, and the first quarter 2018 movement in the Polymetal share price, this is approximately a 2.7 times return on investment as at 12 April 2018.

The current point in the cycle appears to be an attractive time for investing in mining projects. During downturns good projects often get put into "hibernation" as the owners of such projects await an upturn and are unwilling to destroy interest in a project by trying and failing to finance it. Over the past year the Investment Manager has seen an increasing number of interesting projects whilst the upturn has not gained sufficient strength that expectations on pricing have become overstretched. Towards the end of 2017 and early in 2018, the Company made its first major new investment for three years, investing AS\$10 million in Futura Resources Limited ("Futura") (formerly Queensland Coal Investment Holdings) through a convertible loan. Importantly, the pricing of the convertible was established before the 73.6% increase in the price of coking coal in the second half of the year. The attraction for the Company was the extremely high level of infrastructure around Futura's properties including a rail line through the property and a nearby coal wash plant with excess capacity.

The Company also made a number of seed investments during the year which may become opportunities for further investment in the future. As in the cases of the recent investment in Futura and increased investment in the Moroccan cement/oil shale project CEMOS, the Company's preferred form of new investment will be in convertible loans, which provide a measure of downside protection whilst maintaining the upside should the investment perform according to plan. Investments in new projects are likely in the first instance be financed through the sales of Ivanhoe and Polymetal shares which are both highly liquid, albeit 90% of the latter are subject to a lock-up until October 2018.

Generally, the current global recovery has been supportive of sentiment towards the mining sector. The sub-sector of the market enjoying the most investor interest is that associated with electrification of motor vehicles and battery technology. Although the Company is not interested in jumping on the latest bandwagon especially in commodities with volatile and unclear supply and demand, copper is likely to be one of the key beneficiaries of electric cars and the Company already has significant exposure to copper through its investments in Ivanhoe and Nussir. On the "battery metal" front the Company has exposure to lithium and vanadium through PRISM Diversified Limited (formerly Ironstone Resources Ltd). In addition, the increasing use of silver for photovoltaic reinforces silver as a "green" metal and should drive demand.

During 2017 the Company's share price rose 63.5% and the discount to NAV narrowed from 40% to 5.5% as at 29 December 2017 and 16% at the time of writing.

Following the first phase of recovery seen in 2016 and 2017, the mining market appears to have entered a consolidation phase but, while acknowledging the current geopolitical uncertainty, I continue to be confident that shareholders will be able to reap the benefits from the latent value in the Company's existing portfolio as well as from new opportunities.

Howard Myles
Chairman
23 April 2018

INVESTMENT MANAGER'S REPORT**For the year ended 31 December 2017****Financial Performance**

The audited undiluted Net Asset Value per Ordinary Share ("NAV") as at 31 December 2017 was 56.8 pence, an increase of 18.6% in the year but a decrease of 42.0% from the Company's first NAV calculated on 30 April 2010. During the year the Euromoney Global Mining Index was up 20.7% (down 13.8% since 30 April 2010).

For the purpose of calculating the NAV per share, unquoted investments are carried at fair value as at 31 December 2017 as determined by the Directors and quoted investments are carried at last quoted price as at 31 December 2017.

Net assets at 31 December 2017 comprised the following:

	£m	% net assets
Unquoted Investments	53.2	80.6
Quoted Investments	11.9	18.0
Cash and other net assets	0.9	1.4
	<hr/>	<hr/>
	66.0	100.0

Investment Update

Largest 10 Holdings – 31 December 2017	% of NAV
Polar Acquisition Limited	37.4%
Bilboes Gold Limited	12.6%
Ivanhoe Mines Limited	11.3%
Cemos Group Plc	9.1%
Metals Exploration Plc	6.8%
Sarmin Minerals Exploration Inc	4.5%
Queensland Coal Investment Holdings Ltd	4.4%
Black Pearl Limited Partnership	3.9%
Ironstone Resources Limited	3.8%
Nussir ASA	3.1%
	<hr/>
	96.9%
Other Investments	1.8%
Cash and other net assets	1.3%
	<hr/>
	100.0%

Largest 10 Holdings – 31 December 2016	% of NAV
Polar Acquisition Limited	37.9%
Bilboes Gold Limited	13.6%
Ivanhoe Mines Limited	11.4%
Metals Exploration Plc	10.0%
Cemos Group Plc	6.8%
Black Pearl Limited Partnership	5.1%
Ironstone Resources Limited	4.5%
Nussir ASA	3.5%
China Polymetallic Mining Company Limited	2.4%
Archipelago Metals Limited	2.4%
	<hr/>
	97.6%
Other Investments	1.5%
Cash and other net assets	0.9%
	<hr/>
	100.0%

INVESTMENT MANAGER'S REPORT (CONTINUED)**For the year ended 31 December 2017****Investment Update**

At the year end, the Company was fully invested, holding 16 investments of which the top ten holdings comprised 97% of the portfolio by value. The portfolio is well diversified both in terms of commodity and the geographical location of the projects. In terms of commodity the portfolio is concentrated on the large liquid markets of silver, gold, iron ore, coal, copper, platinum group metals and nickel. Its projects are located in Australia, Canada, Democratic Republic of Congo, Germany, Indonesia, Madagascar, Mongolia, Morocco, Norway, the Philippines, Republic of Congo, Russia, South Africa, Vietnam and Zimbabwe.

During the first half of 2017, the mining market consolidated on the recovery started in 2016 and then moved forward again in the second half with the Euromoney Global Mining Index up 20.7% during the year. This was as a result of a strong performance by the major commodities in the second half of 2017 with silver up 1.9%, gold up 5%, iron ore up 14.5%, coking coal up 73.6% and copper up 21.6%.

During the year the steps taken in 2016 to reorganise the Polar Acquisition Limited group ("PAL") started to bear fruit. In January 2017, Polymetal International plc ("Polymetal") agreed to acquire a 10% interest in PAL's subsidiary, Polar Silver, and took on the obligation to undertake 25,000 metres of diamond drilling, and to complete a technical study. This helped attract Sprott Inc as an investor in a US\$4.75 million zero coupon convertible loan. These funds were used by PAL to repurchase its own shares from existing shareholders including the Company. During the year the Company also sold a further 11% of its PAL holding for proceeds of US\$2.9 million in order to reduce its effective position in PAL to below 50% (of PAL) and to reduce concentration risk. In 2017 the carrying value of PAL shares rose 60% making it the largest contributor to the increase in the Company's NAV.

Following the year end PAL sold its 90% shareholding in Polar Silver for 6,307,000 Polymetal shares, equating to US\$59.4 million on 12 April 2018. PAL will retain a royalty over the future production from the Tier 1 Prognoz Silver project. The Company has invested a total of US\$15.7 million over the past seven years, realised US\$6 million during 2017 and, together with the Polymetal shares and the value of the royalty, this is equivalent to a further 8% rise on the year end valuation of PAL in US Dollar terms and approximately 2.7 times return on investment as at 12 April 2018.

The Company's second largest investment, Bilboes Gold Limited ("Bilboes") completed a pre-feasibility study ("PFS") on its Isabella-McCays-Bubi gold project in Matabeleland, Zimbabwe during the year. Indicated resources totalled 48 million tonnes grading 2.42 g/t containing 3.7 million ounces of gold. In addition, a further 1.1 million ounces of inferred resources were identified. The PFS envisages a two phase open pit development at a start-up capital cost of US\$109 million for an initial production rate of 100,000 ounces of gold per annum, increasing to 200,000 ounces of gold per annum in 3 years. Average cash costs for the twelve year mine life are forecast at US\$703/ounce gold with the economics giving an NPV (at a 10% discount rate) of US\$167 million with an internal rate of return of 34% using a gold price of US\$1,250 per ounce. Bilboes is now moving forward with a bankable feasibility study for the project for which it is fully funded and which is expected to be completed in early 2019.

It is still too early to tell what the effect of the changes in government in Zimbabwe will be, but the removal of the requirement to have 51% of the equity owned by indigenous Zimbabweans announced in the new administration's first budget should ease the process of raising capital for the development of Bilboes' mine in 2019.

Ivanhoe Mines continued to make good progress on all three of its Tier 1 projects. At the Kamoia-Kakula copper project in the Democratic Republic of Congo ("DRC"), Ivanhoe completed an updated Preliminary Economic Assessment ("PEA") for an initial six million-tonne-per-annum copper mine at Kakula with a subsequent expansion to 12 million tonnes of ore per annum with the opening of a separate mine at Kamoia. The upfront capital cost is estimated at US\$1.2 billion, with the expansion funded from cash flows or project finance. Anticipated expansion of production by 12 million tonnes of ore per annum would deliver average annual production of 370,000 tonnes of copper at a total cash cost of US\$1.02/lb copper during the first 10 years of operations and production of 542,000 tonnes of copper by year nine. The economics for this scenario forecast a net present value (8%) of US\$7.2 billion with an internal rate of return of 33%. At the Kipushi zinc mine also in DRC, Ivanhoe announced the results of a positive pre-feasibility study for the reopening of the mine at an annual production rate of 225,000 tonnes of zinc and cash cost of US\$0.48/lb. Economics forecast a net present value (8%) of US\$ 683 million with an internal rate of return of 35% at a zinc price of US\$1.10/lb.

During 2017, Ivanhoe passed the halfway stage in the drilling of its 980 metre Shaft 1 at its platinum group metal ("PGM") Platreef mine in South Africa and published a definitive feasibility study ("DFS") for a staged development of the mine. The DFS envisages a first phase of development with an annual throughput rate of four million tonnes a year, producing 476,000 ounces of platinum, palladium, rhodium and gold ("PGM"), plus 21 million pounds of nickel and 13 million pounds of copper for 32 years. Pre-production capital costs total US\$1.5 billion with an operating cost of US\$739/oz PGM, which falls to US\$326/oz after taking into account nickel and copper by-product credits. The economic results of the feasibility study give a post-tax net present value (8%) of US\$916 million and an internal rate of return of 14.2%.

INVESTMENT MANAGER'S REPORT (CONTINUED)

For the year ended 31 December 2017

Investment Update (continued)

Ivanhoe's share price on the Toronto Stock Exchange rose 67% during the year, although it has fallen 36% during the first quarter of 2018 following an increase in taxes in the DRC. Its market capitalisation is \$1.67 billion as at 29 March 2018.

The proceeds of the PAL sale transactions provided the opportunity for the Company to start investing in new projects as well as supporting the development of existing investments. One of the latter was CEMOS Group PLC which commenced the construction of a cement plant at its Tarfaya project in Morocco. The cement plant has been manufactured in Germany, shipped to Morocco, and will be constructed and initially operated by Loesche GmbH, which is based in Düsseldorf, Germany, which has also provided vendor financing for the plant. The cement plant will have a capacity of up to 270,000 tonnes per annum and is planned to be in production mid-2018. Total capital costs and working capital are budgeted at under €12 million and the operation is expected to have annual revenues of approximately €25 million and a payback of around two years. The 8% reduction in carrying value of CEMOS equity was a result of the pricing of the convertible loan stock, of which 48.6% was taken up by the Company, rather than the economic prospects of CEMOS.

In December 2017 and February 2018, the Company made its first significant new investment for some time with the investment of A\$10 million in convertible loan notes ("CLN") in Futura Resources Limited (formerly Queensland Coal Investment Holdings Limited) ("Futura"). Futura owns the Wilton and Fairhill coking coal projects in the Bowen Basin in Queensland, Australia, which is well known for its high quality coking mines. The forecast low capital costs to bring the projects into production together with excellent local infrastructure means Futura is targeting first positive cashflows before the end of 2018.

During the year, the Company also made a new investment in Sarmin Minerals Exploration Inc which holds a potash exploration licence in the Republic of Congo, and following positive results from its drilling in 2017 is on schedule to complete a pre-feasibility study in the second half of 2018. The Company also made seed investments in Anglo Saxony Mining Limited, which holds the rights to a previously producing tin mine in Germany, and in Indian Pacific Resources Limited which has iron ore licences in Madagascar.

Elsewhere in the portfolio Metals Exploration plc continued to commission its Runruno goldmine in the Philippines and whilst the majority of the operation has reached full capacity, Metals Exploration struggled to achieve the requisite recoveries out of the BIOX plant. Nussir is moving forward with the DFS on its Nussir/Ulveryggen copper project in Norway following the positive pre-feasibility study at the end of 2016. The DFS is expected to be completed in the first half of 2019. In the iron ore sector, Black Pearl continued discussions regarding the use of its mine as the basis for a new steel plant in Indonesia and PRISM Diversified Limited (formerly Ironstone Resources Limited) continued its policy of moving away from being a pure iron ore developer towards a greater focus on process and technology innovation. At Gobi Coal and Energy a change of management has led to a rationalisation of peripheral assets and the strength of the price of coking coal in the second half of 2017 should enhance the prospects of either the development or sale of its flagship Shinejst project.

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

Description of Largest Investments at 31 December 2017

Polar Acquisition Limited ("PAL")

PAL is a private company which holds a 45% indirect interest in the Prognoz silver project ("Prognoz"), 444km north of Yakutsk in Russia.

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. A pre-feasibility study is being undertaken by Polymetal International plc and is expected to be completed around the end of 2018. Following the year end, 31 December 2017, Polymetal agreed to acquire the interest in Prognoz although PAL retains a royalty.

Bilboes Gold Limited ("Bilboes")

Bilboes is a private Zimbabwean based gold mining company which has JORC compliant Indicated Mineral Resources of 48 million tonnes grading 2.42 g/t gold, containing 3.7 million ounces of gold, and a further 1.1 million ounces in Inferred Mineral Resources. A positive pre-feasibility study into a mine producing up to 200,000 ounces per annum was completed in 2017, and a definitive feasibility is due for completion in the first half of 2019.

INVESTMENT MANAGER'S REPORT (CONTINUED)

For the year ended 31 December 2017

Description of Largest Investments at 31 December 2017 (continued)

Ivanhoe Mines Limited ("Ivanhoe")

Ivanhoe is a company listed on the Toronto Stock Exchange which holds the Kamao-Kakula copper project (39.6% 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 Kamao-Kakula 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 1,340 million tonnes grading 2.72% copper containing 36.6 million tonnes of copper. The resource statement also included 5.9 million tonnes of copper in Inferred Mineral Resources providing combined contained copper of 42.5 million tonnes, establishing Kamao as the largest copper discovery in Africa and one of the largest in the world. A Preliminary Economic Assessment for an initial six million-tonne-per-annum copper mine at Kakula with a subsequent expansion to 12 million-tonnes-per-annum with the opening of a separate mine at Kamao was completed in 2017.

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 to contain 42.0 million ounces of 4PE (platinum, palladium, gold and rhodium), with an additional 52.8 million ounces in Inferred Mineral Resources using a 2g/t cut-off grade. A definitive feasibility study was completed in 2017 for a first phase of development with an annual throughput rate of four million tonnes a year, producing 476,000 ounces of platinum, palladium, rhodium and gold, plus 21 million pounds of nickel and 13 million pounds of copper for 32 years.

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. A positive pre-feasibility study for the reopening of the mine at an annual production rate of 225,000 zinc was completed in 2017.

Cemos Group plc ("Cemos")

Cemos is a private cement manufacturer and oil shale explorer and developer whose key asset is the Tarfaya project in Morocco containing JORC compliant Measured Resources of 308 million barrels of shale oil. As a first step for development, Cemos is in the process of constructing a cement plant at Tarfaya which will have a capacity of up to 270,000 tonnes per annum and is planned to be in production mid-2018. The potential to use the hydrocarbons in the shale as an energy source for a larger cement production and electricity generating facility will be the subject of a feasibility for phase 2 of the project.

Metals Exploration plc ("Metals Exploration")

Metals Exploration is an AIM listed company which owns the Runruno gold mine 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. The Runruno mine, which is in the process of ramping up towards full production of approximately 100,000 ounces of gold per annum, produced 36,000 ounces of gold in 2017.

Sarmin Minerals Exploration Inc ("SMEI")

SMEI is private company evaluating a Potash project in the Republic of Congo. A pre-feasibility study is due for completion in the second half of 2018.

Futura Resources Limited ("Futura") (formerly Queensland Coal Investment Holdings Ltd)

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

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. JORC compliant Mineral Resources stand at 572 million tonnes grading 10% Fe. Due to mining regulations brought into force in January 2014, 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.

INVESTMENT MANAGER'S REPORT (CONTINUED)

For the year ended 31 December 2017

Description of Largest Investments at 31 December 2017 (continued)

PRISM Diversified Limited (formerly Ironstone Resources Limited) ("PRISM")

PRISM 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 557.7 million tonnes at 33.3% iron and 0.2% vanadium and an Inferred Resource of 94.7 million tonnes at 34.1% iron.

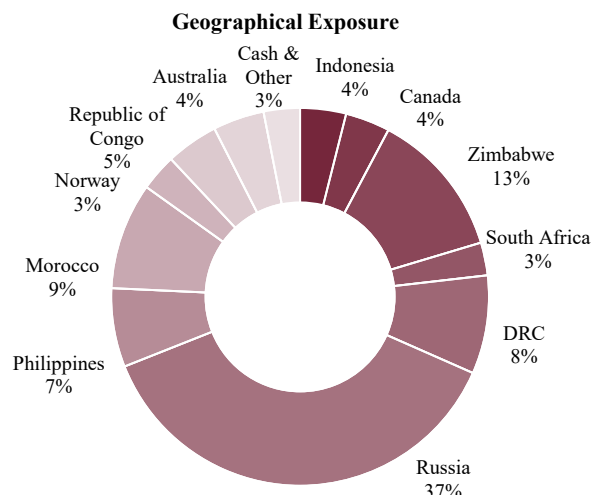
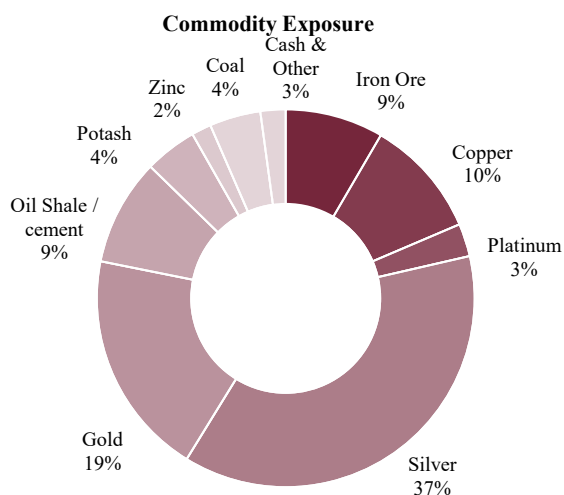
Nussir ASA ("Nussir")

Nussir is a Norwegian private company whose key asset is the Nussir and Ulveryggen copper project in Northern Norway. A JORC compliant report estimated Indicated Mineral Resources at 21.3 million tonnes grading 1.1% copper containing 243,000 tonnes of copper. The resource statement also included 574,000 million tonnes of copper in Inferred Mineral Resources providing combined contained copper of 817,000 tonnes. A pre-feasibility study into a mine producing up to 20,000 tonnes of copper per annum was completed at the beginning of 2017.

Gobi Coal & Energy Limited ("Gobi")

Gobi is an emerging coking coal producer based in Mongolia, which owns 100% of two open-cut coal development projects in south western Mongolia. Gobi's projects contain JORC resources of approximately 318 million tonnes of coking coal.

Baker Steel Capital Managers LLP
Investment Manager



Source: Baker Steel internal
Data at 31 December 2017

BAKER STEEL RESOURCES TRUST LIMITED**PORTFOLIO STATEMENT
AT 31 DECEMBER 2017**

Shares /Warrants/ Nominal	Investments	Fair value £ equivalent	% of Net assets
<u>Listed equity shares</u>			
Canadian Dollars			
2,963,001	Ivanhoe Mines Limited	7,412,239	11.24
Canadian Dollars Total		7,412,239	11.24
Great Britain Pounds			
122,760,000	Metals Exploration Plc	4,450,050	6.75
Great Britain Pounds Total		4,450,050	6.75
Total investment in listed equity shares		11,862,289	17.99
<u>Debt instruments</u>			
Australian Dollars			
200,000	Indian Pacific Resources Limited Loan Note	227,839	0.35
100	Queensland Coal Investment Holdings Subscription Note	2,890,307	4.38
Australian Dollars Total		3,118,146	4.73
Canadian Dollars			
250,500	Ironstone Resources Limited Loan Note	318,160	0.48
Canadian Dollars Total		318,160	0.48
Euro			
608	Cemos Group Plc Loan Note	2,700,798	4.10
Euro Total		2,700,798	4.10
United States Dollars			
440,000	Bilboes Holdings Convertible Loan Note	736,406	1.12
220,000	Bilboes Holdings Loan Note	148,457	0.22
7,000,000	Black Pearl Limited Partnership Loan Note	2,589,715	3.93
United States Dollars Total		3,474,578	5.27
Total investments in debt instruments		9,611,682	14.58

BAKER STEEL RESOURCES TRUST LIMITED**PORTFOLIO STATEMENT (CONTINUED)
AT 31 DECEMBER 2017**

Shares /Warrants/ Nominal	Investments	Fair value £ equivalent	% of Net assets
<u>Unlisted equity shares and warrants</u>			
Australian Dollars			
20,011,015	Indian Pacific Resources Limited	202,433	0.31
Australian Dollars Total		202,433	0.31
Canadian Dollars			
13,083,936	Ironstone Resources Limited	2,200,063	3.34
143,143	Ironstone Resources Limited Warrants 28/02/2018	866	-
3,643,272	Ironstone Resources Limited Warrants 28/02/2018	115	-
Canadian Dollars Total		2,201,044	3.34
Great Britain Pounds			
2,000,000	Anglo Saxony Mining Limited	200,000	0.30
1,594,646	Celadon Mining Limited	15,946	0.02
24,004,167	Cemos Group Plc	3,324,577	5.04
Great Britain Pounds Total		3,540,523	5.36
Norwegian Krone			
11,457,628	Nussir ASA	2,071,322	3.14
Norwegian Krone Total		2,071,322	3.14
United States Dollars			
17,151,567	Archipelago Metals Limited	126,908	0.19
2,000,000	Archipelago Metals Limited Warrants 31/12/2018	-	-
451,445	Bilboes Gold Limited	7,432,224	11.27
4,244,550	Gobi Coal & Energy Limited	376,875	0.57
1,000,000	Midway Resources International	36,996	0.06
15,019	Polar Acquisition Limited	24,648,274	37.39
50	Sarmin Minerals Exploration Inc	2,959,674	4.49
United States Dollars Total		35,580,951	53.97
Total Unlisted equity shares and warrants		43,596,273	66.12
Financial assets held at fair value through profit or loss		65,070,244	98.69
Other Assets & Liabilities		861,212	1.31
Total Equity		65,931,456	100.00

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. 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 2018 and at each third AGM convened by the Board thereafter, the Board will propose a special resolution to discontinue (the Company) 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 described in the Company’s Prospectus 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.

Subject to meeting solvency requirements, if the Ordinary Shares trade at a discount in excess of 15 per cent to their NAV, the Board will consider whether the Company should buy back its own Ordinary Shares, taking into account conditions in the stock market and mining markets.

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 2017, the Board comprised four Directors.

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 Alternative Investment Fund Manager (“AIFM”) and is responsible for the portfolio management and risk management of the Company. The Investment Manager manages the Company in accordance with the Alternative Investment Fund Management Directives (“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, and within limits set by the Board, 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 current and prior 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 be between 5 per cent and 15 per cent of 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.

The Company's investment in Polar Silver Resources Limited and/or any company within its group (the Polar Silver Group) may exceed the limit set out above provided that the Company will not invest or lend more than 35 per cent in aggregate of the value of its gross assets in the Polar Silver Group 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.

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 of 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 investment restrictions occurred during the year ended 31 December 2017.

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 3 and the Investment Manager's Report on pages 4 to 8.

Principal risks and uncertainties

A summary of the principal risks and uncertainties faced by the Company is set out below. These have remained unchanged throughout the year.

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 to help mitigate this risk. These are monitored and reported on by the Investment Manager on a regular basis. Further details are disclosed in note 4 on pages 47 to 53.

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 by commodity, 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)

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 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 objectives 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.

There is the risk that the market capitalisation of the Company (on which the Investment Manager'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 contain provisions for a special resolution of shareholders at the AGM in 2018 and every three years thereafter on whether to discontinue the Company. 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 investors, 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 may need to 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 2021. The Board has concluded that, even in circumstances representing such deterioration in markets, it can remain viable until the discontinuation vote proposed in the Notice of General Meeting and should there be a vote to continue, it can remain viable for at least a further three years until the following discontinuation vote in 2021. 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 also available to meet with shareholders as required.

In the event of a winding up of the Company, Shareholders will rank behind any creditors of the Company.

Viability Statement

In accordance with provision C.2.2 of the UK Corporate Governance Code, published by the Financial Reporting Council ("FRC") in September 2014 (the "UK Code"), the Directors have assessed the prospects of the Company over 3.5 years, being the period until the discontinuation vote at the AGM in 2021 should shareholders decide the Company should continue beyond the discontinuation vote in 2018. 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 previously seen pressures from the fall in commodity prices and a move by its share price to a discount to its NAV, which itself has fallen significantly, notwithstanding its recovery in 2016 and 2017. These trends reflect the initial failure of the world's major economies to recover strongly from the global financial crisis of 2007-8 and the subsequent slowing of growth of emerging markets. The current global synchronous growth creates a stronger background for demand for commodities.

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 to an extent 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 2021 AGM assuming shareholders decide the Company should continue at the vote at the forthcoming AGM. The key factor in this assessment is that currently the Company's greatest expense is the 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, having consulted with certain shareholders 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 at the forthcoming AGM.

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, as to its share price and market rating, on investors' view of mining related investments as an asset class. Further comments on the outlook for the Company can be found in the Chairman's Statement on page 3 and the Investment Manager's Report on pages 4 to 8.

Signed on behalf of the Board of Directors by:

Howard Myles

Christopher Sherwell

23 April 2018

BOARD OF DIRECTORS

The Board of Directors is 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 68): 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.

Howard is a member of the Company's Audit Committee.

Charles Hansard (aged 70): Charles Hansard has over 31 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 68): 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.

Clive is a member of the Company's Audit Committee.

Christopher Sherwell (aged 70): Christopher Sherwell has worked since 2004 as a senior Non-Executive Director based in Guernsey with roles in the offshore finance industry. Prior to January 2004, Christopher was 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.

Christopher is the Chairman of the Audit Committee of the Company.

DIRECTORS' REPORT**For the year ended 31 December 2017**

The Directors of the Company present their eighth annual report and the audited financial statements for the year ended 31 December 2017.

Principal activity and business review

Baker Steel Resources Trust Limited (the "Company") is a closed-ended investment company with limited liability incorporated on 9 March 2010 in Guernsey under the Companies (Guernsey) Law, 2008 with registration number 51576. The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended ("POI Law") and the Registered Collective Investment Scheme Rules 2015 issued by the Guernsey Financial Services Commission ("GFSC"). On 28 April 2010 the Ordinary Shares and Subscription Shares of the Company were admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange.

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

Performance

In the year to 31 December 2017, the Company's NAV per Ordinary Share increased by 18.6% (2016: 43.0%). This compares with a rise in the Euromoney Global Mining Index (capital return in Sterling terms) of 20.7% (2016: rise of 57.9%). A more detailed explanation of the performance of the Company is provided within the Investment Manager's Report on pages 4 to 8.

The results for the year are shown in the Statement of Comprehensive Income on pages 34 and 35 and the Company's financial position at the end of the year is shown in the Statement of Financial Position on page 33.

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. The Company realised an aggregate cash loss for the year ended 31 December 2017 and therefore no distribution will be made for the 2017 financial year under this policy.

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)
Charles Hansard
Clive Newall
Christopher Sherwell

Biographical details of each of the Directors are presented on page 16.

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 2017	Number of Ordinary Shares 2016
Christopher Sherwell	104,198	104,198*
Clive Newall	25,000	25,000

**The figure shown in the 2016 financial statements was misstated by 7,377 shares due to an oversight of certain shares credited to Mr Sherwell following the winding-up of another fund.*

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.

DIRECTORS' REPORT (CONTINUED)**For the year ended 31 December 2017****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.

Following in specie transactions on 25 February 2015 and 4 March 2015, 40,196,071 Ordinary Shares were issued. In addition the Company issued a total of 3,368,488 Ordinary Shares on 4 March 2015 Shares under an open offer.

Following an in specie transaction on 22 September 2016, 1,561,645 Ordinary Shares were issued.

Details of these transactions are included within Note 10 of these financial statements.

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 116,129,980 Ordinary and 10,000 Management Shares in issue as at 31 December 2017, of which 700,000 Ordinary Shares are held in Treasury.

Significant Shareholdings

As at 31 December 2017, the Company had received notifications in accordance with the FCA's Disclosure and Transparency Rule 5.1.2 R of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital.

Ordinary Shareholder	Number of Ordinary Shares 000's	% of Total Shares in issue
Vidacos Nominees Limited*	22,134	18.95%
State Street Nominees Limited*	16,000	13.70%
Brewin Nominees Limited*	15,473	13.24%
Harewood Nominees Limited*	14,171	12.13%
Nortrust Nominees Limited*	10,513	9.00%
Bank of New York Nominees Limited*	6,893	5.90%
BNY Nominees Limited*	6,250	5.35%

* Custodian accounts held on behalf of individual shareholders, the majority of whom retained the associated voting rights. These holdings are aggregated.

The Investment Manager, Baker Steel Capital Managers LLP had an interest in 10,000 Management Ordinary Shares at 31 December 2017 (31 December 2016: 10,000).

Baker Steel Global Funds SICAV – Precious Metals Fund (“Precious Metals Fund”) had an interest in 7,469,609 Ordinary Shares in the Company at 31 December 2017 (2016: 7,669,609). These shares are included in Vidacos Nominees Limited above. Precious Metals Fund has the same Investment Manager as the Company.

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.

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2017

Statement of Directors' Responsibilities (continued)

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; and
- 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. In making this assessment the Board has considered the impending discontinuation vote. Neither the Board nor Investment Manager have had indications from any shareholders intending to vote in favour of the discontinuation of the Company and have had indications from holders of over 30% of the Company's share capital that they intend to vote against the discontinuation vote. Accordingly the Directors have concluded that a vote to discontinue the Company is unlikely to be passed at the 2018 AGM. The Board are satisfied that it has the resources to continue in business for at least 12 months following the signing of these financial statements. As at 31 December 2017, approximately 19.30% 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 on 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.

The Board has noted the publication of proposals for a further revised UK Corporate Governance Code in December 2017 which applies to financial years beginning on or after 1 January 2019. The latest update of the UK Code is to make the code "shorter and sharper" than its previous iteration with supporting principles removed and either incorporated into new principles and provisions, or moved to guidance on board effectiveness. The Board is considering the Company's future governance in light of these new provisions.

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2017

Corporate Governance Compliance (continued)

Throughout the year ended 31 December 2017, 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.

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

The Board considers these provisions are not relevant for 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.

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 cash flow 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, and that they have sufficient time to fulfil their obligations to the Company.

• **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 are not required to retire by rotation; 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.

• **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 2017

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	
	Held	Attended	Held	Attended
Howard Myles	4	4	4	4
Christopher Sherwell	4	4	4	4
Charles Hansard	4	4	4	N/A
Clive Newall	4	4	4	4

In addition to formal meetings, all Directors contribute to a significant ad hoc exchange of views with 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 2017 the total remuneration of the Directors was £115,000 (2016: £115,000), with £28,750 (2016: £28,750) payable at year end.

- 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.

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2017

Operation and composition of the Board (continued)

Committees

The Committees of the Board have formal Terms of Reference which are available on the Company's webpage <http://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 them and is responsible for the systems of internal control. At each quarterly Board meeting, compliance reports are provided by the Administrator 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 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.

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2017

Internal Controls (continued)

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 Audited 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

Subsequent to the year-end Polar Acquisition Limited sold its 90% interest in Polar Resources Limited for shares in Polymetal International plc. As a consequence, the carrying value of PAL at 12 April 2018 had increased by 8% over the value at 31 December 2017.

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

Signed on behalf of the Board of Directors by:

Howard Myles

Christopher Sherwell

23 April 2018

REPORT OF THE AUDIT COMMITTEE

For the year ended 31 December 2017

The function of the Audit 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 UK 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 considers the adequacy and security of its arrangements for the employees of its service providers to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Audit 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 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 Audit Committee meets a minimum of three times a year to discuss the Interim and Annual Report and Audited 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 the 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.

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 2017

Primary Areas of Judgement

Through its meetings during the year ended 31 December 2017 and its review of the Company's Annual Report and Audited Financial Statements, the Audit Committee considered the following significant risks as well as the principal risks and uncertainties described on pages 13 and 14.

Risk Considered	How addressed
The accuracy of the Company's Annual Report and Financial Statements	Review of the Annual Report and Audited 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.
The effectiveness and independence of the external audit process	The Audit Committee has regular dialogue with the external auditor both before and during the audit process. The auditor presents to the Audit Committee at both the engagement and audit review stage, and confirms its independence at each stage. The Audit 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 BDO Limited ("BDO").

During 2017, the Audit Committee on behalf of the Board of Directors undertook a review of the Company's audit arrangement. Following a tender process, BDO Limited were appointed as the Company's independent external auditor. The appointment was effective 5 September 2017.

The fees due to auditors during the year were as follows:

	2017	2016*
	£	£
Audit Fees	45,000	45,400
Audit Fees	45,000	45,400
UK Corporate Governance Code	-	2,500
Non audit Fees	7,500	7,550
*Agreed Upon Procedures	7,500	7,550
Total Fees	52,500	55,450

* Paid to Ernst & Young LLP

REPORT OF THE AUDIT COMMITTEE (CONTINUED)

For the year ended 31 December 2017

External Audit (continued)

The external auditor provided an audit planning report in advance of the annual audit. An Agreed Upon Procedures report in accordance with ISRS 4400 for the half year ended 30 June 2017 was provided by Ernst and Young LLP. The Audit Committee has the 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.

The Audit Committee confirms that no non audit services were provided by BDO in the year under review.

In conclusion, the Audit Committee is satisfied that the external auditor is independent. The Audit Committee continues to assess the effectiveness of the external auditor, considering the audit planning, adherence to audit standards, competence of the audit team and feedback from the Investment Manager and following the completion of the audit the Audit Committee will make a recommendation regarding the continued appointment of BDO.

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 control 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 2017

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 2017, approximately 19.30% of the Company's assets were represented by cash and unrestricted quoted investments.

Neither the Board nor Investment Manager have had indications from any shareholders intending to vote in favour of the discontinuation of the Company and have had indications from holders of over 30% of the Company's share capital that they intend to vote against the discontinuation vote. Accordingly the Directors have concluded that a vote to discontinue the Company is unlikely to be passed at the 2018 AGM.

On the basis of its review, the Audit Committee is satisfied that the Company has the resources to continue in business for at least 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
23 April 2018

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

Opinion

We have audited the financial statements of Baker Steel Resources Trust Limited (the 'Company') for the year ended 31 December 2017 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law. 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.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 13 and 14 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation on page 19 in the annual report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement on page 19 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on pages 14 and 15 in the annual report as to how they have assessed the prospects of the Company, 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 Company 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

For the year ended 31 December 2017

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion on the financial statements, the key audit matter that had the greatest effect on our audit is included in the table below. In addition, we have set out how we tailored our audit to address this specific area in order to provide an opinion on the financial statements as a whole. This is not a complete list of all risks identified by our audit.

Key Audit Matter	Audit Response
<p>Valuation of investments including unrealised gains/(losses)</p> <p>Refer to the accounting policies on page 39 and Note 3 to the Financial Statements.</p> <p>The majority (81.8%: 2017, 76%: 2016) of the carrying value of the investments relates to the Company's holdings in unquoted investments, which are valued using different valuation techniques as explained in Note 3 (pages 42 to 47).</p> <p>The valuation is subjective, with a high level of judgment and estimation linked to the determination of fair value with limited market information available.</p> <p>As a result of the subjectivity, there is a risk of an inappropriate valuation model being applied, together with the risk of inappropriate inputs to the model being used.</p> <p>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.</p>	<p>We considered the processes, policies and methodologies used by management for fair valuing quoted investments held by the Company including reviewing the hierarchy of application of valuation principles.</p> <p>We performed the following substantive procedures for all unlisted investments:</p> <ul style="list-style-type: none"> • Agreed the manager's application of valuation techniques as appropriate to the circumstances of the asset and the accounting policies applied: • Agreed the inputs into the models to independent sources and evaluated whether all key terms of the agreements had been considered: • Corroborated to independent sources market volatility rates used in each model: • Recalculated management's applied basket of indices for each investment which had an Index valuation: • Agreed recent share issues directly to the underlying investee company to evidence the price of recent transaction: • Agreed the valuation per the models to the financial statements. <p>Our work also included consideration of events which occurred subsequent to the year end until the date of this audit report.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

For the year ended 31 December 2017

Our application of materiality (continued)

For planning, we considered materiality to be the level by which misstatements individually or in aggregate, including omissions, could influence the economic decisions of the relevant users. Based on our professional judgment, we determined materiality for the financial statements as a whole to be £1,073,000, which is based on a level of 1.75% of total assets. We considered total assets to be the most appropriate benchmark due to the Company being an investment fund with the objective of long term capital growth.

We considered the application of materiality at the individual account or balance level and set an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. This performance materiality has been set at £643,800 which is 60% of materiality. This has been set based upon the control environment in place, the Director's assessment of risk and the fact this is our first year of audit.

International Standards on Auditing (UK) also allow the auditor to set a lower materiality for particular classes of transaction, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. In this context, we set a lower level of materiality to apply certain trading activities, such as sensitive overhead expenses. Specific materiality has been determined on the basis of 5% of materiality being £53,650.

We agreed with the Board of Directors that we would report all audit differences in excess of £37,555.

An overview of the scope of our audit

We tailored the scope of our audit taking into account the nature of the Company's investments, involvement of the Manager and the company Administrator, the accounting and reporting environment and the industry in which the Company operates.

In designing our overall audit approach, we determined materiality and assessed the risk of material misstatement in the financial statements.

This assessment took into account the likelihood, nature and potential magnitude of any misstatement. As part of this risk assessment we considered the Company's interaction with the Manager and the company administrator. We considered the control environment in place at the Manager and the company administrator to the extent that it was relevant to our audit. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

As with all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

For the year ended 31 December 2017

Other information (continued)

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to address specifically the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 19** – the statement given by the directors that they consider 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, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on page 25** - the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 19** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company; 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 18 to 19 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

For the year ended 31 December 2017

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Board on 4 December 2017 to audit the financial statements for the year ending 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement is one year, covering the year ending 31 December 2017.

The non-audit services prohibited by the FRC's Ethical Standards were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Richard Michael Searle FCA

23 April 2018

For and on behalf of BDO Limited
Chartered Accountants and Recognised Auditor
Place du Pré
Rue du Pré
St Peter Port
Guernsey

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Notes	2017 £	2016 £
Assets			
Cash and cash equivalents	9	1,060,077	549,612
Other receivables		15,406	123,434
Financial assets held at fair value through profit or loss	3	65,070,244	55,115,567
Total assets		66,145,727	55,788,613
Equity and Liabilities			
Liabilities			
Directors' fees payable	12	28,750	28,750
Management fees payable	7,12	74,679	47,212
Administration fees payable	6	54,221	57,551
Audit fees payable		45,050	36,550
Other payables		11,571	10,760
Total liabilities		214,271	180,823
Equity			
Management Ordinary Shares	10	10,000	10,000
Ordinary Shares	10	81,024,525	81,024,525
Profit and loss account		(15,103,069)	(25,426,735)
Total equity		65,931,456	55,607,790
Total equity and liabilities		66,145,727	55,788,613
Net Asset Value per Ordinary Share (in Pence) – Basic and diluted	13	56.8	47.9

The financial statements on pages 33 to 58 were approved by the Board of Directors on 23 April 2018 and signed on its behalf by:

Howard Myles

Christopher Sherwell

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	Year ended 2017 Revenue £	Year ended 2017 Capital £	Year ended 2017 Total £
Income				
Other income		30,789	-	30,789
Net gain on financial assets at fair value through profit or loss	3	-	11,491,606	11,491,606
Net foreign exchange gain		-	87,966	87,966
Net income		30,789	11,579,572	11,610,361
Expenses				
Management fees	7,12	768,116	-	768,116
Directors' fees	12	115,000	-	115,000
Administration fees	6	96,711	-	96,711
Custody fees		69,537	-	69,537
Broker fees		60,641	-	60,641
Other expenses	8	57,950	-	57,950
Audit fees		52,500	-	52,500
Legal fees		44,560	-	44,560
Directors' expenses		15,229	-	15,229
Interest expenses		6,451	-	6,451
Total expenses		1,286,695	-	1,286,695
Net (loss)/gain for the year		(1,255,906)	11,579,572	10,323,666
Net gain for the year per Ordinary Share:				
Basic and diluted (in pence)	13	(1.1)	10.0	8.9

In the year ended 31 December 2017 there were no other gains or losses than those recognised above.

The Directors consider all results to derive from continuing activities.

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	Year ended 2016 Revenue £	Year ended 2016 Capital £	Year ended 2016 Total £
Income				
Interest income		6,275	-	6,275
Other income		47,956	-	47,956
Net gain on financial assets at fair value through profit or loss	3	-	17,783,965	17,783,965
Net foreign exchange gain		-	12,598	12,598
Net income		54,231	17,796,563	17,850,794
Expenses				
Management fees	7,12	460,570	-	460,570
Directors' fees	12	115,000	-	115,000
Audit fees		95,767	-	95,767
Administration fees	6	93,588	-	93,588
Other expenses	8	69,901	-	69,901
Interest expenses		66,025	-	66,025
Custody fees		59,679	-	59,679
Broker fees		46,245	-	46,245
Legal fees		26,602	-	26,602
Directors' expenses		13,436	-	13,436
Total expenses		1,046,813	-	1,046,813
Net (loss)/gain for the year		(992,582)	17,796,563	16,803,981
Net gain for the year per Ordinary Share:				
Basic and diluted (in pence)	13	(0.9)	15.5	14.6

In the year ended 31 December 2016 there were no other gains or losses than those recognised above.

The Directors consider all results to derive from continuing activities.

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Management Ordinary Shares £	Ordinary Shares £	Treasury Shares £	Profit and loss account (Revenue) £	Profit and loss account (Capital) £	Year ended £
Balance as at 1 January 2016	10,000	80,698,476	(140,492)	(7,292,263)	(34,938,453)	38,337,268
Issue of Ordinary Shares in specie	-	466,541	-	-	-	466,541
Net (loss)/gain for the year	-	-	-	(992,582)	17,796,563	16,803,981
Balance as at 31 December 2016	10,000	81,165,017	(140,492)	(8,284,845)	(17,141,890)	55,607,790
Net (loss)/gain for the year	-	-	-	(1,255,906)	11,579,572	10,323,666
Balance as at 31 December 2017	10,000	81,165,017	(140,492)	(9,540,751)	(5,562,318)	65,931,456
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 2017**

	Notes	Year ended 2017 £	Year ended 2016 £
Cash flows from operating activities			
Net gain for the year		10,323,666	16,803,981
<i>Adjustments to reconcile gain for the year to net cash used in operating activities:</i>			
Interest income		-	(6,275)
Interest expense		6,451	66,025
Net gain on financial assets at fair value through profit or loss	3	(11,491,606)	(17,783,965)
Net decrease/(increase) in receivables		101,754	(100,081)
Net increase in payables		33,448	51,421
		(1,026,287)	(968,894)
Interest paid		(177)	(5,742)
Net cash used in operating activities		(1,026,464)	(974,636)
Cash flows from investing activities			
Purchase of financial assets at fair value through profit or loss		(9,542,851)	(2,024,331)
Sale of financial assets at fair value through profit or loss		11,079,780	2,986,478
Net cash provided by investing activities		1,536,929	962,147
Net increase/(decrease) in cash and cash equivalents		510,465	(12,489)
Cash and cash equivalents at the beginning of the year		549,612	562,101
Cash and cash equivalents at the end of the year	9	1,060,077	549,612

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. GENERAL INFORMATION

Baker Steel Resources Trust Limited (the “Company”) is a closed-ended investment company with limited liability incorporated and domiciled on 9 March 2010 in Guernsey under the Companies (Guernsey) Law, 2008 with registration number 51576. The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors Law and the Registered Collective Investment Scheme Rules 2015 issued by the Guernsey Financial Services Commission (“GFSC”). On 28 April 2010 the Ordinary Shares and Subscription Shares of the Company were admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange. The Company’s Ordinary and Subscription Shares were admitted to the Premium Listing Segment of the Official List on 28 April 2010.

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

The Company’s portfolio is managed by Baker Steel Capital Managers (Cayman) Limited (the “Manager”). The Manager has appointed Baker Steel Capital Managers LLP (the “Investment Manager”) as the Investment Manager to carry out certain duties. The Company’s investment objective is to seek capital growth over the long-term through a focused, global portfolio consisting principally of the equities, or related instruments, of natural resources companies. The Company invests predominantly in unlisted companies (i.e. those companies which have not yet made an Initial Public Offering (“IPO”)) and also in listed securities (including special situations opportunities and less liquid securities) with a view to exploiting value inherent in market inefficiencies and pricing anomalies.

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.

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 2017**

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 have had the most significant effect on the amounts recognised in the financial statements:

Assessment as Investment Entity

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

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

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

Subsidiaries

Entities in which the Company holds more than 50% of the voting rights, and where the Company has appointed or has the right to appoint the majority of directors or where the Company is otherwise able to exercise control are considered as subsidiaries of the Company. These are disclosed in Note 15 of these financial statements. Investments in subsidiaries are carried at fair value through profit or loss.

Associates

The Directors consider that entities over which the Company exercises significant influence, including where it holds between 20% and 50% of the voting rights, or where there is a shareholders agreement giving the Company the right to appoint a director and the right to veto significant financial decisions should be considered as associates of the Company. These are disclosed in Note 14 of the financial statements. This also includes entities where the Company has representation on the board and such representation is considered to have significant influence over the major decisions of such entity.

Going Concern

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

Neither the Board or Investment Manager have had indications from any shareholders intending to vote in favour of the discontinuation of the Company and have had indications from holders of over 30% of the Company's share capital that they intend to vote against the discontinuation vote. Accordingly the Directors have concluded that a vote to discontinue the Company is unlikely at the 2018 AGM.

(ii) Estimates and assumptions

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

(iii) Fair value of financial instruments

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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. All derivatives are classified as held for trading and are included in financial assets at fair value through profit or loss.

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.

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 an 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 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. 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 and interest expense are recognised on an accruals basis.

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 face value.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Expenses

All expenses are recognised on an accruals basis

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) Accounting standards and amendments to existing accounting standards in issue but 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

IFRS 9 Financial Instrument, effective date for annual periods beginning on or after 1 January 2018, specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. The standard changes the approach for classification and measurement of financial assets compared with the requirements of IAS 39 Financial Instruments: Recognition and Measurement. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria.

The Company's financial assets in equity instruments and derivative instruments continue to be at fair value through profit or loss ("FVTPL"). Debt instruments are measured at FVTPL as the Company's business model is to convert the debt to equity and sell for gain.

The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and the business model under which they are held. However, it is not expected that classification of financial assets and liabilities will change from FVTPL and therefore it is not expected that the implementation of IFRS 9 on 1 January 2018 and reflected in the financial statements as at year end 31 December 2018 will have a significant impact on the financial statements given most financial instruments are expected to be at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investment Summary:	Year ended 2017	Year ended 2016
	£	£
Opening book cost	54,964,732	56,701,184
Purchases at cost	9,542,851	2,490,872
Proceeds on sale	(11,079,780)	(2,982,758)
Realised losses	(2,647,071)	(1,244,566)
Closing cost	50,780,732	54,964,732
Unrealised gains	14,289,512	150,835
Financial assets held at fair value through profit or loss	65,070,244	55,115,567

The following table analyses net gains/ (losses) on financial assets at fair value through profit or loss for the years ended 31 December 2017 and 31 December 2016.

	Year ended 2017	Year ended 2016
	£	£
Financial assets at fair value through profit or loss		
<i>Realised (losses)/gains on:</i>		
- Listed equity shares	(2,446,616)	(1,244,564)
- Unlisted equity shares	(269,983)	(2)
- Debt instruments	69,528	-
	(2,647,071)	(1,244,566)
<i>Movement in unrealised gains/(losses) on:</i>		
- Listed equity shares	4,286,190	8,956,354
- Unlisted equity shares	9,805,381	15,087,023
- Debt instruments	51,428	(5,009,892)
- Warrants	(4,322)	(4,954)
	14,138,677	19,028,531
Net gain on financial assets at fair value through profit or loss	11,491,606	17,783,965

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 2017.

	Quoted prices in active markets Level 1 £	Quoted market based observables Level 2 £	Unobservable inputs Level 3 £	Total £
<i>Financial assets at fair value through profit or loss</i>				
Listed equity shares	11,862,289	-	-	11,862,289
Unlisted equity shares	-	-	43,595,292	43,595,292
Warrants	-	-	981	981
Debt instruments	-	-	9,611,682	9,611,682
	11,862,289	-	53,207,955	65,070,244

The following table analyses investments by type and by level within the fair valuation hierarchy at 31 December 2016.

	Quoted prices in active markets Level 1 £	Quoted market based observables Level 2 £	Unobservable inputs Level 3 £	Total £
<i>Financial assets at fair value through profit or loss</i>				
Listed equity shares	13,252,979	-	-	13,252,979
Unlisted equity shares	-	-	37,819,837	37,819,837
Warrants	-	-	5,303	5,303
Debt instruments	-	-	4,037,448	4,037,448
	13,252,979	-	41,862,588	55,115,567

The tables 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 gain on financial assets and liabilities at fair value through profit or loss held at 31 December 2017.

31 December 2017	Unlisted Equities £	Debt instruments £	Warrants £	Total £
Opening balance 1 January 2017	37,819,837	4,037,448	5,303	41,862,588
Purchases of investments	957,241	8,019,379	-	8,976,620
Sale of investments	(4,717,184)	(2,566,101)	-	(7,283,285)
Change in net unrealised gains	9,805,381	51,428	(4,322)	9,852,487
Realised (losses)	(269,983)	69,528	-	(200,455)
Closing balance 31 December 2017	43,595,292	9,611,682	981	53,207,955
Unrealised gains / (losses) on investments still held at 31 December 2017	11,277,740	(1,191,620)	(20,845)	10,065,275

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

The tables 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 gain on financial assets and liabilities at fair value through profit or loss held at 31 December 2016.

31 December 2016	Unlisted Equities	Debt instruments	Warrants	Total
	£	£	£	£
Opening balance 1 January 2016	12,290,239	17,531,086	10,257	29,831,582
Purchases of investments	801,949	1,156,882	-	1,958,831
Reorganisation*	9,640,628	(9,640,628)	-	-
Change in net unrealised gains	15,087,023	(5,009,892)	(4,954)	10,072,177
Realised (losses)	(2)	-	-	(2)
Closing balance 31 December 2016	37,819,837	4,037,448	5,303	41,862,588
Unrealised gains / (losses) on investments still held at 31 December 2016	15,087,023	(5,009,892)	(4,954)	10,072,177

*The reorganisation is in relation to Polar Acquisition Limited (“PAL”) where there was a Debt to Equity swap.

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

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

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

Investments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within Level 2. These include certain less-liquid listed equities. Level 2 investments are valued with reference to the listed price of the shares should they be freely tradable after applying a discount for liquidity if relevant. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Company held no Level 2 investments at 31 December 2017 (31 December 2016: none).

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 with a discount to reflect illiquidity and/or non-transferability in the absence of market information.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 transaction value unless there are changes or events which suggest that transaction 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 secondary tool used by Management to evaluate potential investments as well as to provide underlying valuation references for the Fair Value already established is Development Risk Adjusted Values (“DRAV”). DRAVs are not a primary determinant of Fair Value. The Investment Manager 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, DRAVs are derived. The computations are based on consensus forecasts for long term commodity prices and investee company management estimates of operating and capital costs. The Investment Manager takes account of market, country and development risks in its discount factors. Some market analysts incorporate development risk into the discount rate in arriving at a net present value (“NPV”) rather than establishing an NPV discounted purely for cost of capital and country risk and then applying a further overall discount to the project economics dependent on where such project sits on the development curve per the DRAV calculations.

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

i. Transactions

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

ii. IndexVal

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

iii. Warrants

Warrants are valued using a simplified Black Scholes model taking into account time to expiry, exercise price and volatility. Where there is no established market for the underlying shares the average volatility of the companies in that investment’s basket of comparables as utilised in the IndexVal.

iv. Convertible loans

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

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

Quantitative information of significant unobservable inputs – Level 3

Description	2017 £	Valuation technique	Unobservable input	Range (weighted average)
Unlisted Equity	33,443,276	Recent Transactions	Private transactions	n/a
Unlisted Equity	10,009,161	IndexVal	Change in IndexVal	n/a
Unlisted Equity	142,854	Other	Exploration results, study results, financings	n/a
Debt Instruments				
Black Pearl Limited Partnership	2,589,715	Valued at mean estimated recovery	Estimated recovery range	+/- 50%
Other Convertible Debentures/Loans	7,021,967	Valued at fair value with reference to credit risk and value of embedded derivative	Rate of Credit Risk	n/a
Warrants	981	Simplified Black Scholes Model	Volatilities	40%
Description	2016 £	Valuation technique	Unobservable input	Range (weighted average)
Unlisted Equity	28,676,885	Recent Transactions	Private transactions	n/a
Unlisted Equity	9,025,782	IndexVal	Change in IndexVal	n/a
Unlisted Equity	117,170	Other	Exploration results, study results, financings	n/a
Debt Instruments				
Black Pearl Limited Partnership	2,834,238	Valued at mean estimated recovery	Estimated recovery range	+/- 50%
Other Convertible Debentures/Loans	1,203,210	Valued at fair value with reference to credit risk and value of embedded derivative	Rate of Credit Risk	n/a
Warrants	5,303	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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 2017 are as shown below:

Description	Input	Sensitivity used*	Effect on Fair Value (£)
Unlisted Equity	Change in IndexVal	+/-31%	+/-3,102,840
Debt Instruments			
Black Pearl Limited Partnership	Probability weighting	+/-33%	+/-863,238
Others/Loans	Risk discount rate	+/-20%	-244,066/+244,066
Warrants	Volatility of 40%	+/-20%	+1,426/-703

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 2016 are as shown below:

Description	Input	Sensitivity used*	Effect on Fair Value (£)
Unlisted Equity	Change in IndexVal	+/-70%	+/- 26,473,885
Debt Instruments			
Black Pearl Limited Partnership	Probability weighting	+/-33%	+/- 944,746
Others/Loans	Risk discount rate	+/-20%	-231,287/+97,872
Warrants	Volatility	+/-20%	+5,458/-3,620

**The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value. The 31% sensitivity was used as this was the highest movement observed for IndexVal for the comparable baskets in the year (2016:70%).*

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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

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 2017. The sensitivity analysis assumes all other variables are held constant.

The impact of a 10% decrease in the value of investments on the financial assets at fair value of the Company as at 31 December 2017 would have been a decrease of £6,507,024 (31 December 2016: £5,511,557). An increase of 10% would increase the NAV by £6,507,024 (31 December 2016: £5,511,557). 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 2017.

31 December 2017

Currency	Amount in local currency	Conversion rate (based on £)	Value £	% of net assets
AUD	5,744,337	0.5781	3,320,579	5.04
CAD	16,832,962	0.5900	9,931,443	15.06
EUR	3,031,459	0.8884	2,693,210	4.09
GBP	8,861,593	1.0000	8,861,593	13.44
NOK	22,915,256	0.0904	2,071,322	3.14
USD	52,780,548	0.7399		59.23
				100.00

The table below shows the currencies and amounts the Company was exposed to at 31 December 2016.

31 December 2016

Currency	Amount in local currency	Conversion rate (based on £)	Value £	% of net assets
AUD	160,001	0.5856	93,689	0.17
CAD	14,684,188	0.6029	8,852,735	15.92
EUR	117,555	0.8549	100,496	0.18
GBP	9,711,736	1.0000	9,711,736	17.46
HKD	12,817,143	0.1044	1,338,478	2.41
NOK	20,400,161	0.0941	1,919,800	3.45
USD	41,481,348	0.8098		60.41
				100.00

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

ii. Currency risk (continued)

At 31 December 2017 and 31 December 2016, had any foreign currencies strengthened or weakened by 10% relative to Sterling, with all other variables held constant, total equity would have increased or decreased by the amounts shown below.

Currency	2017	2016
	Value £	Value £
AUD	332,058	9,369
CAD	993,144	885,274
EUR	269,321	10,050
HKD	-	133,848
NOK	207,132	191,980
USD	3,905,331	3,359,086
	5,706,986	4,589,607

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 from a cash flow perspective. 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 2017	Up to 1 month £	More than 6 months £	Non-interest bearing £	Total £
Assets				
Cash and cash equivalents	1,060,077	-	-	1,060,077
Financial assets held at fair value through profit or loss	-	9,611,682	55,458,562	65,070,244
Receivables	-	-	15,406	15,406
Total Assets	1,060,077	9,611,682	55,473,968	66,145,727
Liabilities				
Other liabilities	-	-	214,271	214,271
Total Liabilities	-	-	214,271	214,271
Interest rate sensitivity gap	1,060,077	9,611,682		

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

iii. Interest rate risk (continued)

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 2016	Up to 1 month	More than 6 months	Non-interest bearing	Total
Assets	£	£	£	£
Cash and cash equivalents	549,612	-	-	549,612
Financial assets held at fair value through profit or loss	-	4,037,448	51,078,119	55,115,567
Receivables	-	-	123,434	123,434
Total Assets	549,612	4,037,448	51,201,553	55,788,613
Liabilities				
Other liabilities	-	-	180,823	180,823
Total Liabilities	-	-	180,823	180,823
Interest rate sensitivity gap	549,612	4,037,448		

Interest rate sensitivity

It is the opinion of the Directors that the financial statements 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 although it will be reflected in the value of IndexVal and in the price of financings within the investment and therefore be reflected in carrying value. In general, long term commodity price increases should give rise to an increase in fair value of the Company's investments, and vice-versa.

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 NAV but the Company's policy is to restrict any such borrowings to temporary purposes only, such as settlement mis-matches.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

4. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

c) Liquidity risk (continued)

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.

At 31 December 2017	Less than 1 month	1-3 months	3-12 months	More than 12 months	No contractual maturity	Total
	£	£	£	£	£	£
Assets						
Cash and cash equivalents	1,060,077	-	-	-	-	1,060,077
Financial assets held at fair value through profit or loss	-	981	-	9,611,682	55,457,581	65,070,244
Receivables	15,406	-	-	-	-	15,406
Total Assets	1,075,483	981	-	9,611,682	55,457,581	66,145,727

	Less than 1 month	1-3 months	3-12 months	More than 12 months	No contractual maturity	Total
	£	£	£	£	£	£
Liabilities						
Other payables and accrued expenses	28,750	88,251	97,270	-	-	214,271
Total Liabilities	28,750	88,251	97,270	-	-	214,271

Net assets attributable to shareholders 65,931,456

At 31 December 2016	Less than 1 month	1-3 months	3-12 months	More than 12 months	No contractual maturity	Total
	£	£	£	£	£	£
Assets						
Cash and cash equivalents	549,612	-	-	-	-	549,612
Financial assets held at fair value through profit or loss	-	-	2,162	4,040,589	51,072,816	55,115,567
Receivables	117,160	-	6,274	-	-	123,434
Total Assets	666,772	-	8,436	4,040,589	51,072,816	55,788,613

	Less than 1 month	1-3 months	3-12 months	More than 12 months	No contractual maturity	Total
	£	£	£	£	£	£
Liabilities						
Other payables and accrued expenses	28,750	65,523	86,550	-	-	180,823
Total Liabilities	28,750	65,523	86,550	-	-	180,823

Net assets attributable to shareholders 55,607,790

The value of the cash and listed equity positions held by the Company at the year end is £12,922,366 (2016: £13,802,591) with the total liabilities at the year end at £214,271 (2016: £180,823). The Company therefore has minimal liquidity risk exposure.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

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, loan and loan notes as stated in the Statement of Financial Position.

The Company seeks to mitigate this risk by lending to companies with projects which have significant value over and above the value of the debt in such company so that there is a significant equity “buffer”. The maximum credit risk for the Company is £10,671,759 (2016: £4,587,060).

As at 31 December 2017, the Company's financial assets exposed to credit risk were held with the following weight:

Financial Assets	Counterparty	**Credit Rating	2017 % of net assets
Convertible debt instruments			
-Convertible Loan Note	Black Pearl Limited Partnership	NR*	3.93
-Convertible Loan & Loan Note	Bilboes Holdings	NR*	1.34
-Loan Note	Cemos Group Plc	NR*	4.10
-Loan Note	Indian Pacific Resources Limited	NR*	0.35
-Loan Note	Ironstone Resources Limited	NR*	0.48
-Convertible Loan Note	Queensland Coal Investment Holdings	NR*	4.38
Cash and cash equivalents	HSBC Bank plc	AA-	1.61
Total			16.19

As at 31 December 2016, the Company's financial assets exposed to credit risk were held with the following weight:

Financial Assets	Counterparty	**Credit Rating	2016 % of net assets
Convertible debt instruments			
-Convertible Loan Note	Black Pearl Limited Partnership	NR*	5.10
-Convertible Loan & Loan Note	Bilboes Holdings	NR*	1.41
-Loan Note	Cemos Group Plc	NR*	0.29
-Loan Note	Ironstone Resources Limited	NR*	0.46
Cash and cash equivalents	HSBC Bank plc	AA-	0.99
Total			8.25

* No rating available

**As per S&P

e) 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

e) Concentration risk (continued)

The Company's investment in Polar Acquisition Limited ("PAL") made up 37.38% of net assets at year end (2016: PAL at 37.88% of net assets). The Company mitigated this risk during 2017 through the disposal of a portion of its interest in PAL. Following the year end PAL sold its 90% interest in Polar Silver Resources Limited for 6,307,000 shares in Polymetal International plc. It is intended that the Polymetal shares received as consideration will be distributed to the underlying shareholders of PAL. At 12 April 2018, the Polymetal shares attributable to PAL were valued at £26.4 million on the London Stock Exchange. Polymetal whose shares are listed on the London Stock Exchange had a market capitalisation of £ 2.9 billion as at 12 April 2018. 90% of the Polymetal shares received by PAL as consideration are subject to a 6 month lock-up period and it is the Company's intention to sell down its stake in Polymetal once the 6 month hold period is over, in order to alleviate 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 (2016: £1,200) 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 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.

The administration fees paid for the year ended 31 December 2017 were £96,711 (2016: £93,588) of which £54,221 (2016: £57,551) was payable at 31 December 2017. HSBC Securities Services (Ireland) DAC, the sub-Administrator, is paid a portion of these fees by the Administrator.

7. MANAGEMENT AND PERFORMANCE FEES

The Manager was appointed pursuant to a management agreement with the Company dated 31 March 2010 (the "Management Agreement"). The Company pays to the Manager a management fee which is equal to 1/12th of 1.75 per cent of the total average market capitalisation of the Company during each month. The management fee is calculated and accrued as at the last business day of each month and is paid monthly in arrears. The Investment Manager's fees are paid by the Manager.

The management fee for the year ended 31 December 2017 was £768,116 (2016: £460,570) of which £74,679 (2016: £47,212) was outstanding at the year end.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017****7. MANAGEMENT AND PERFORMANCE FEES (CONTINUED)**

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

8. OTHER EXPENSES

	2017	2016
	TOTAL	TOTAL
	£	£
Registrar fees	22,291	33,775
Listing fees	10,971	15,921
Regulatory fees	7,908	7,625
Marketing costs	-	570
GFSC Income tax exemption	1,200	1,200
Website expenses	2,700	-
Miscellaneous expenses	12,880	10,810
	57,950	69,901

9. CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Cash at HSBC Bank plc	1,060,077	549,612

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 116,129,980 (2016: 116,129,980) Ordinary Shares in issue with additional 700,000 (2016: 700,000) held in treasury. In addition, the Company has 10,000 (2016: 10,000) Management Ordinary Shares in issue, which are held by the Investment Manager.

On 22 September 2016, the Company acquired 3,926,425 Ordinary Shares of Nussir ASA from three different parties for a total consideration of £624,658. This consideration was settled through the issue of 1,561,645 Ordinary Shares of the Company at the unaudited NAV of 40.0 pence per share. In accordance with IFRS the consideration of the transaction is recorded in the Company's financial statements based on its (trading) share price, which was 29.875 pence per share, the consideration recorded is therefore £0.47million.

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. SHARE CAPITAL (CONTINUED)

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:

	2017		2016	
	Amount £	No. of shares**	Amount £	No. of shares**
Issued and fully paid share capital				
Ordinary Shares of no par value* (including Management Ordinary Shares)	81,175,017	116,839,980	81,175,017	116,839,980
Treasury Shares	(140,492)	(700,000)	(140,492)	(700,000)

The outstanding Ordinary Shares during the year ended 31 December 2017 as follows:

	Ordinary Shares		Treasury Shares	
	Amount £	No. of shares**	Amount £	No. of shares
Balance at 1 January 2017 & 31 December 2017	81,034,525	116,139,980	140,492	700,000

The issue of Ordinary Shares during the year ended 31 December 2016 took place as follows:

	Ordinary Shares		Treasury Shares	
	Amount £	No. of shares**	Amount £	No. of shares
Balance at 1 January 2016	80,567,984	114,578,335	140,492	700,000
Issue of Ordinary Shares	466,541	1,561,645	-	-
Balance at 31 December 2016	81,034,525	116,139,980	140,492	700,000

* 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

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 as compared to its NAV. 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. SHARE CAPITAL (CONTINUED)

Capital Management (continued)

As described in the Directors' Report on page 17, 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. As the Company made a net realised cash loss during the year, this does not apply as at 31 December 2017.

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. COMMITMENTS

On 18 December 2017, the Company invested \$5 million in Convertible Loan Notes ("CLN") in Queensland Coal Investment Holdings Limited and committed to invest a further \$5 million by 15 February 2018. This commitment was satisfied in full on 15 February 2018. The Company has guaranteed €1.7 million of vendor financing from Loesche GmbH to Cemos Group plc in relation to the development of the Tarfaya project in Morocco.

12. RELATED PARTY TRANSACTIONS

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

	Number of Ordinary Shares 2017	Number of Ordinary Shares 2016
Christopher Sherwell*	104,198	104,198*
Clive Newall	25,000	25,000

**The figure shown in the 2016 financial statements was misstated by 7,377 shares due to an oversight of certain shares credited to Mr Sherwell following the winding-up of another fund.*

The Investment Manager, Baker Steel Capital Managers LLP had an interest in 10,000 Management Ordinary Shares at 31 December 2017 (31 December 2016: 10,000).

Baker Steel Global Funds SICAV – Precious Metals Fund ("Precious Metals Fund") had an interest in 7,469,609 Ordinary Shares in the Company at 31 December 2017 (2016: 7,669,609). These shares are held in a custodian account with Citibank N.A. London. Precious Metals Fund shares a common Investment Manager with the Company.

As a result of the sale of PAL's 90% interest in Polar Silver to Polymetal on 13 April 2018, the vesting of the shares issued under a PAL long term incentive plan has been accelerated. A total of 1,593 PAL shares (4.9% of PAL on a fully diluted basis) valued at £2.79 million based on the price of Polymetal shares on 12 April 2018 have been issued to the four directors of PAL including to Mr Trevor Steel. The shares issued to Mr Steel have been allocated 48.3% to the Company to reflect his investment management role, and BSRT's percentage economic ownership of PAL, and the balance 51.7% to the Manager, to reflect his role as executive chairman of PAL.

The Company's Associates and Subsidiaries are described in Note 14 and 15 to these financial statements.

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

	2017	2016
Management fees	748,116	460,570
Directors' fees	115,000	115,000

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

	2017	2016
Management fees	74,679	47,212
Directors' fees	28,750	28,750

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017****13. NET ASSET VALUE PER SHARE AND LOSS PER SHARE**

Net asset value per share is based on the net assets of £65,931,456 (31 December 2016: £55,607,790) and 116,139,980 (31 December 2016: 116,139,980) Ordinary Shares, being the number of shares in issue at the year end. The calculation for basic and diluted NAV per share is as below:

	31 December 2017	31 December 2016
	Ordinary Shares	Ordinary Shares
Net assets at the year end (£)	65,931,456	55,607,790
Number of shares	116,139,980	116,139,980
Net asset value per share (in pence) basic and diluted	56.8	47.9
Weighted average number of shares	116,139,980	115,098,883

The basic and diluted gain per share for 2017 is based on the net gain for the year of the Company of £10,323,666 and on 116,139,980 Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the year.

The basic and diluted gain per share for 2016 is based on the net gain for the year of the Company of £16,803,981 and on 115,098,883 Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the year.

14. INVESTMENT IN ASSOCIATES

The interests in the below companies are for investment purposes and they are deemed associates by virtue of the Company having appointed a non-executive director and/or holding in excess of 20% of the voting rights of the relevant company.

The Company holds a 26.6% interest in Cemos Group Limited, a company incorporated in Jersey, whose principal activity is the development of cement and oil shale projects in Morocco and Australia.

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 16.4% interest in PRISM Diversified Limited; a company incorporated in Canada whose principal activity is the development of iron ore projects in Canada.

The Company holds a 14.4% interest in Nussir ASA; a company incorporated in the Norway whose principal activity is the development of copper mining projects in Norway.

The Company holds a 10.5% interest in India Pacific Resources Limited; a company incorporated in Australia whose principal activity is the development of iron ore projects in Madagascar.

15. SUBSIDIARY COMPANIES

At 31 December 2016, the Company held a 64% fully diluted interest in PAL; a company incorporated in the British Virgin Islands. During 2017, the Company sold down its interest in PAL and now holds a 47.3% fully diluted interest. However, several of the other shareholders interests are held through options and convertibles such that the Company's undiluted shareholding at 31 December 2017 was 75.9%. Accordingly, PAL continued to be regarded as a subsidiary.

The Company qualifies as an Investment Entity and therefore in accordance with IFRS 10, it is exempt from preparing consolidated financial statements. The interest in PAL has therefore not been consolidated within these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. SUBSEQUENT EVENTS

Subsequent to the year-end PAL sold its 90% interest in Polar Resources Limited for shares in Polymetal International plc. As a consequence, the carrying value of PAL at 12 April 2018 had increased by 8% over the value at 31 December 2017.

There were no other events subsequent to the year-end that materially impacted on the Company that require disclosure or adjustment to these financial statements.

17. APPROVAL OF ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

The Annual Report and Audited Financial Statements for the year-end 31 December 2017 were approved by the Board of Directors on 23 April 2018.

APPENDIX - ADDITIONAL INFORMATION (UNAUDITED)

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(2)9e) and (f) 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 2017 there was no fixed remuneration paid to staff at the Investment Manager. Variable remuneration amounted to £350,922. 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 2017. 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 £350,922. 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 was £152,944 and the amount attributable to other Identified Staff was £24,169. 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

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

FVO – Fair value option

FVOCI– Fair value through other comprehensive income

FVTPL – Fair value through profit or loss

GFSC – Guernsey Financial Services Commission

GFSC Code - Guernsey Financial Services Commission Code of Corporate Governance

g/t – Grams per tonne

IAS – International Accounting Standards

ITG – IFRS Transition Resource Group of Impairment of Financial Instruments

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

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

NAV – Net Asset Value

GLOSSARY OF TERMS (CONTINUED)

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.

NAV Discount – NAV to market price discount The Net Asset Value (“NAV”) per share is the value of all the investment company’s assets, less any liabilities it has, divided by the number of shares. However, because the Company’s Ordinary Shares are traded on the London Stock Exchange's Main Market, the share price may be higher or lower than the NAV. The difference is known as a discount or premium. The Company’s discount is calculated by expressing the difference between the period end dollar equivalent share price and the period end NAV per share as a percentage of the NAV per share (2017: 5.5%, 2016: 40%).

OCI – Other comprehensive income

PEA – Preliminary Economic Assessment

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

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

MANAGEMENT AND ADMINISTRATION

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

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

MANAGEMENT AND ADMINISTRATION (CONTINUED)

SUB-ADMINISTRATOR TO THE COMPANY:	HSBC Securities Services (Ireland) DAC 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
CUSTODIAN TO THE COMPANY:	HSBC Institutional Trust Services (Ireland) DAC 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
SAFEKEEPING AND MONITORING AGENT:	HSBC Institutional Trust Services (Ireland) DAC 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
AUDITOR:	BDO Limited P O Box 180 Place du Pre Rue du Pre St. Peter Port Guernsey GY1 3LL Channel Islands
REGISTRAR:	Link Market Services (Guernsey) Limited <i>(previously Capita Registrars (Guernsey) Limited)</i> Mont Crevelt House Bulwer Avenue St. Sampson Guernsey GY2 4LH Channel Islands
UK PAYING AGENT AND TRANSFER AGENT:	Link Asset Services (Holdings) Limited <i>(previously Capita Asset Services)</i> The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom
RECEIVING AGENT:	Link Asset Services (Holdings) Limited <i>(previously Capita Asset Services)</i> 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